ABSTRACT

In recent years, both developed and developing countries support for SMEs development and growth has increased. The YLEs sector in Kenya has grown tremendously over the last two decades but its growth is characterized by low productivity. Up to 80% of new businesses collapse within their first three years of operation and 48% of the youth have less than 50% likelihood of business success. 78% of the Youth in Vihiga County are unemployed. There was no known information about how micro finance services influences the financial performance of YLEs in Hamisi Sub-County. The purpose of the study was to perform an analysis of micro finance services on financial performance of YLEs in Hamisi Sub-County. The specific objectives of the study were to: determine the relationship between micro lending and performance of YLEs, establish the influence of savings mobilization on performance of YLEs, determine the influence of financial training on performance of YLEs and analyze the influence of market linkage on performance of YLEs in Hamisi Sub-County. The study was guided by the pecking order theory, the independent variable was the micro finance services while the dependent variable was performance. The target population was 119 registered YLEs. Simple random sampling approach was used to obtain a sample of 36 YLEs. Primary data was obtained from the chairpersons using a self administered pretest structured and semi structured questionnaire. Secondary data was obtained from journals, and reports. The study employed a descriptive research design. A pilot study was conducted and a reliability coefficient of 0.60 was set as a cut-off point. The descriptive statistics involved the use of frequencies and percentages. Multiple linear regression analysis was used to establish the relationship and magnitude between independent and dependent variable. The data was interpreted and presented in frequency and percentage tables and graphs. The study results showed a positive relationship between the independent and dependent variables with the coefficients of access to loan, training, market linkage and savings mobilization being 0.345, 0.265, 0.211 and 0.231 respectively. The study indicated R as 0.963 and R^2 as 0.927. The study therefore rejects the hypotheses. The study concluded that provision of services was below expectation. The study recommended a micro-insurance scheme to be included in the micro-finance package. The study findings will be used by researchers interested in the area.