# Effect of Economic Factors on Access to Youth Enterprise Development Fund by Youth Groups in Migori County, Kenya

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| ARTICLE INFO | ABSTRACT |
|---|---|
| | **Purpose:** The purpose of this study was to investigate the effect of economic factors on access to YEDF on access to youth enterprise development fund (YEDF) by youth groups in Migori County, Kenya.<br>**Methodology:** This study used descriptive research design. It targeted all the 293 registered youth groups and 8 representatives of Youth Enterprise Development Fund in Migori County. The 293 respondents were sampled to 169 youth groups using Yamane formula. The 8 representatives of Youth Enterprise Development Fund were not sampled. This gave rise to 177 respondents (169 youth group leaders and 8 representatives of Youth Enterprise Development Fund). Questionnaire and interview schedule assisted in gathering primary data. Secondary data on YEDF disbursed to successful applicants were collected by a data collection form.<br>**Results:** The study indicated that income status and access to YEDF in Migori County have a positive and significant relationship ($\beta$=0.096, p=0.000). However, business support services and access to YEDF in Migori County have a positive but an insignificant relationship ($\beta$=0.016, p=0.599).<br><br>**Unique contributions to theory, policy and practice:** The YEDF should identify the risk factors connected with each loan transaction. Proper loan conditions should be put in place to control risk associated with the loans advanced to the youth. Therefore, by strengthening the loan risk by availing the information, the YEDF will empower the youth towards better decision-making ability towards the amount, the purpose and the repayment methods/time of the loans. |

## 1.0 INTRODUCTION

### 1.1 Background of the Study

The Kenyan, economy is estimated to have expanded by 7.5% in 2021 compared to a contraction of 0.3% in 2020. The relaxation of various COVID-19 containment measures coupled with the roll-out of COVID-19 vaccination the economic activities have expanded resulting to decline in unemployment. Nevertheless, the issue of unemployment among the youths is a major pandemic among the less developed economies across the world. In Kenya, more than 15 million people are cited to live in abject poverty, with more than 3 million grouped as unemployed get the recent statistics from 2019 census (KNBS, 2020). According to International Labour Organization and World Bank Data, unemployment rate has in the past 2 decades been declining from 3.0% in 2000 to 2.8% in 2016. However, it has been picking up ever since to 5.7 in 2020 and 2021 respectively. The unemployment rate in Kenya increased to 6.6 percent in the first quarter of 2021, against 5.4 percent in the previous quarter. It was also higher than in Q1 2020, when 5.2 percent of the population aged 15-64 years were unemployed (The World Bank Data, 2022).

Youth forms 55 percent of the unemployed Kenyan population, indicating that unemployment is an issue that mostly affects youths. The predominantly rising unemployment among the youth has been escalated by shifts in economic policies. This has been evidenced by the shift from formal to informal *Jua Kali* employment sector (Wohoro, 2016). Secondary negative impacts include systematic degradation of social value, drug and substance abuse, prostitution, crime, and eroded education as direct effect.

Escalated poverty is cited as a major drawback to the realization of development in Kenya. Youths are the mostly affected by the issue of unemployment, health challenges, and inadequate housing (specifically in urban setups). Poverty has a direct influence on the level of education and children who come from poor economic backgrounds are less likely to secure adequate schooling compared to their counterparts from well-to-do families (Lubanga, 2016). Poor levels of education result in less chances of securing gainful employment. Further factors that influence youth negatively comprise inadequate recreational facilities, a lack of representation in decision-making, limited voice accorded to the youths, and marginalization.

Due to lack of opportunities in the labour market, most youths join informal sector that is widely unregulated as well as characterized by risky conditions of informal contracts, longer working hours without adequate compensation, and low wages. To that extent, the Governement of Kenya set up the YEDF (Youth Enterprise Development Fund) in 2006; forme d into a state corporation on May 11, 2007 to tackle issues affecting youths (Karanja, 2014). YEDF intends to promote young entrepreneurs' access to capital so that the level of youth unemployment can be reduced. Approximately 5.96 billion Kenya shillings has been distributed to 315, 076 individuals as well as group enterprises across Kenya (Agola, 2014). YEDF has managed to finance 141, 552 individual and group enterprise with a sum of 5.3 billion Kenya shillings through the FI initiative. The disbursed funds should be repaid to the lending institution so that other youth groups can have money to access because of inadequate treasury allocation. The amount allocated is insufficient to meet all demands and expectations of the youth (Awiti & Scott, 2016). Access to this fund by every youth calls for its proper management. It is crucial to continue

highlighting major potentials, priorities as well as issues concerning youths to come up with appropriate interventions to handle their problems.

## 1.2 Statement of the problem

Youth groups' growth and expansion are limited with their incapacity to access credit. The situation has led to escalating unemployment problem in the country, where youths remain unemployed, underemployed, or idle without taking part in meaningful activities. The formation of the YEDF was aimed towards eradicating unemployment among the youths but the rate of disbursement is still low as not every youth group has been reached. The limitation to access YEDF is fueled by socio-economic and cultural factors (Opiyo, 2015). The problem is more pronounced in the less developed economies such as Kenya. More so, there is a gap in the microfinance sector as little has been done to tailor products that meet the demands of youths (Ngige & Sakwa, 2015). Youths are underrepresented in such credit schemes and are often perceived as potentially risky clients, with few assets to provide as collateral, and low credit rating to make the required loan repayments. The barriers impede youth groups' ability to access loans to start and grow their own businesses (UNCTAD, 2021).

Unemployment forms one of the daunting economic issue the Kenyan youth experiences. The government has prioritized employment creation as one of the policy manifestos. Establishment of the YEDF in 2006 was one of the bold and radical interventions to address the youth unemployment question, but yet there are many youths who cannot access the YEDF (Ouko & Otengah, 2019). Outreach of financial institutions has only covered 30-35 percent of entire population. The Youth Enterprise Development Fund focuses on youths (18-35 years old) (World Bank Group, 2017).

Most studies reviewed in this research have focused on challenges facing youth enterprise development as well as YEDF effect on youth enterprise but fails to show factors affecting access of YEDF (Ngige & Sakwa, 2015). Furthermore, no known study on YEDF has been carried out in Migori County. Many of the known studies also mainly focus on youth groups that have accessed the youth fund. However, the study was on factors affecting access of the youth fund for those that have already accessed the funds and those that have not in Migori County. This study was necessitated by the need to establish the factors affecting access of YEDF by the youth groups in Migori County.

## 1.3 Research Objective

To assess the effect of Economic factors on access to YEDF, and to analyse the effects of Institutional factors on access to youth enterprise development fund (YEDF) by youth groups in Migori County, Kenya.
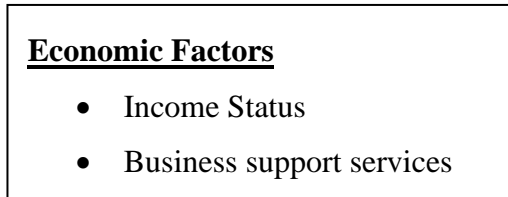
## 1.4 Specific Objectives

i.   To investigate the effect of income status on access to YEDF in Migori County.

ii.  To determine the effect of business support services on access to YEDF in Migori County.
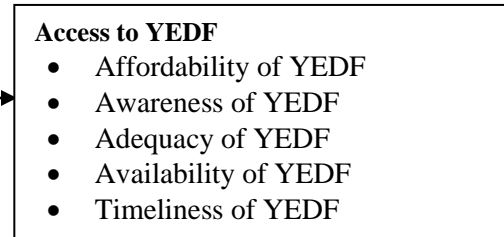
### 1.5 Research Hypotheses

**$H_0$:** There is no relationship between economic factors and access to YEDF in Migori County

### 1.6 Conceptual Framework

**Independent Variables**                                    **Dependent Variable**



**Economic Factors**
- Income Status
- Business support services

**Access to YEDF**
- Affordability of YEDF
- Awareness of YEDF
- Adequacy of YEDF
- Availability of YEDF
- Timeliness of YEDF

*Figure 2.1: Conceptual Framework*

## 2.0 LITERATURE REVIEW

### 2.1 Income Status

Available estimates show that a large number of low-income people in developing countries are currently financially excluded (Wachira, 2012). There are many reasons why low-income people are financially excluded. Lending institutions tend to limit advancing money to clients who are perceived as credit risk "high risk) and businesses with unpredicted cash flows. Finance lenders often incur high costs in servicing small borrowers, specifically those with low levels of income stream or those situated in remote areas of the country, which are characterized by poor infrastructure. Such areas are usually difficult to access. The level of access is also impacted by limited competition within concentrated market areas, which lowers incentives for lending institutions to explore such market areas (Storm, Porter & Macaulay, 2010). Low-income people and small firms are usually limited of information or credit histories regarding their financial operations.

Asymmetries of information, moral hazard risks, and adverse selection from credit reduce incentive to lend to clients. To secure such risky loans, lenders often demand collateral such as land or property that many borrowers lack (Awiti & Scott, 2016). Demand side challenges comprise limited information regarding products/services offered by banks, perception that the facility is not extending credit to low-income earners, limited collateral, application process, insufficient secure income, and incapacity to make repayment. Income is a major reason for financial exclusion in both developed and developing countries.

### 2.2 Business Support Services

Agola (2014) observed that access to business support services such business incubators, clubs, and support networks as well as mentoring offered to youths tend to increase their chances of sustaining their new ventures to go beyond the start-up phase. Nonetheless, young entrepreneurs often do not have sufficient skills which are fundamental for transforming start-up businesses into successful ventures. The study further found that young people lack adequate business networks as well as contacts compared to older individuals, which result in entrepreneurial isolation as well as more pressure. Entrepreneurial isolation happens because of the failure to

know a person in the business world. Further, business contacts are specifically crucial for young as well as experienced entrepreneurs.

According to MaryStella and Kithae (2015), young individuals with weak business experience as well as low customer base or established supplier base to rely on are likely to fail to know what experienced or professional buyers expect from them. The Dutch Ministry of Economic Affairs, for example, has developed a policy to promote networks among growth-oriented entrepreneurs to cut down search costs that Dutch companies incur while creating peer networks. Coaching as well as mentor support services are imperative to young entrepreneurs who are beginning their enterprises. Formal mentoring comprises assigned relationship created to offer young entrepreneurs with guidance as well as advice from experienced professionals (MaryStella & Kithae, 2015). Trade associations, non-governmental organisations (NGOs) as well as governments in most countries have begun formal mentoring programmes. The situation usually renders self-employed as well as young individuals perceive themselves somewhat "strange" or "abnormal" in comparison to their peers. Developed economies such as the US, UK, Finland, Netherlands, Taiwan, Australia as well as China have created mentoring programmes which link new entrepreneurs with business leaders and experienced entrepreneurs.

MaryStella and Kithae (2015) posit that mentoring support provides a significant value to potentially young entrepreneurs since it assists them to counter the challenges of lack of business networks, contacts, and experiences as they conduct businesses. The study further confirms that business incubators constitute powerful tool to support the process of entrepreneurship and assist create more opportunities for survival rates of businesses started or run by young entrepreneurs. Business incubation supports innovative start-ups of enterprises. Ahaibwe (2014) cautions that success of a business incubator greatly depends on offering relevant packages for entrepreneurs. The other drawback young entrepreneurs encounter is inadequacy of tailor-made business training as well as advice to start and sustain their businesses. Young entrepreneurs need tailor-made training as well as counselling which conform to their specific start-up situation, enterprise, and their sector of operation. The observation is supported by Musha (2014) that young entrepreneurs are usually attracted to explore unusual sectors and would appreciate tailor-made support services to access finances. In this regard, counselling services and availability of adequate support agencies or financial institutions are imperative. Generally, a few entrepreneurs receive guidance, training, business advices as well as professionals to provide exclusive financial services, and thereby increasing access to funds to finance their business operations.

## 3.0 RESEARCH METHODOLOGY

This study used descriptive research design. It targeted all the 293 registered youth groups and 8 representatives of Youth Enterprise Development Fund in Migori County. The 293 respondents were sampled to 169 youth groups using Yamane formula. The 8 representatives of Youth Enterprise Development Fund were not sampled. This gave rise to 177 respondents (169 youth group leaders and 8 representatives of Youth Enterprise Development Fund. Questionnaire and interview schedule assisted in gathering primary data. Secondary data on YEDF disbursed to successful applicants were collected by a data collection form.

## 4.0 FINDINGS AND PRESENTATIONS

### 4.1 Response Rate

Total of 169 questionnaires were issued from which 141 were properly filled and returned which represents a response rate of 83.43%. Likewise, the study targeted 8 key respondents all of them who responded to the Key interview guides. This was displayed in table 1.

*Table 1: Response Rate*

|  | Response | Frequency | Percentage (%) |
|---|---|---|---|
| **Registered youth groups** | Returned | 141 | 83.43% |
|  | Unreturned | 28 | 16.57% |
|  | **Total** | **169** | **100** |
| **Key Informants** | Returned | 8 | 100% |
|  | Unreturned | 0 | 0% |
|  | **Total** | **8** | **100** |

*Source: Research Data (2022)*

### 4.2 Economic factors that affect access to YEDF in Migori County

The study sought to include income status and business support services as the economic factors that affect access to YEDF in Migori County. The descriptive results are shown below:

### 4.2.1 Descriptive results for Income Status

The respondents were asked to indicate to what extent they agree with the following statements regarding income status and access to youth funds. The results are presented in Table 2.

*Table 2: Means, percentages and standard deviation for Income Status*

| Statements | 1 | 2 | 3 | 4 | 5 | M | S. D |
|---|---|---|---|---|---|---|---|
| Youths enjoy high income status | 5.70% | 32.60% | 9.90% | 43.30% | 8.50% | 3.99 | 1.18 |
| Level of income influences youth group's ability to access YEDF | 1.40% | 5.70% | 19.10% | 32.60% | 41.10% | 4.06 | 0.98 |
| Income is a major reason for financial exclusion | 5.00% | 14.90% | 0.00% | 63.80% | 16.30% | 3.72 | 1.06 |
| Financial institutions limit their outreach to individuals and enterprises with low and unpredictable income | 0.00% | 1.40% | 43.30% | 28.40% | 27.00% | 3.81 | 0.85 |
| Low-income people and small firms often lack credit histories or information on their financial operations | 2.80% | 3.50% | 24.10% | 11.30% | 58.20% | 4.18 | 1.09 |
| Demand collateral such as land | 14.20% | 14.20% | 24.80% | 26.20% | 20.60% | 3.25 | 1.32 |

| | | | |
|---|---|---|---|
| or property affect YEDF access | | | |
| **Average** | | **3.84** | **1.08** |

*Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S.D = Standard Deviation*

***Source: Research Data (2022)***

Table 2 indicates that 51.8% of the respondents agreed that youth enjoy high income status (mean=3.99≈4, SD=1.18). The results also indicate that 73.70% of the respondents agreed that the level of income influences youth group's ability to access YEDF (mean=4.06≈4, SD=0.98). The results also indicate indicates that 80.10% of the respondents agreed that income is a major reason for financial exclusion (mean=3.72≈4, SD=1.06). The results indicate that 55.4% of the respondents agreed that financial institutions limit their outreach to individuals and enterprises with low and unpredictable income (mean=3.81≈4, SD=0.85). The results indicate that 69.5% of the respondents agreed that low-income people and small firms often lack credit histories or information on their financial operations (mean=4.18≈3, SD=1.09). The results indicate that 46.80% of the respondents agreed that demand collateral such as land or property affect YEDF access (mean=3.25≈4, SD=1.32).

In conclusion, the average mean of the responses was 3.84 when viewed on a scale of five points presenting a standard deviation of 1.08. This means that the majority of the respondents agreed that income status plays a pivotal role towards them accessing the youth funds. These findings are in line with Wachira (2012) who indicated that a large number of low-income people in developing countries are currently financially excluded (Wachira, 2012). Asymmetries of information, moral hazard risks, and adverse selection from credit reduce incentive to lend to clients. To secure such risky loans, lenders often demand collateral such as land or property that many borrowers lack (Awiti & Scott, 2016).

### 4.2.2 Means, percentages and standard deviation for Business Support Services

The respondents were asked to indicate to what extent they agree with the following statements regarding business support services and access to youth funds. They responded as shown in Table 3.

*Table 3: Means, percentages and standard deviation for Business Support Services*

| Statements | 1 | 2 | 3 | 4 | 5 | M | S. D |
|---|---|---|---|---|---|---|---|
| Youths receive business support services | 0.0% | 0.0% | 5.7% | 44.7% | 49.6% | 4.44 | 0.60 |
| Guidance promotes access to YEDF | 5.7% | 11.3% | 11.3% | 27.7% | 44.0% | 3.93 | 1.23 |
| Business networks promotes access to YEDF | 0.0% | 5.7% | 28.4% | 17.0% | 48.9% | 4.09 | 1.00 |
| Business contacts enhances access to YEDF | 0.0% | 5.7% | 22.7% | 11.3% | 60.3% | 4.26 | 1.00 |
| Mentor supports increases chances of access to YEDF | 2.1% | 1.4% | 17.0% | 46.8% | 32.6% | 4.06 | 0.86 |
| Business incubation increases access to YEDF | 8.5% | 18.4% | 0.7% | 56.7% | 15.6% | 3.52 | 1.20 |
| **Average** | | | | | | **4.05** | **0.98** |

*Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S. D = Standard Deviation*

*Source: Research Data (2022)*

Table 3 indicates that 94.3% of the respondents agreed that youths receive business support services (mean=4.44≈4, SD=0.60). The results also indicate that 71.7% of the respondents agreed that guidance promotes access to YEDF (mean=3.93≈4, SD=1.23). The results also indicate indicates that 65.9% of the respondents agreed that business networks promote access to YEDF (mean=4.09≈4, SD=1.00). The results indicate that 71.6% of the respondents agreed that business contacts enhance access to YEDF (mean=4.26≈4, SD=1.00). The results indicate that 79.4% of the respondents agreed that mentor supports increases chances of access to YEDF (mean=4.06≈3, SD=0.86). The results indicate that 72.3% of the respondents agreed that business incubation increases access to YEDF (mean=3.52≈4, SD=1.20).

In conclusion, the average mean of the responses was 4.05 when viewed on a scale of five points presenting a standard deviation of 0.98. This means that the majority of the respondents agreed that business support services play a critical role towards them accessing the youth funds. According to Agola (2014), access to business support services such business incubators, clubs, and support networks as well as mentoring offered to youths tend to increase their chances of sustaining their new ventures to go beyond the start-up phase. Nonetheless, young entrepreneurs often do not have sufficient skills which are fundamental for transforming start-up businesses into successful ventures. According to MaryStella and Kithae (2015), young individuals with weak business experience as well as low customer base or established supplier base to rely on are likely to fail to know what experienced or professional buyers expect from them.

### 4.3 Diagnostic analysis

Diagnostics sought to identify the possibility of bias that may occur in research. These tests include the, normality test, linearity test, multicollinearity test, the test for heteroscedasticity and test of autocorrelation as discussed below:

### 4.3.1 Normality Test

The Shapiro–Wilk test is more appropriate method for small sample sizes (<50 observations) although it can also be handling on larger sample size while Kolmogorov–Smirnov test is used for $n \geq 50$ observations. For both of the above tests, null hypothesis states that data are taken from normal distributed population (Mishra wet al., 2019). Normality of data was tested using the Shapiro-Wilk test and the Kolmogorov–Smirnov test (due to the sample size being above 50) and normality plots. Here the significance value was measured as well as the Skewness and kurtosis. The criterion is that the probability value (sig) should be greater than 0.05 for the data to be normally distributed. Central limit theorem states that when sample size has 100 or more observations, violation of the normality is not a major issue Therefore, we assume normality given a higher response rate (primary data) (Altman & Bland, 1995; Ghasemi & Zahediasl, 2012).

*Table 4: Normality Results*

| Tests of Normality | Kolmogorov-Smirnova | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|
| | Statistic | df | Sig. | Statistic | df | Sig. |
| Access to Youth Funds (YEDF) | 0.171 | 141 | 0.049 | 0.921 | 141 | 0.063 |
| Income Status | 0.112 | 141 | 0.058 | 0.971 | 141 | 0.077 |
| Business Support Services | 0.151 | 141 | 0.031 | 0.963 | 141 | 0.096 |

a Lilliefors Significance Correction
*Source: Research Data (2022)*

The results are likewise supported a histogram plotting the normality results as shown in figure 1.
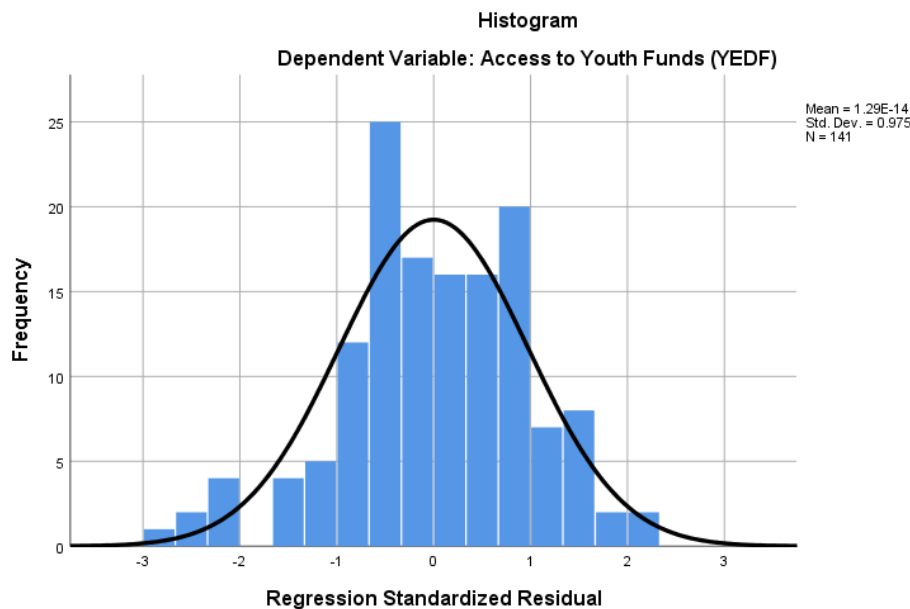


*Figure 1: Normality plot*

*Source: Research Data (2022)*

The null hypothesis states that the data is normally distributed. From the study it was noted that there were values that indicated the absence of abnormality of data points due to the p- values that were greater than 0.05. Given that there was higher response rate and that the problem of abnormality could not be a challenge, normality was assumed. Thus, the null hypothesis was accepted and the data be normally distributed.

### 4.3.2 Linearity Test

Linearity was tested using scatter plots, which is used to show whether there is a linear relationship between two continuous variables. It is expected that the relationship between variables should be fairly linear before the regression models are applied (Yusof & Jain, 2017).

*Figure 2: Linearity Test for Income status*

The results from the scatter plot shows that there is a strong positive linearity between income status and access to YEDF in Migori County. This is evidenced by the steep slope of the regression line which is almost vertical to the y axis

*Figure 3: Linearity Test for Business Support Services*

The results from the scatter plot shows that there is a strong positive linearity between business support services and access to YEDF in Migori County. This is evidenced by the steep slope of the regression line which is almost vertical to the y axis

### 4.3.3 Multicollinearity

Multicollinearity analysis helps in determining the strength of a linear relationship between two variables. In perfect positive correlation, the two variables are positively related. A value of negative 1 represents a perfect negative correlation and that when the values of one variable increase, the value of the other variable decreases (Taylor, 1990; Schober, Boer & Schwarte, 2018). Multicollinearity was assessed in this study using the variance inflation factors (VIF). According to Field (2009) VIF values in excess of 10 and tolerance values of less than 0.2 is an indication of the presence of Multicollinearity. Multicollinearity of variables was tested by using the tolerance value with tolerance level of more than 0.2 and variance inflation factor (VIF) with a tolerance level of less than 10 (Miles, 2014).

*Table 5: Collinearity Statistics*

| Variables | Tolerance | VIF |
|---|---|---|
| Income Status | 0.622 | 1.608 |
| Business Support Services | 0.377 | 2.653 |
| **Average** | **0.500** | **2.131** |

*Source: Research Data (2022)*

The results in Table 5 present average variance inflation factors results which were established to be **2.131** which is less than 10 and tolerance of more than 0.2 (**0.500**). Thus, according to (Miles, 2014) indicates that the problem of Multicollinearity was minimized.

### 4.3.4 Heteroscedasticity Test

The null hypothesis of this study indicates that the error variance is homoscedastic, thus the null hypothesis is rejected if the error term is found to be varying. If the error variance is not constant, then there is heteroscedasticity in the data. Running a regression model without accounting for heteroscedasticity the error variance would lead to biased parameter estimates in the model estimate. To test for heteroscedasticity, the graphical scatter plot method and p-p plot was used.
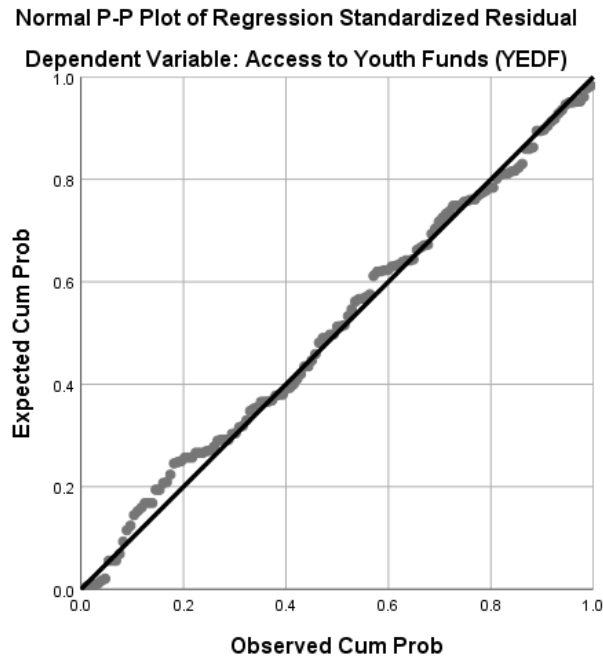
*Figure 4: Graphical p-p plot*

*Source: Research Data (2022)*
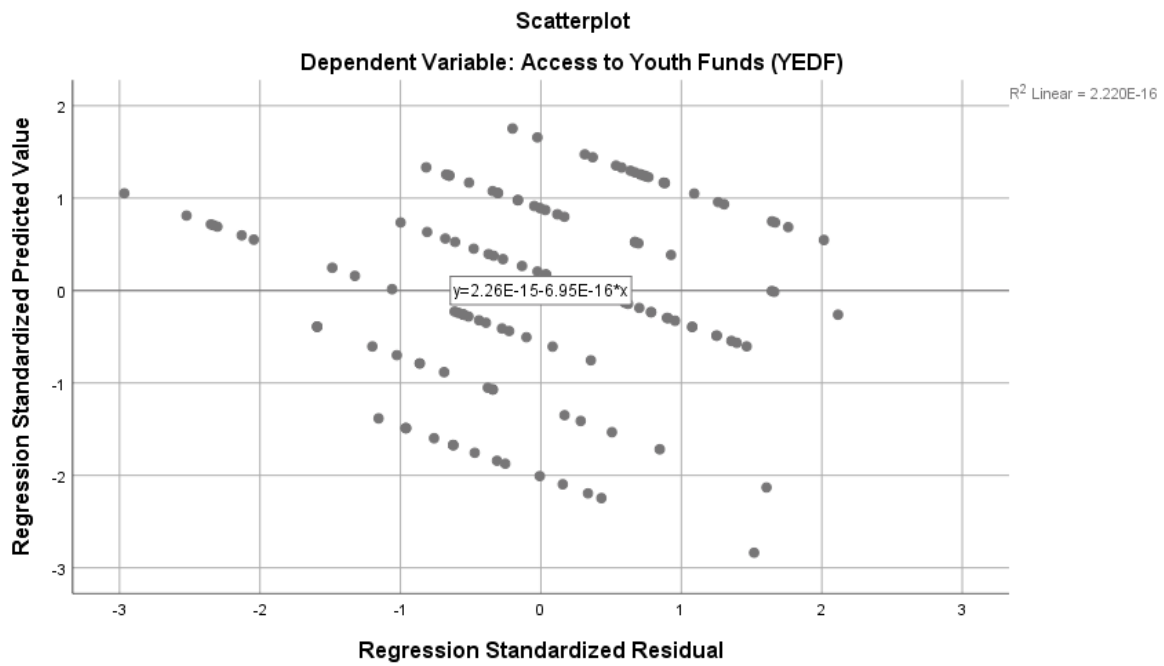
*Figure 5: Error variance of the residuals*

*Source: Research Data (2022)*

Since, the null hypothesis of this study indicates that the error variance is homoscedastic, the results indicate that there is the no presence of heteroscedasticity in the use of the ordinary least squares (OLS) regression. This is evidenced by the graphical scatter plots which oscillate along the standardized residual regression line.

### 4.3.5 Test of Autocorrelation

Serial correlation/Auto correlation occurs when the effect of one independent variable on another independent variable travels across time intervals affecting the future levels of the other independent variable. The null hypothesis is that there is no first-order autocorrelation. The Durbin-Watson statistic should range between 1.5 to 2.5 to imply absence of correlation between residual terms (Field, 2000). The study adopted the Durbin-Watson test to test for autocorrelation.

*Table 6: Test of Autocorrelation*

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .884a | 0.781 | 0.769 | 0.093755 | 2.209 |

*a Dependent Variable: Access to Youth Funds (YEDF)*
*b Predictors: (Constant), **Economic factors** (Income Status and Business Support Services).*
*Source: Research Data (2022)*

From the Table 6 the null hypothesis of no serial correlation between residual terms is accepted given that the Durbin Watson statistic was 2.209 and within the acceptable range of 1.5 and 2.5. Therefore, there is no 1$^{st}$ order correlation between residual terms.

### 4.4 Pearson's Correlation between Economic Factors and Access to YEDF in Migori County

The Pearson correlation coefficient was used to determine the association between the variables which is denoted by **r**. When r is +1 (positive), the value of the other variable in linear comparison increases with a positive value, when r is -1, this shows that there is a negative association and the linear relation decreases on the same line and r = 0, we assert that there is no correlation (Gogtay & Thatte, 2017).

*Table 7: Correlation matrix*

| Correlations | | Access to Youth Funds | Income Status | Business Support Services |
|---|---|---|---|---|
| Access to Youth Funds (YEDF) | Pearson Correlation | 1 | | |
| | Sig. (2-tailed) | | | |
| Income Status | Pearson Correlation | .625** | 1 | |
| | Sig. (2-tailed) | 0.000 | | |
| Business Support Services | Pearson Correlation | .677** | .679** | 1 |

| | Sig. (2-tailed) | 0.000 | 0.000 |
|---|---|---|---|

** Correlation is significant at the 0.01 level (2-tailed).

*Source: Research Data (2022)*

The results in the table 7 revealed that there is a positive and significant association between income status and access to Youth Entreprise Development funds (r=0.625**, p=0.000). The r value of 0.625 indicates a value of greater than 0 which implies that income status as a linear variable has a positive association with access to Youth Entreprise Development funds. These findings are in line with Wachira (2012) who indicated that a large number of low-income people in developing countries are currently financially excluded. Asymmetries of information, moral hazard risks, and adverse selection from credit reduce incentive to lend to clients. To secure such risky loans, lenders often demand collateral such as land or property that many borrowers lack (Awiti & Scott, 2016).

The results further show that business support services and access to Youth Entreprise Development funds have a positive and significant relationship (r=0.677**, p=0.000). The r value of 0.677 indicates a value of greater than 0 which implies that business support services as a linear variable has a positive association with access to Youth Entreprise Development funds. The findings agree with MaryStella and Kithae (2015) that mentoring support provides a significant value to potentially young entrepreneurs since it assists them to counter the challenges of lack of business networks, contacts, and experiences as they conduct businesses. The study further confirms that business incubators constitute powerful tool to support the process of entrepreneurship and assist create more opportunities for survival rates of businesses started or run by young entrepreneurs. Coaching as well as mentor support services are imperative to young entrepreneurs who are beginning their enterprises. Formal mentoring comprises assigned relationship created to offer young entrepreneurs with guidance as well as advice from experienced professionals (MaryStella & Kithae, 2015).

**4.5 Regression between Economic Factors and Access to YEDF in Migori County**

The study also sought to investigate the causal effect of the independent variables on the dependent variable. The findings represent the regression of coefficients.

*Table 8: Regression of Coefficients of the Main variable*

| | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | β | Std. Error | Beta | | |
| (Constant) | 1.790 | 0.116 | – | 15.494 | 0.000 |
| Economic factors | 0.118 | 0.036 | 0.22 | 3.269 | 0.001 |

*a Dependent Variable: Access to Youth Funds (YEDF)*
*b Predictors: (Constant), **Economic factors** (Income Status and Business Support Services).*
*Source: Research Data (2022)*

Table 8 revealed that economic factors (income status and business support services) and access to YEDF in Migori County have a positive and significant relationship (**β**=0.118, p=0.001).

*Table 9: Regression of Coefficients of the Sub variables*

| Variables | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | β | Std. Error | Beta | | |
| (Constant) | 1.474 | 0.145 | – | 10.134 | 0.000 |
| Income status | 0.096 | 0.025 | 0.200 | 3.877 | 0.000 |
| Business support services | 0.016 | 0.030 | 0.035 | 0.527 | 0.599 |

a Dependent Variable: Access to Youth Funds (YEDF)
b Predictors: **Economic factors** (Income Status and Business Support Services).
**Source: Research Data (2022)**

Specifically, the study indicated that income status and access to YEDF in Migori County have a positive and significant relationship (**β**=0.096, p=0.000). However, business support services and access to YEDF in Migori County have a positive but an insignificant relationship (**β**=0.016, p=0.599). This implies that improvement in 1 unit of the aspects related to income status and business support services improves access to YEDF in Migori County by 0.096 and 0.016 units respectively and vice versa is true. These findings are in line with MaryStella and Kithae (2015) who indicated that mentoring support provides a significant value to potentially young entrepreneurs since it assists them to counter the challenges of lack of business networks, contacts, and experiences as they conduct businesses. The study further confirms that business incubators constitute powerful tool to support the process of entrepreneurship and assist create more opportunities for survival rates of businesses started or run by young entrepreneurs. Coaching as well as mentor support services are imperative to young entrepreneurs who are beginning their enterprises.

## 4.6 Hypothesis Testing

The testing criteria was that, if the p value is less than 0.05, the null hypothesis is not accepted. The results are as presented in table 9.

*Table 9: Hypotheses Test Results*

| Research objective | Hypothesis | Rule | P-value | Conclusion |
|---|---|---|---|---|
| To investigate the effects of economic factors on access to YEDF in Migori County. | **H₀:** There is no relationship between economic factors and access to YEDF in Migori County. | When p value is less than 0.05, reject the null hypothesis | 0.001 | There is a relationship between economic factors and access to YEDF in Migori County. |

**Source: Research Data (2022)**

Based on the multiple regression findings, the null hypothesis was rejected since the P value was less than 0.05 and thus, there is a significant effect between economic factors and the access to YEDF in Migori County.

## 5.0 CONCLUSION AND RECOMMENDATION

### 5.1 Conclusions

The study made the conclusion that there is a significant relationship between economic factors and access to YEDF in Migori County. The findings confirm that income status and access to YEDF in Migori County have a positive and significant relationship. However, business support services and access to YEDF in Migori County have a positive but an insignificant relationship.

### 5.2 Recommendations

The YEDF should identify the risk factors connected with each loan transaction. Proper loan conditions should be put in place to control risk associated with the loans advanced to the youth. Therefore, by strengthening the loan risk by availing the information, the YEDF will empower the youth towards better decision-making ability towards the amount, the purpose and the repayment methods/time of the loans. The fund officers should also reach out to the youth located in the rural areas to bridge the distance and make financial information and advice available. This will help in improving the financial inclusion of the youth in Migori County.

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