

**INFLUENCE OF POLICIES ON ACCESSING YOUTH ENTREPRISE
DEVELOPMENT FUND, A SURVEY OF YOUTH OWNED ENTREPRISES IN
RACHUONYO NORTH SUB COUNTY**

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ABSTRACT

Youth unemployment in Kenya has been the main challenge faced over the years. Based on the challenge above, the government of Kenya then conceived the idea of Youth enterprises development fund in 2006 as a strategic measure towards arresting youth unemployment in the country. The specific objectives of this study were to examine the effects of YEDF policies on fund access. This study was restricted to youth enterprises owners within Rachuonyo North Sub County Kenya. The selected youth owners' enterprises who received youth fund acted as units of study from where the respondents were drawn. Questionnaires with open and close ended questions were developed and administered to the respondents; key informant persons were interviewed. The numbers of youth enterprises owners who received youth enterprises development fund in Rachuonyo North Sub County Kenya, were 700, therefore, 22% of 700, which was 152 were selected through a random sampling technique. Pilot study was conducted to test the reliability and validity of the research tools. Secondary data were obtained from records kept by Sub County Youth office in Rachuonyo North Sub County Offices, National Government publications on Youth Enterprise Development Fund (YEDF) and refereed journals. The β value for policies had a positive coefficient that is positive relationship with access of YEDF. The findings showed that policies had significant relationship with access of YEDF. Pearson Product Moment Correlation Coefficient was used to determine the effects of YEDF policies on fund access. There was a positive effects of YEDF policies on fund access [$r=.523$, $n=149$, $p<.05$], this indicated that presence of effective YEDF policies on fund results in access of the fund effectively and efficiently. Thus the more the government stipulates the YEDF policies effectively on fund, its access will increase.

Keywords: YEDF, Access, Influence, policies, Enterprises, Youth.

INTRODUCTION

According to 4th Youth Policy Organization's Overview of National Youth Policies, as of January 2013, of 198 countries, 99 (50%) had a current youth policy, A further 56 (28%) were revising their existing or, were in the process of developing their first national youth policy. A total of 43 states (22%) had no youth policy of those, 17 states were in Africa, 12 in

Asia, 9 in Europe and 5 in the America Awa Ndah, (2013) (on the interview with the civic member on Youth in south Sahara). The urgency to tackle youth unemployment is recognized in the European cooperation framework, in the Council Resolution on the European Cooperation Framework of 27 November 2009, Member States agreed to make employment the overall thematic priority for the next 18 months January 2010 - June 2011 in Europe European Commission (2013). In Nepal, Ministry of Youth and Sports was established with primary objectives of formulating, implementing, monitoring and evaluating policies of youth and sports in Nepal to assist youth access capital and venture into entrepreneurship Shrestha (2001). A review of the existing literature showed that Governments pronouncement in all African Countries in Southern Sahara concerning the role of youth in development, since then ministries of youth in various countries in Africa has generally taken the lead in developing youth policies to enhance their capital accessibility Chigunta (2002).

Cameroon developed its first and only available National Youth Policy in 2006 and there is no available monitoring and/or evaluation report after 7 years since this policy was developed, obviously, the existence of a national youth policy does not necessarily mean that it is being implemented or that it is particularly good for young people to access and run their ventures Ndah (2013) (on the interview with a civic member).

In Nigeria, those who found themselves on the corridors of power, where economic policies abound, do not continue with any profitable policy or projects left by their predecessors, they only create their own policies on fund accessibility to reward their loyalist which only run within their political tenure. Nigeria is adjudged to be the number one in policy creation and worst in policy implementation and sustainability, the adverse effects of 'pick and drop policies' have resulted to instability and inconsistencies which also have created the growth of corruption and socio-political opacity in the national affairs Nwokwo (2012)

Available evidence showed that very few African countries have come out with what can reasonably be called a comprehensive national youth policy to help youth access funds and start venture to run successfully that specifically seeks to address the concerns and needs of their young people within the context of national development plans or broad macroeconomic policies Chigunta (2013). To address the constraints that are hindering effective youth access of funds for entrepreneurship, it should be approached within the context of wider youth employment policies, programmes and the guidelines for preparation of national action plans on youth employment mentioning key policy areas such as; economic and social policies to promote equitable growth and expand the demand for labour, education and training, labour legislation and labour market policies and programmes, Enterprise developments with key focus areas of enabling business environment e.g easy access to capital, micro small and medium-sized enterprise development including cooperatives, self-employment and micro-credit.

In this context the concrete promotion of youth enterprise should promote two basic steps. First, it should create awareness among young people of what enterprise and enterprising is and what it takes to start up and run an enterprise, manage other people, access funds etc, second, if a young man or woman chooses to explore or opt for self-employment and entrepreneurship then he or she should have access to funds in terms of capital, business development and support services in an enabling environment like: universal access to entrepreneurship education, preferably starting in primary schools, but no later than secondary schools, following secondary or tertiary graduation potential young entrepreneurs should find themselves part of a national enterprising culture and administrative procedures

and taxation regulations should be in a way facilitating rather than hindering youth enterprises, young entrepreneurs should have access to affordable finance and effective entrepreneurship development and business management tool delivered through effective business development service providers Simpson & Dying Christensen (2009).

The governmental support for entrepreneurship is a crucial strategy for economic development as a means of reducing socio-economic problems, policies to foster entrepreneurship are essential to job creation and economic growth, government officials can provide incentives as a policy to young persons, encourage entrepreneurs to risk attempting new ventures like laws to enforce property rights, encourage a competitive market system as a policy measure and help in access of fund Business and Industry Advisory Committee to the Organization for Economic Cooperation and Development OECD in Gorlich et al (2013).

In Kenya, the on-lending component of the Youth Enterprises Development Fund (YEDF), mainly works through Financial Intermediaries such as banks, Non Governmental Organizations (NGOs), Savings and Credit Cooperatives (SACCOs), and Micro Finance institutions (MFIs), as a Government policy of disbursement of the fund, from which the Youth access funds to start or expand viable businesses, these Financial Intermediaries manage funds allocated to the Sub County from which the youth will access funds directly either as individuals or as organized entities.(www.youthfund.co.ke,2013).

In most cases it can be noted that, even where youth policies exists, those policies generally lack a firm strategic role in developing youth as a valuable resource to access fund rather, the policies are often highly political and based on stereotypical of disaffected youths Schnurr,1998 (in Francis-Chiguta 2013).Where policies exist the provisions seems to originate in adults perceptions of youth concerns and needs, meaning that many youth policies are designed with youth as subjects and not objects of policies Fowler and Collings (in Francis-Chiguta 2013).On the above account, is why the study sought to examine whether there exist working and effective policies for Youth Enterprises Development Fund in Kenya Particularly in Rachuonyo North Sub County in accessing of the fund by the youth.

THEORETICAL BACKGROUND

In conducting this study reference was made to Economic theory of Entrepreneurship by Harvard Business School (HBS) which considered entrepreneurship as the outcome of the combination of both internal and external factors. Internal factors being: Intelligence, skills, knowledge, perception and exposure while External forces are Economic, political, social and cultural, access to information and policies framework. Chetty (2010) In regards to the a above theory, Policies are what the study addressed as factor affecting access of YEDF in Rachuonyo North Sub county.

Conceptual Framework

Independent Variable

YEDF Policies

Dependent Variable

Access of YEDF

According to conceptual framework level of Policies tend to hinder access of YEDF when they low. It means that access of YEDF can be enhanced if the policy factor is positive. According literature reviewed earlier in this chapter indicates that development of

youth enterprises can be positively or negatively influenced by the level of relevant policies available for the youth in specific business area. Lack of or inadequate relevant policies may lead to low access of the fund for Entrepreneurship. Favorable policies encourages the youth to access capital and entrepreneurship start up and growth so when policies of the fund are favorable then access will be easy.

RESEARCH METHODOLOGY

Research Design

The study used Survey method of collecting data. Survey design is the appropriate method of collecting data of such study that administers the questionnaires to a sample of individuals as primary data. It is a method of study which can also be used to collect information about people's attitudes, opinions, habits, Orodho and Kombo (in Tromp and Kombo 2006). In this study, the design was used to establish the factor affecting access of Youth Enterprise Development Fund in North Rachuonyo Sub County from a selected sample of the study population. The study used both primary and secondary data where secondary data was obtained from records kept by youth development office in Rachuonyo, National government (YEDF) publications and refereed Journals. This design enhanced rapid data collection and enabled the researcher to understand factor affecting access of the fund (YEDF) on youth enterprises in North Rachuonyo Sub County

Study Area

The area of study was Rachuonyo North Sub County in Nyanza Region Kenya. Purposive sampling was used to select Rachuonyo north due to its minimal access of the YEDF amongst the young people regardless of the availability of Fund. Rachuonyo North Sub County has a population of about 162,045 persons it is has two divisions (West and East Karachuonyo Division), each of which borders Lake Victoria. The Sub County headquarter is situated at Kendu bay town (A law Rachuonyo.) The economy of Rachuonyo North Sub County is dominated by fishing; small-scale farming particularly currently discovered millet farming for cash crop, animal husbandry and small scale business. The study was carried out in both two divisions East and West Karachuonyo Divisions since they are the only divisions found in Rachuonyo North Sub County. West Karachuonyo division is located Westside of the Sub County 's headquarters and has a population of 69,179 and East Karachuonyo which is located East side of the Sub County headquarter also has a population of 92,866 (GOK National Bureau of Statistics 1999)

Population

The total population of the study encompassed all youth owned enterprises in North Rachuonyo Sub County. The target population was derived from the total populations which were youth owned enterprises started by YEDF. North Rachuonyo Sub County has seven hundred (700) youth owned enterprises started by YEDF (Data from Sub County officer Rachuonyo North) this formed target population of the study; study population was derived from target population. The sample size consisted of 152 youth enterprises where seventy six (76) youth owned enterprises from each of the two Divisions which received the YEDF loan six months previously prior to this study were randomly selected and 20 key informant respondents who were concerned members of the fund's administration and management were interviewed

Sample Size

The sample size was calculated based on 95.5% level of confidence and 2% confidence interval, Kothari (2004) where 22% of the target population formed the study population. This study used random sampling techniques to administer 152 questionnaires with open and closed ended questions to collect primary data. 152 questionnaires were distributed to select youth owned enterprises where each location, seven (7) randomly selected youth owned enterprises who received YEDF for the last three months prior to the study were selected. Rachuonyo North Sub County has two divisions and twenty two (22) Locations distributed equally in both the two division

Twenty key informant interviews guides were administered to twenty key persons purposively sampled based on their participation in North Rachuonyo Sub County Youth Enterprise Development fund (YEDF)'s administration, management and influence. They were: Sub County Youth officer, Division funds officers both for East and west Divisions, Area Chiefs and fund clients staff members from youth financier institutions this was done to allow researcher to get other additional information not provided by the Youth clients. Interviews enabled the researcher to obtain the information that could not be directly obtained from Youth member's enterprises. This mainly touched on information expected from the Ministry of Youth Officials, Government Administrators and management concerned with monitoring of the Youth Fund and Financiers of Youth Enterprises Development Funds.

Document analysis

Document analysis was used to obtain un-obtrusive information at the pleasure of the researcher by examination of public records with information related to YEDF empowerment of youth. This technique enabled the researcher to obtain data at his own convenient time and also saved time and expense in transcribing. Documents that were verified included; published and unpublished materials on Youth Enterprise Development Fund, journals, National Government publications on (YEDF). Youth Enterprises Development Fund monitoring and evaluation reports, academic materials and other published books.

Validity and Reliability

Content validity of the instruments was determined by pre-testing, where fifteen (15) questionnaires were administered to fifteen respondents to test their responses. Face validity was tested by consultations with the supervisors and other research experts. This was done to determine whether the items are correctly worded in order to avoid miss-interpretation when they were finally administered to the whole respondents in the main study. After pre-testing, the instruments were then adjusted. Reliability of the instrument were be Pre-tested to enhance consistency and dependency, accuracy and adequacy of the instruments Okungu(2010). Consistencies of the test items were measured by the degree to which the test item attracted similar and related responses from the sample in the pilot testing exercise

Data analysis and Presentation

Data collected using questionnaires and other data collection instruments were systematically organized in a manner that facilitates analysis through descriptive technique. They were coded, summarized, presented and analyzed using statistical package for social sciences (SPSS). The research yielded both qualitative and quantitative data. Quantitative technique

such as descriptive statistics and inferential statistics were used to establish relationships between variables. Qualitative data was analyzed qualitatively based on content analysis. Simple descriptive statistics was used to analyze quantitative data. Pearson correlation coefficient was used to establish factors affecting access of youth enterprises development fund in Rachuonyo North Sub County. It was appropriate to use the technique because the statement used were interval and ratio-scaled. The results were presented in tabular form using frequencies and percentages alongside inferential statistics

Empirical Model

The Study employed multiple regression model as follows:

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Where Y= Dependent Variable

β_0 =Constant

X_1 =Independent Variables

β_1 =Regression coefficient

ϵ =error term.

RESULTS AND DISCUSSION

Influence of policies on accessing of the Youth fund

The objective was to establish effects of YEDF policies on fund access . This was obtained by establishing how YEDF policies affect fund access. Youth Enterprise Development Fund Policies were examined as to how they encouraged or discouraged people from borrowing. Lending policies were evaluated in terms of loan collateral, interest rates and payment period given to borrowers to pay the loan as presented in table 4.10. The results show that as loan collateral encouraged 20.13 %(n=30) of borrowers and discouraged 78.3%(n=119). Interest rates encouraged 37.6%(n=56) and discouraged 61.2%(n=93) of borrowers. Repayment period encouraged 9.4 %(n=14) of borrowers and discouraged 88.8%(n=135). The findings showed that a high number of youth do not access the funds since they are discouraged by the above policies of YEDF.

Table 1 Effect of YEDF policies

Characteristic	Frequency (n=149)	Percentage (%)
Loan Collateral		
Encourage borrowing	30	20.13%
Discourage borrowing	119	78.3%
Interest Rates		
Encourage borrowing	56	37.6%
Discourage borrowing	93	61.2%
Repayment Period		
Encourage borrowing	14	9.4%
Discourage borrowing	135	88.8%

Source: Author's computations, 2014

Influence of policies on accessing of youth fund

Pearson Product Moment Correlation Coefficient was used to determine the effects of YEDF policies on fund access. There was a positive effects of YEDF policies on fund access [$r=.523$, $n=149$, $p<.05$], this indicated that presence of effective YEDF policies on fund

results in access of the fund effectively and efficiently. Thus the more the government stipulates the YEDF policies effectively on fund, its access will increase.

Table 2 Influence of policies on accessing of youth fund

Table 2. Effects of YEDF policies on fund Access .

		Access	YEDF policies
Access	Pearson Correlation	1	.523 ^{**}
	Sig. (2-tailed)		.000
YEDF policies	Pearson Correlation	.523 ^{**}	1
	Sig. (2-tailed)	.000	

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

b. List wise N=149

Source: Author's computations, 2014

There was a positive effect of YEDF policies on fund access. The policies that exist seems to originate in adults perceptions of youth concerns and needs, meaning that many youth policies are designed with youth as subjects and not objects of policies Chiguta (2013). Nwokwu (2012), argues that Nigeria is adjudged to be the number one in policy creation and worst in policy implementation and sustainability, the adverse effects of 'pick and drop policies' have resulted to instability and inconsistencies which also have created the growth of corruption and socio-political opacity in the national affairs. The YEDF official were interviewed concerning the requirements for one to access the YEDF, the methods they used to inform the youth about the fund, policies of training the youths in business, They revealed the following: All the informants revealed that for a person to access loan by the Youth Enterprise Development Fund (YEDF), they had to register a group by the ministry of gender and social services and the group must have been in existence for between three to six months; policies on how to access loan fund was passed to the youth through seminars and chiefs barazas so as to start businesses to improve their standards of living. The YEDF officers stressed the importance of favorable policies to the youth person by the fund officials.

CONCLUSION

The findings showed that policies, had significant relationship with access of YEDF. Repayment period, collateral and interest rates as YEDF policies were identified as the greatest factors discouraging borrowers. On overall the lending policies discourage borrowing by the youth. The results showed that 80 percent of those survey believed that YEDF policies discouraged borrowing while only 18.4 percent believed they encouraged borrowing. The findings showed that a high number of youth do not access the funds since they are discouraged by these policies of YEDF

RECOMMENDATION

The government of Kenya should review the funds lending policies specifically repayment period, collateral and interest rates so as to ensure they are favorable to borrowers. This may involve allowing collateral like livestock, land and household electronics. Repayment period may also be lengthened and grace period provided for startups.

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