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Loan Repayment & Government Funding Among Youth Groups: Showcasing Kwale County, Kenya

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Abstract

The County Government of Kwale established the Youth Fund with the aim of empowering its young population. Nevertheless, achieving this goal has been hindered by the occurrence of a significant default rate, leading corporations to incur losses by reducing the value of these debts from their revolving funds. The initial aim of the research that culminated into this article was to evaluate the impact of loan amount on the repayment of government funds provided to youth organizations in Kwale County Fund Kenya, objectives were to assess the impact of existing legislation on the repayment of government funds by youth organizations in the Kwale County Government; to examine how the borrowing process affects the repayment of government funding by youth organizations in the Kwale County Youth Fund; and to determine the influence of group leadership on the repayment of government funding by youth organizations in the Kwale County Youth Fund. The study was grounded in empowerment theory, group funding theory, and joint liability theory. The research study employed a descriptive survey design and focused on 860 young individuals from 60 distinct groups in several sub-counties under Kwale's county administration. Based on its findings,, the researcher recommended that the amount borrowed by youth groups should be equal to the granted Loan; and grace period ought to be extended; and loan interest should be determined by a borrower's or a group's capacity. The loan laws should be accommodating and borrowing procedure should be clear, motivating and efficient. The group leaders should be conversant with the repercussions of loan default in order to enhance loan repayment and performance of youth fund. It also suggests that future studies should be done to establish challenges facing accessibility of youth funds in the County.

Key words: Loan, repayment, government, performance, youth, groups, funding

Introduction

In order to support small and medium-sized businesses and eventually promote economic growth, governments have remained committed to enhancing access of vulnerable populations to credit. It is crucial to adopt simple, alternative forms of funding and financial services that are more suited for small business growth in disadvantaged regions. As a result, Kenya has developed novel, creative, and pro-poor methods for funding the potential businesses of young people, women, and individuals with disabilities (Youker, 2017). Further, Youker (2017) notes that the economic development plans made Kenya to create pro-poor and novel plans of funding for the youth, women and persons living with disabilities. Through such efforts, the

government addressed gender equality and women empowerment by 53 percent. Such efforts were promoted by Kenya's progressive constitution, the Article 27 of the Bill of Rights that majored on women economic empowerment. The article acknowledges the whole philosophy behind promoting equality and reducing discrimination, as it states that every person is equal and has the right for protection before the law.

Statement of the Problem

The youth Fund Office reported that 68% of loans are currently defaulted. According to this figure, Kwale has a higher default rate than the 60% national average. In their 2017 report, KNBS and SID identified a number of causes for the high default rate, included lack of business empowerment training programs, a large number of organizations looking for funding which led to reduced funding and shoddy project planning, lack of project management expertise, poor legislation and loan recovery procedures, and corruption in support of particular political leadership interests. Investigating the factors that influenced the payback or non-payment of public monies was crucial. Previous studies had shown that a variety of factors play a role in loan repayment (Hennessy, 2015). To improve their effectiveness in providing revolving funds to vulnerable groups, government financing organizations must receive more attention. The legal and regulatory foundations required to create effective and long- lasting revolving funds have not yet been established. The factors influencing the loan repayment of public finance to venerable organizations who receive the Kwale County Youth Fund are also poorly understood from an empirical perspective. This study examined the variables affecting loan repayment of government financing to venerable organizations receiving youth Fund in Kwale County Government in an effort to reduce this gap.

Purpose of the Research Study

The purpose of the study was the determinants influencing loan repayment of government funding on performance of youth groups, a case of youth fund in county government of Kwale, Kenya.

Specific Objectives of the Study

- Assess the influence of the amount borrowed on loan repayment of government fund to youth organizations in Kwale County Fund Kenya.
- Evaluate the influence legislation in place on loan repayment of government funds to youth organizations in Kwale County Government.
- Identify the influence of borrowing process on loan repayment of government funding to youth organizations in Kwale County Youth Fund.
- Determine the influence of group leadership on loan repayment of government funding to youth organizations in Kwale County Youth Fund.

Significance of the Study

This study intended to help governments recover money through loan repayment that had been lent out to vulnerable groups in order to build enterprises. This was a result of the high prevalence of youth unemployment and the government's assistance in helping these vulnerable groups launch firms that were financed at a reasonable interest rate in order to offer employment prospects.

Scope of the Study

This study examined the determinants influencing loan repayment for government financed projects given to youth organizations in Kwale County, Kenya. It is a county in the former coast province with an estimated population of 649,931 according to 2019 census.

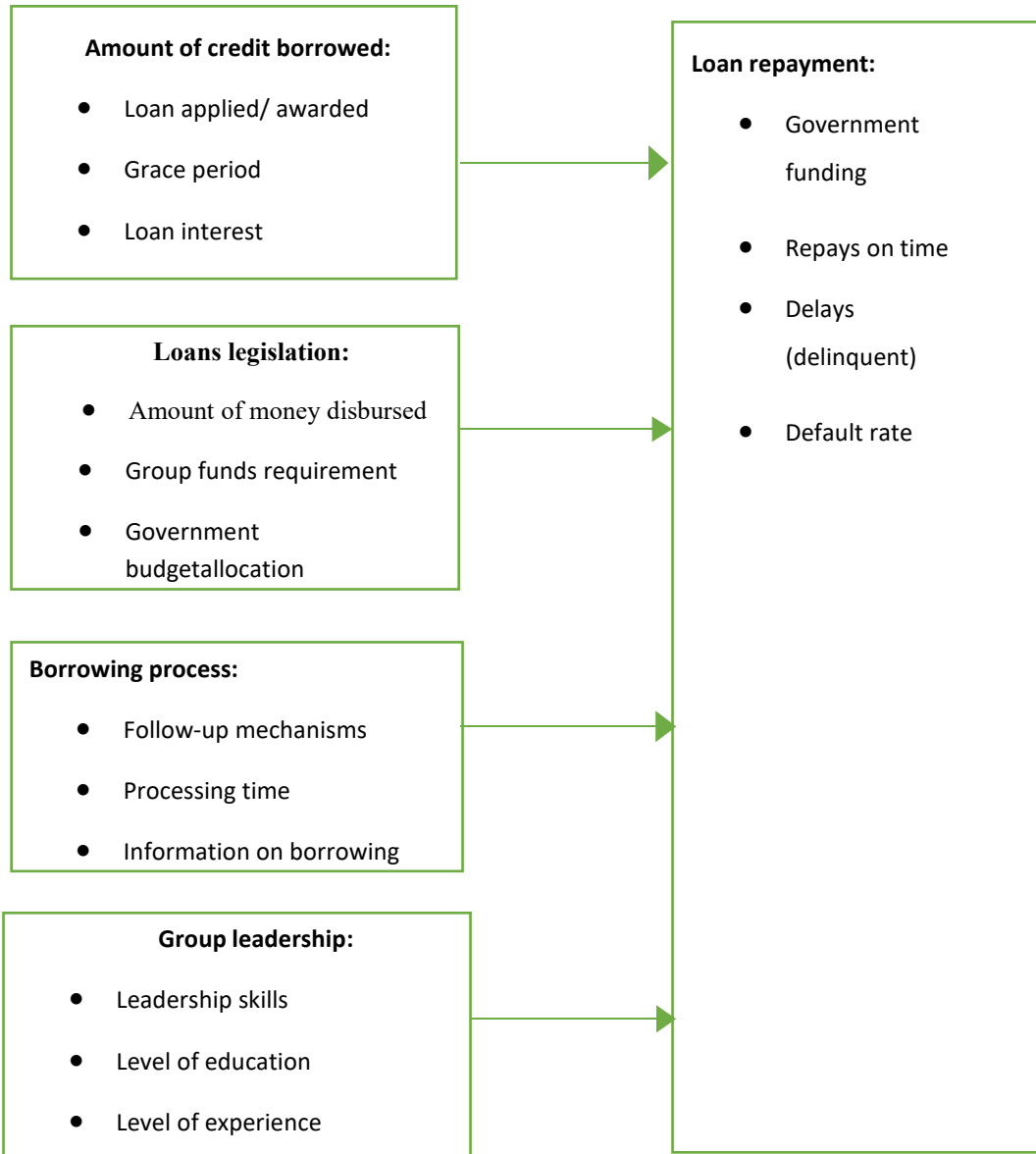
Methodology:

A sample of 270 participants was chosen using stratified and simple random selection methods. The sole instrument for collecting primary data in this study was questionnaire. Data analysis was conducted using the Statistical Package for Social Sciences version 2.0. The data was presented using the measures of central tendency, specifically the mean, and the measure of dispersion, specifically the standard deviation. The data was displayed using frequency tables, histograms, pie charts, graphs, and percentages. Additionally, a univariate analysis was performed. Regression analysis was employed to utilize.

Based on the findings the study concluded that the study indicates that was a moderate positive and statistically significant correlation between amount borrowed and performance of youth fund in Kwale county, Kenya ($r = 0.531$; $p < 0.05$). The study indicates that there was a moderate positive and statistically significant correlation between Kwale County Government Act and performance of youth fund ($r = 0.591$; $p < 0.05$). The study indicates that there was a moderate positive and statistically significant correlation between borrowing procedure and performance of youth fund ($r = 0.589$; $p < 0.05$). The study indicates that there was a moderate positive and statistically significant correlation between group leadership and performance of youth fund ($r = 0.690$; $p < 0.05$).

Theoretical Review

The basic theory supporting Empowerment Theory, Group Funding in Theory, as well as Joint Liability Theory, as described below, served as the study's framework. Empowerment theory by Zimmerman (2018) was the main theory used to guide this investigation. The theory worked best because it showed how important it is to give people in society more power. Solidarity group theory, which Ludwig von Bertalanfy proposed in 1968 and was also referred to as group lending, was most frequently addressed as a potential remedy for knowledge asymmetries in developing nations. According to this hypothesis, put forth by Kourilsky (2018), moral hazards and adverse selection were dealt with by effectively shifting the lender's responsibility for compliance, monitoring, and screening to youngpeople, women, and people with impairments.



Conceptual Framework

According to the conceptual framework depicted in figure 1, the independent variables primarily acted as a barrier to government financing loan repayment. In other words, when these components were in low percentages, the loan repayment of the revolved funds, such as the youth Fund, were enhanced and improved. Government funding loan repayment accelerated with a positive index on the variables.

Research Design

This study used a descriptive survey. Given the exploratory and descriptive nature of this study, this approach was the most suitable.

Target Population

According to Kothari, (2018), the term "population" referred to the entire set of individuals or things that the researcher wanted to investigate. The study concentrated on 453 youths from the four sub-counties of Kwale's county administration.

Research Instrument

The only primary data gathering tool for the study was a questionnaire. Both open-ended and closed-ended questions were included in the questionnaire. Open-ended questions allowed respondents to provide in-depth qualitative comments, whereas closed-ended questions only permitted specified types of responses, such as the five Likert scale questions (Kothari (2018)).

Research Findings And Discussion:

4.5.1 Extent the borrowed amount affects the Youth Fund's loan payback influence performance of youth groups

The respondents were asked to rate extent the borrowed amount affect the Youth Fund's loan payback influence performance of youth groups the value of the mean indicated the level of agreement ranging as scale of 1 to 5, with 1 denoting no impact, 2 low, 3 moderate, 4 great, and 5 very great. The findings are as indicated in Table 13

Table 16: Extent the borrowed amount affects the Youth Fund's loan payback influence performance of youth groups

Statements	5 %	4 %	3 %	2 %	1 %%	Mean	Std
High loan amounts are difficult to repay, which causes default.	30	39	19	10	2	4.46	0.81
Loan requested should be equal to Loan granted, and vice versa	34	48	13	4	1	3.57	0.64
The grace period provided ought to be extended	31	38	17	12	2	4.17	0.88
Loan interest should be determined by a borrower's or a group's capacity.	35	36	16	9	4	4.38	0.81
The loan payback schedule should be more flexible.	30	34	23	7	6	3.34	1.48

(Source field data 2024)

The research findings revealed that majority of the respondents (30%) to a very great extent 39 % agreed to a great extent while those who moderately agreed were at 19 %. Those who agreed to a low extent at 10% while those at no extent were at 2 % with a mean of 4.46 and the standard deviation of 0.81 that high loan amounts are difficult to repay, which causes default. The research findings revealed that majority of the respondents (34%) to a very great extent 48 % agreed to a great extent while those who moderately agreed were at 13 %. Those who agreed to a low extent at 4 % while those at no extent were at 1 % with a mean of 3.57 and the standard deviation of 0.64 that loan requested should be equal to Loan granted, and vice versa.

The research findings revealed that majority of the respondents (31%) to a very great extent 38 % agreed to a great extent while those who moderately agreed were at 17 %. Those who agreed to a low extent at 12 % while those at no extent were at 2 % with a mean of 4.17 and the standard deviation of 0.88 that the grace period provided ought to be extended. The research findings revealed that majority of the respondents (35%) to a very great extent 36 % agreed to a great extent while those who moderately agreed were at 16 %. Those who agreed to a low extent at 9 % while those at no extent were at 4 %

with a mean of 4.38 and the standard deviation of 0.81 that loan interest should be determined by a borrower's or a group's capacity.

The research findings revealed that majority of the respondents (30%) to a very great extent 34 % agreed to a great extent while those who moderately agreed were at 23 %. Those who agreed to a low extent at 7 % while those at no extent were at 6 % with a mean of 3.34 and the standard deviation of 1.48 that the loan payback schedule should be more flexible. The overall results revealed that the borrowed amount affect the Youth Fund's loan payback influence performance of youth groups.

4.5.2 Youth loan regulations awareness on performance of youth fund

The respondents were to indicate rate whether the youth groups were aware of the youth loan regulations. The findings are as indicated in Table 17:

Table 17: Youth loan regulations awareness on performance of youth fund

Awareness	Frequency(n)	%
Yes	136	80
No	35	20
Total	171	100

(Source field data, 2024)

The results indicated that majority of the respondents were aware of youth loan regulations on youth fund with 136(80%) while those who were not aware comprised of 35(20%). This implied that the youth groups were aware of the youth loan regulations on performance of youth fund in Kwale County, Kenya.

4.5.3 Level of agreement on Youth loan regulations awareness on performance of youth fund

The respondents were to indicate the level of agreement on the youth group's awareness of the youth loan regulations. The findings are as indicated in Table 18:

Table 18: level of agreement on youth groups loan regulations awareness on performance of youth fund

Level of awareness	Frequency(n)	%
High degree	30	22
Moderate	91	67
Low	15	11
Total	136	100

(Source field data, 2024)

The results indicated that majority of the respondents agreed at a moderate degree that they were aware of youth loan regulations on youth fund at 91(67%), those who agreed at a high degree at 30(22%) while those who agreed at low degree comprised of 15(11%). This implied that the most youth groups agreed that they were aware of the youth loan regulations on performance of youth fund in Kwale county, Kenya.

4.5.4 Course of action on Youth loan regulations awareness on performance of youth fund

The respondents were to indicate the course of action on the youth groups awareness of the youth loan regulations. The findings are as indicated in Table 19:

Table 19: Course of action on youth groups loan regulations awareness on performance of youth fund

Course of action	Frequency(n)	%
Officials from the Youth Fund often visit	17	48
Collaborate with bank experts and participate in organized activities monitored by the Youth Fund's officials	15	43
organized and overseen by representatives of the Youth Fund	3	9
Total	35	100

(Source field data,2024)

The results on officials from the youth fund often visiting indicated that majority of the respondents agreed at 17(48%), 15(243) indicated that collaborating with bank experts and participate in organized activities monitored by the youth fund's officials . The minority indicated at 3(9%) that organized and overseen by representatives of the Youth Fund on performance of youth fund in Kwale county, Kenya.

4.5.5 Extent the loan laws influence performance of youth groups

The respondents were to indicate the extent the loan laws influence performance of youth groups. The value of the mean indicated the level of agreement ranging as scale of 1 to 5, with 1 denoting no impact, 2 low, 3 moderate, 4 great, and 5 very great. The findings are as indicated in Table 20

Table 20: Extent the loan laws influence performance of youth groups

Statements	5 %	4 %	3 %	2 %	1 %%	Mean	Std
Amount of the payment	33	36	20	8	3	2.66	1.24
Groups' financial needs	31	44	17	6	2	2.91	1.35
Governmental spending plan	38	34	19	7	2	3.00	1.24

(Source field data 2024)

The research findings on the extent amount of the payment influence performance of youth groups revealed that majority of the respondents (33%) to a very great extent 36 % agreed to a great extent while those who moderately agreed were at 20 %. Those who agreed to a low extent at 8 % while those at no extent were at 3 % with a mean of 2.66 and the standard deviation of 1.24. The research findings also revealed that majority of the respondents (31%) to a very great extent 44 % agreed to a great extent while those who moderately agreed were at 17 %. Those who agreed to a low extent at 6 % while those at no extent were at 2 % with a mean of 2.91 and the standard deviation of 1.35 that groups' financial needs indicate the extent the loan laws influence performance of youth groups.

The research on governmental spending plan findings revealed that majority of the respondents (38%) to a very great extent 34 % agreed to a great extent while those who moderately agreed were at 19 %. Those who agreed to a low extent at 7 % while those at no extent were at 2 % with a mean of 3.00 and the standard deviation of 1.24. The overall results revealed that the loan laws influence performance of youth groups influence performance of youth groups.

4.5.6 Youth Fund's loan acquisition process

The respondents were to indicate the how they acquired the loan. The findings are as indicated in Table 21

Table 21: Loan acquiring process

Process of acquiring loans	Frequency(n)	%
website, www.kwale.go.ke,	77	45
Group meeting with bank	94	55
Total	171	100

(Source field data, 2024)

The results on loan acquiring process indicated that majority of the respondents acquired the loan through group meeting with the bank at 94(55%) while 77(45%) indicated that they acquired the loan through Kwale county website www.kwale.go.ke, 77(45%). These results showed that banks played a key role in accessing loans by youth groups on performance of youth fund in Kwale County, Kenya.

4.5.7 Evaluation of Youth Fund's borrowing process

The respondents were to evaluate the youth fund borrowing process. The findings are as indicated in Table 22.

Table 22: Evaluation of Youth fund borrowing process

Evaluation of loans acquiring process	Frequency(n)	%
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Highly efficient and motivating	11	6
Efficient and equitable	20	12
Sluggish	60	35
Excessively bureaucratic and vexatious	80	47
Total	171	100

(Source field data, 2024)

The results on evaluation of youth fund borrowing process indicated that majority at 80(47%) showed there was excessively bureaucratic and vexatious at 94(55%). This was followed by those who indicated that it was sluggish, 20(12%) indicated that it was efficient and equitable

While the minority 11(6%) indicated that it was highly efficient and motivating. These results showed that there was excessive bureaucratic and vexatious and sluggish process to acquire youth fund influencing performance of youth fund in Kwale County, Kenya.

4.5.8 Impact of borrowing process influence on performance of youth groups

The respondents were to indicate the impact of borrowing process on performance of youth groups. The value of agreement ranging on a scale of 1 to 5, where 1 indicates no impact, 2 indicates low impact, 3 indicates moderate impact, 4 indicates significant impact, and 5 indicates highly significant impact. The findings are as indicated in Table 23

Table 23: Impact of borrowing process influence on performance of youth groups

Statements	5	4	3	2	1	Mean	Std
	%	%	%	%	%		
Follow-up procedures	35	43	14	6	2	3.46	0.61
Process duration	44	38	8	7	3	3.37	0.74
information about lending practices	41	40	13	5	1	3.34	0.59

(Source field data 2024)

The research findings on the impact of follow-up procedures showed that majority of the respondents (43%) indicated significant impact, 35 % agree at high significant while those who indicated moderate significant were at 14 %. Those who indicated low impact were at 6% while those who indicated no impact were at 2 % with a mean of 3.46 and the standard deviation of 0.61. The results on the impact of process duration showed that majority of the respondents (44%) indicated high significant impact, 38 % indicated significant while those who indicated moderate significant were at 8 %. Those who indicated low impact were at 7% while those who indicated no impact were at 3 % with a mean of 3.37 and the standard deviation of 0.74.

The results on the impact of information about lending practices showed that majority of the respondents (41%) indicated high significant impact, 40 % indicated significant while those who indicated moderate significant were at 12 % . Those who indicated low impact were at 5% while those who indicated no impact were at 1 % with a mean of 3.34 and the standard deviation of 0.59. The results showed that the impact of borrowing process has an influence on performance of youth fund in Kwale County, Kenya.

4.5.9 Youth group leadership and performance of youth fund

The respondents were to rate the impact of group leadership on performance of youth fund on a scale of 1 to 5, 1 -no impact, 2 -low, 3 moderate, 4- great, and 5- extremely great. The findings are as indicated in Table 24:

Table 24: Impact of youth group leadership on performance of youth fund

Statements	5	4	3	2	1	Mean	Std
	%	%	%	%	%		
They actively advocate for the Youth Fund.	39	31	18	8	4	4.49	0.97
They are aware of where to invest the loan from the Youth Fund.	38	44	13	4	1	3.57	0.64

They are completely aware of the repercussions of default.	31	38	17	10	4	4.72	0.88
As a final resort, we turn to loans.	36	35	15	9	5	4.38	0.81
They are afraid of loans; therefore, we keep as far away from them as we can	31	34	23	8	5	3.34	1.48
Our leaders are to thank for the advancement we have accomplished.	32	34	25	6	3	4.37	0.92
Possessing leadership abilities	32	39	18	9	2	4.76	0.71
Education level of the leaders	44	31	16	5	4	4.45	0.65
Degree of leadership	39	37	15	6	3	4.56	0.77
group size management	34	32	22	7	5	4.65	0.93

(Source field data 2024)

The research findings on the impact of group leaders actively advocating for the youth fund indicated majority of the respondents (39%) agreed the impact was at a very great extent (31 %) agreed to a great extent while those who moderately agreed were at 18 %. Those who agreed to a low extent at 8% while those at no extent were at 4 % with a mean of 4.49 and the standard deviation of 0.97. The research findings on the impact that the youth leaders are aware of where to invest the loan from the youth fund indicated majority of the respondents (38%) agreed the impact was at a very great extent (44 %) agreed to a great extent while those who moderately agreed were at 13 %. Those who agreed to a low extent at 4% while those at no extent were at 1 % with a mean of 3.57 and the standard deviation of 0.64.

The research findings on the impact that the youth leaders are completely aware of the repercussions of default indicated majority of the respondents (31%) agreed the impact was at a very great extent (38 %) agreed to a great extent while those who moderately agreed were at 17 %. Those who agreed to a low extent at 10% while those at no extent were at 4 % with a mean of 4.72 and the standard deviation of 0.88. The research findings on the impact that the youth leaders as final resort turn to loans indicated majority of the respondents (36%) agreed the impact was at a very great extent (35 %) agreed to a great extent while those who moderately agreed were at 15 %. Those who agreed to a low extent at 9% while those at no extent were at 5 % with a mean of 4.38 and the standard deviation of 0.81.

The research findings on the impact that the youth leaders are afraid of loans; therefore keep as far away from them as they can indicated majority of the respondents (31%) agreed the impact was at a very great extent (34 %) agreed to a great extent while those who moderately agreed were at 23 % . Those who agreed to a low extent at 8% while those at no extent were at 5 % with a mean of 3.34 and the standard deviation of 1.48. The research findings on the impact that the youth leaders are thankful for the advancement they have accomplished indicated majority of the respondents (32%) agreed the impact was at a very great extent (34 %) agreed to a great extent while those who moderately agreed were at 25 % . Those who agreed to a low extent at 6% while those at no extent were at 3 % with a mean of 4.37 and the standard deviation of 0.92.

The research findings on the impact that the youth leaders possess leadership abilities

Indicated majority of the respondents (32%) agreed the impact was at a very great extent (39 %) agreed to a great extent while those who moderately agreed were at 18 %. Those who agreed to a low extent at 9% while those at no extent were at 2 % with a mean of 4.76 and the standard deviation of 0.71. The research findings on the impact that the youth leader's education level of the leaders indicated majority of the respondents (44 %) agreed the impact was at a very great extent (31 %) agreed to a great extent while those who moderately agreed were at 16 %. Those who agreed to a low extent at 5% while those at no extent were at 4 % with a mean of 4.45 and the standard deviation of 0.65.

The research findings on the impact that the youth leaders having degree of leadership indicated majority of the respondents (39 %) agreed the impact was at a very great extent (37 %) agreed to a great extent while those who moderately agreed were at 15 %. Those who agreed to a low extent at 5% while those at no extent were at 3 % with a mean of 4.56 and the standard deviation of 0.77. The research findings on the impact that the youth leaders on group size management indicated majority of the respondents (34 %) agreed the impact was at a very great extent (32 %) agreed to a great extent

while those who moderately agreed were at 22 %. Those who agreed to a low extent at 7% while those at no extent were at 5 % with a mean of 4.65 and the standard deviation of 0.95. The overall results showed that impact of group leadership has an influence on performance of youth fund in Kwale county, Kenya.

4.5.10 Loan Repayment Rate on performance of youth groups

The respondents were to indicate the impact of impact the feasibility of repaying youth fund loan on performance of youth groups. The value of agreement ranging on a scale of 1 to 5, where 1 indicates no impact, 2 indicates low impact, 3 indicates moderate impact, 4 indicates significant impact, and 5 indicates highly significant impact. The findings are as indicated in Table 25:

Table 25: Impact of loan repayment rate on performance of youth groups

	5	4	3	2	1	Mean	Std
Statements	%	%	%	%	%		
Loan payback period	53	25	13	5	4	3.61	0.88
Quantity circulating	40	38	11	8	4	3.73	0.79
Failure rate	40	43	12	5	2	3.30	0.55
Laws affecting the acceptance of loans	43	36	9	7	5	3.41	0.67

(Source field data 2024)

The research findings on the impact of loan payback period showed that majority of the respondents (53%) indicated significant impact, 25 % agree at high significant while those who indicated moderate significant were at 13 %. Those who indicated low impact were at 5% while those who indicated no impact were at 4 % with a mean of 3.61 and the standard deviation of 0.88. The results on the impact of quantity circulating showed that majority of the respondents (40%) indicated high significant impact, 38 % indicated significant while those who indicated moderate significant were at 11 %. Those who indicated low impact were at 8% while those who indicated no impact were at 4 % with a mean of 3.73 and the standard deviation of 0.79. The results on the impact of failure rate showed that majority of the respondents (40%) indicated high significant impact, 43 % indicated significant while those who indicated moderate significant were at 12 %. Those who indicated low impact were at 5% while those who indicated no impact were at 2 % with a mean of 3.30 and the standard deviation of 0.55.

The results on the impact of laws affecting the acceptance of loans showed that majority of the respondents (43%) indicated high significant impact, 36 % indicated significant while those who indicated moderate significant were at 9 %. Those who indicated low impact were at 7% while those who indicated no impact were at 5 % with a mean of 3.41 and the standard deviation of 0.67. The overall results showed that impact of loan repayment rate has an influence on performance of youth fund youth fund in Kwale county, Kenya.

4.6 Diagnostic Test

4.6.1 Autocorrelation Assumption Test

The results of the test of autocorrelation assumption are presented in Table 26

Table 26: Autocorrelation Assumption Test Results

Variable	Durbin-Watson
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Amount borrowed	1.632
Kwale County Government Act	2.435
Borrowing procedure	2.448
group leadership	1.390
Performance of Youth groups fund	1.811

(Source, field 2024)

The results as indicated in Table 26 revealed that the Durbin- Watson statistic value of Amount borrowed was 1.632. In addition, the Durbin-Watson statistic value for Kwale County Government Act was 2.435. Further, the results indicated that the Durbin-Watson statistic value for borrowing procedure was 2.448 and for group leadership was 1.390, while performance of Youth groups fund was 1811 in Kwale county, Kenya. This implies that the study variables had the independence of errors because it meets the threshold of Durbin-Watson between 0-4. The Durbin-Watson test reports a test statistic, with a value from 0 to 4, where: 0-2.5 denotes no autocorrelation. In conclusion, the data collection instruments were found to be valid and reliable and therefore can be used for data collection in the main study.

4.6.2 Normality Assumptions Test

The study conducted a normality test to determine whether the data is normally distributed. The result of the normality test is indicated in Table 27.

Table 27: Normality Assumption Test Results

Variable	Kolmogorov- Smirnov	Sig
Amount borrowed	.362	.523
Kwale County Government Act	.370	.741
Borrowing procedure	.245	.860
group leadership	.252	.609
Performance of Youth groups fund	.305	.707

(Source, field 2024)

Normality assumption test results in Table 27 established that the data was normally distributed since the significance values for Kolmogorov-Smirnov were greater than 0.05. The study findings indicated that Amount borrowed had a Kolmogorov-Smirnov significance value of $p=.523 > 0.05$, Kwale County Government Act had a Kolmogorov-Smirnov significance value of $p=.741 > 0.05$. Borrowing procedure had a Kolmogorov-Smirnov significance value of $p=.860 > 0.05$. Group leadership and evaluation had a Kolmogorov-Smirnov significance value of $p=.609 > 0.05$. Performance of Youth groups fund in Kwale county had a Kolmogorov-Smirnov significance value of $p=.707 > 0.05$. Since the p-values were greater than the significance level (0.05), this implies that the data were normally distributed.

4.6.3 Multicollinearity Test

Multicollinearity occurs when two or more independent variables are highly correlated with each other. When multicollinearity is present in a regression model, it can be difficult to determine the unique contribution of each independent variable to the outcomes. The study result is presented in Table 28:

Table 28: Multicollinearity Assumption Test Results

Variables	Tolerance	VIF
Amount borrowed	.528	1.722
Kwale County Government Act	.511	1.774
Borrowing procedure	.613	1.535

Group leadership	.764	1.402
Performance of Youth groups fund	.551	1.533

Source, field 2024)

From the finding the tolerance and variance inflation factor value for amount borrowed (tolerance=0.528 and VIF=1.722), (Kwale County Government Act =0.511 and VIF=1.774), Borrowing procedure (tolerance=0.608 and VIF=1.595). Group leadership (tolerance=0.764 and VIF=1.402) and for performance of Youth groups fund (tolerance=0.551 and VIF=1.533). The study results imply that all tolerance values for the five variables under study were all above 0.10 and VIF values all less than 10, this implies that the data used had no Multicollinearity.

4.6.4 Homoscedasticity test results

Homoscedasticity describes the homogeneity of disturbance between independent and dependent variables across the values of the independent variables. It expresses constant residual terms across observations. Conversely, unequal errors lead to heteroscedasticity problem. Heteroscedasticity contribute to inefficient parameter estimates and incorrect confidence intervals. When the value of the dependent variable changes, the error term ought not to vary much. For homoscedastic data, p-value is greater than 0.05. Homoscedasticity test results are shown in Table 29.

Table 29: Homoscedasticity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	.036	.209		.153	.819
Amount borrowed	.020	.054	.048	-.169	.857
1 Kwale County Government Act	.056	.059	.272	1.013	.350
Borrowing procedure	.039	.034	.073	.220	.853
Group leadership	.030	.045	.097	-.370	.744

a. Dependent Variable: Performance of Youth groups fund

The results in Table 29 shows that, amount borrowed, Kwale County Government Act, , and borrowing procedure and group leadership had p-values 0.857 0.350, 0.853 and 0.744 respectively. All these values are greater than 0.05, implying that the data was homoscedastic and there was no heteroscedasticity problem. The results helped the researcher to validate the appropriateness of the linear regression analysis.

4.7 Inferential Statistics

4.7.1 Correlation Analysis

4.7.1.1 Amount borrowed and Performance of Youth groups fund

The study sought to establish the correlation between amount borrowed and performance of youth fund in Kwale County, Kenya. The findings of the study are as shown in Table 30.

Table 30: Amount borrowed and performance of youth fund in Kwale county, Kenya

		Performance of youth fund
Amount borrowed	Pearson Correlation	.531**
	Sig. (2-tailed)	.000
	N	171

** . Correlation is significant at the 0.05 level (2-tailed).

As indicated in Table 30, the study indicates that there was a moderate positive and statistically significant correlation between amount borrowed and performance of youth fund in Kwale county, Kenya ($r = 0.531$; $p < 0.05$). This implies that amount borrowed had an influence on performance of youth fund in Kwale county, Kenya.

4.7.1.2 Kwale County Government Act performance of youth fund in Kwale county, Kenya

The study sought to establish the correlation between Kwale County Government Act and performance of youth fund in Kwale county, Kenya. The findings of the study are as shown in Table 31.

Table 31: Kwale County Government Act performance of youth fund in Kwale county, Kenya

		Performance of youth fund
Kwale County Government Act	Pearson Correlation	.591**
	Sig. (2-tailed)	.000
	N	171

** . Correlation is significant at the 0.05 level (2-tailed).

As indicated in Table 31, the study indicates that there was a moderate positive and statistically significant correlation between Kwale County Government Act and performance of youth fund in Kwale county, Kenya ($r = 0.591$; $p < 0.05$). This implies Kwale County Government Act has an influence on performance of youth fund in Kwale county, Kenya.

4.7.1.3 Borrowing procedure and performance of youth fund in Kwale county, Kenya

The study sought to establish the correlation between borrowing procedure and performance of youth fund in Kwale county, Kenya. The findings of the study are as shown in Table 32. The findings of the study are as shown in Table 32.

Table32: Borrowing procedure and performance of youth fund in Kwale County, Kenya.

		Performance of youth fund
Borrowing procedure	Pearson Correlation	.589**
	Sig. (2-tailed)	.000
	N	171

** . Correlation is significant at the 0.05 level (2-tailed).

As indicated in Table 32, the study indicates that there was a moderate positive and statistically significant correlation between borrowing procedure and performance of youth fund in Kwale county, Kenya ($r = 0.589$; $p < 0.05$). This implies that borrowing procedure have an influence performance of youth fund in Kwale county, Kenya

4.7.1.4 Group leadership and performance of youth fund in Kwale county, Kenya

The study sought to establish the correlation between group leadership and performance of youth fund in Kwale county, Kenya. The findings of the study are as shown in Table 32. The findings of the study are as shown in Table 33:

Table 33: Group leadership and performance of youth fund in Kwale county, Kenya

		Performance of youth fund
Group leadership	Pearson Correlation	.690**
	Sig. (2-tailed)	.000
	N	171

** . Correlation is significant at the 0.05 level (2-tailed).

As indicated in Table 33, the study indicates that there was a moderate positive and statistically significant correlation between group leadership and performance of youth fund in Kwale county, Kenya ($r = 0.690$; $p < 0.05$). This implies that group leadership has an influence on performance of youth fund in Kwale County, Kenya.

4.7.2 Regression Analysis

The study carried out a regression analysis to evaluate the combined influence of amount borrowed, Kwale County Government Act, borrowing procedure and group leadership on performance of performance of youth fund in Kwale County, Kenya was established. The model summary was shown in table 34:

Table 34: Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Sig. F Change
1	.867 ^a	.752	.759	.3561	.000

The R-Squared is the proportion of variance in the dependent variable which can be explained by the independent variables. The R-squared in this study was 0.752, which shows that the four independent variables amount borrowed, Kwale County Government Act, and borrowing procedure and group leadership can explain 75.2 % of performance youth fund in Kwale county, Kenya while other factors explain 24.8%.

Table 35: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.54	4	6.193	100.308	.000 ^b
	Residual	8.444	173	.1002		
	Total	36.498	171			

a. Dependent Variable: performance of Youth fund in Kwale county

b. Predictors: (Constant), amount borrowed, Kwale County Government Act, and borrowing procedure and group leadership

The analysis of variance in this study was used to determine whether the model is a good fit for the data. From the findings, the p-value was 0.000 which is less than 0.05 and hence the model is good in predicting how the four independent variables (amount borrowed, Kwale County Government Act, borrowing procedure and group leadership) influence performance of youth fund in Kwale county, Kenya. Further, the F-value was (100.308) which shows that the model was fit in predicting the influence of the independent variables on the dependent variable.

Table 36: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.071	.103		.280	.717
Amount borrowed	.363	.165	.656	5.540	.018
Kwale County Government Act	.206	.121	.249	2.823	.021
Borrowing procedure	.379	.152	.186	2.216	.076
Group leadership	.298	.161	.234	3.027	.019

Table 36 shows the overall significant test results for the hypothesized research model. The interpretations of the findings indicated following regression model.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Therefore,

$$Y = 0.071 + 0.363X_1 + 0.206 X_2 + 0.379X_3 + 0.298 X_4$$

According to the intercept (β_0), when the four independent variables are held constant, the performance of youth fund in Kwale County, Kenya 0.071. In addition, holding all the other independent variables constant, a unit increase in amount borrowed would lead to a 0.363 improvement in performance of youth fund in Kwale county, Kenya. Further, holding on the other independent variables constant, a unit increase in Kwale County Government Act would lead to a 0.206 improvement in performance of youth fund in Kwale county, Kenya.

In addition, holding all the other variables constant, a unit increase in borrowing procedure would lead to a 0.379 improvement in performance of improvement in performance of youth fund in Kwale county, Kenya. Finally holding all the other variables constant, a unit increase in group leadership would lead to a 0.298 improvement in performance of youth fund

in Kwale county, Kenya. From these findings it can be inferred that borrowing procedure had the most influence on performance of youth fund in Kwale county, Kenya, followed by g and project monitoring and evaluation in that order.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS:

Amount borrowed and performance of youth group fund

From the analysis the study findings revealed that high loan amounts are difficult to repay, which causes default. The research findings revealed that loan requested should be equal to Loan granted, and vice versa.

Kwale County Government Act and performance of youth group fund

The study findings revealed that collaborating with bank experts and participate in organized activities monitored by the youth fund's officials and organized and overseen by representatives of the Youth Fund influence performance of youth fund in Kwale County, Kenya.

Borrowing procedure and performance of youth group fund

Based on the analysis, the findings on borrowing procedure indicated that majority of the respondents acquired the loan through group meeting with the bank and through Kwale county website www.kwale.go.ke. These results showed that banks played a key role in accessing loans by youth groups on performance of youth fund in Kwale county, Kenya.

Group leadership and performance of youth group fund

The research findings indicated that there was an impact of group leaders actively advocating for the youth fund. The research findings showed that there was an impact on the youth leader's awareness of where to invest the loan from the youth fund on performance of youth fund.

Loan repayment rate and performance of youth group fund

The research findings showed that loan payback period and quantity circulating has an influence of performance of youth group fund. The results on the impact of failure rate and laws affecting the acceptance of loans that it has an impact of loan repayment rate thus influencing performance of youth fund youth fund in Kwale county, Kenya.

Conclusions

Based on the findings the study concluded that the study indicates that was a moderate positive and statistically significant correlation between amount borrowed and performance of youth fund in Kwale county, Kenya ($r = 0.531$; $p < 0.05$). This implies that amount borrowed had an influence on performance of youth fund in Kwale County, Kenya. The study indicates that there was a moderate positive and statistically significant correlation between Kwale County Government Act and performance of youth fund in Kwale county, Kenya ($r = 0.591$; $p < 0.05$). This implies that Kwale County Government Act has an influence an influence on performance of youth fund in Kwale county, Kenya.

Recommendations

Based on the findings of the study, the researcher recommended that amount borrowed by youth groups should be should be equal to Loan granted. The grace period provided ought to be extended and loan interest should be determined by a borrower's or a group's capacity. The loan payback schedule should also be more flexible.

The study also recommends that loan laws should be accommodative to influence performance of youth group's funds. Borrowing procedure through group meeting with the bank and through website should be emphasized where information about lending practices should be clear, motivating and efficient. The study recommends that the group leaders possess leadership abilities and should be aware of the repercussions of loan default to enhance loan repayment and performance of youth fund in Kwale county, Kenya.

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