

**DETERMINANT OF INDIVIDUAL MEMBER'S SOCIO-  
ECONOMIC EMPOWERMENT OF FUNDED YOUTH GROUPS  
IN EMBU COUNTY, KENYA**

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A thesis submitted in partial fulfillment for the degree of doctor of philosophy  
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**DECLARATION**

This Thesis is my original work and has not been presented for a degree in any other University.

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## **DEDICATION**

This Thesis is dedicated to my late father Leonard Mbae and my Mother Jane Muyia who sacrificed their comfort to see me through education despite the fact that they did not have formal education.

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## **ABBREVIATIONS/ACRONYMS**

<b>AU</b>	African Union
<b>CYES</b>	Constituency Youth Enterprise Scheme
<b>CYP</b>	Commonwealth Youth Program
<b>DFID</b>	Development for International Development
<b>GTZ</b>	German Technical Cooperation
<b>HDI</b>	Human Development Index
<b>HERA</b>	Household Energy Programme (GTZ)
<b>IGA</b>	Income Generating Activity
<b>KNB</b>	Kenya National Bureau
<b>MDGs</b>	Millennium Development Goals
<b>MGI</b>	Mean Gap Index
<b>MGID</b>	Mean Gap Index Difference
<b>MFIs</b>	Microfinance Institutions
<b>NASCOSTI</b>	National Commission for science, technology and Innovation
<b>NGO</b>	Non-Governmental Organizations
<b>NYP</b>	National Youth Policy
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>PAYE</b>	Plan of Action for Youth Empowerment
<b>PYD</b>	Positive Youth Development
<b>SHG</b>	Self-Help Group
<b>UNFPA</b>	United Nations Population Fund
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Program
<b>WHO</b>	World Health Organization
<b>YEP</b>	Youth Empowerment Program
<b>YDI</b>	Youth Development Index

## DEFINITION OF TERMS

<b>Microfinance</b>	Is Provision of micro- credit to low income youth for self-employment (Kabasko & Townsend, 2005).
<b>Self-help group</b>	A group of Youth that meet regularly to discuss issues common (SHG to Youth, look at solutions to community experienced problems may get involved in activities such as enterprise management or income generation (Ghadolya, 2011).
<b>Empowerment</b>	Is an intentional effort that enables a process of individual/ communities lacking an equal share of valued resources gain greater access to and control over those resources (Cornell Empowerment Group, 1989)
<b>Social Empowerment</b>	Active multidimensional process of individual developing a sense of autonomy, Self-confidence, independence, identity and decision making to enable to enable participating persons to act individually and collectively to change social relationships and institutions and discourses that exclude them and keep them in poverty (World Bank, 2004).
<b>Economic Empowerment</b>	Is the process that increases individual access to and control over economic resources and opportunities which include job, financial services, assets development and other productive assets ( that can generate income) and skills acquisition (DFID,2012)
<b>Poverty</b>	This is the condition in which a person/ group of individuals in a community are unable to access or deprived of basic essentials and necessities for a minimum standard of living .The basic essentials are foodstuff, safe drinking water shelter, social services information, education, healthcare, social status,

political power and opportunity to develop meaningful connection with other people in the society (World Bank, 2006).

**Social Capital**

These are norms and networks that enable people among communities or groups that enable them to act collectively. It allow them to focus their sources as such the consequences results to expected collective or economic benefit derived from preferential treatment and cooperation between individuals and groups (Putnam; Leonardi & Raffaella,1993).

**Youth**

Is any person within the of age 18 and 35 years

**Youth Development**

It is ongoing process of growing up and developing one's capabilities in positive ways. It takes place in a context of family, peer group and neighborhoods and community (Pittman, 1991).

**Individual Empowerment**

It is the manner in which individual think about themselves which include concept of self- control, self-efficacy, motivation to control, and perceived competence (Zimmerman, 1995)

## **ABSTRACT**

Members of Youth groups in Kenya are among the economically vulnerable people that require funding to deal with the twin challenge of poverty and unemployment. It was for this reason, the government of Kenya recognized the value of credit and financial services to the poor Youth in enabling them invest in activities that generate income to meet social and economic obligations, established Youth Enterprise Development Fund (YEDF). The study was to investigate the determinant of individual member's socio economic empowerment in funded Youth group in Embu County. The study determinant was derived from the strategic theory of resource based view, the model of positive youth development and empirical literature on the process of empowerment in group funding. The study employed a mix of quantitative and descriptive research designs. Multi-stage simple random sampling was used to get 438 members of youth groups. The sampled comprised individual youth members of funded groups from the funded and non- funded but had applied for funding from Youth Enterprise Development Fund (YEDF). The Primary data was collected using structured questionnaire. Measures of central tendency were the mean; standard deviations were used to identify the distribution of the collected data. Statistical analyst Tests such as T-tests and regression analysis model were used to examine the random sample of the population of the individual members of the funded youth group. The significant level was set at 0.05 to reject or accept the null hypothesis. The study results showed that there was a statistically significant relationship between group funding and individual member's socio-economic empowerment of after joining funded youth group. The findings on the study variables; access to credit, business capacity building, participation in group activities and group support system in funded youth group showed that they were positive predictors of individual socio economic empowerment when in group funding situations in addition to having a significant relationship with individual member's socio economic empowerment. However, the relationship was negative between the interactions of group funding and the study variable and individual socio-economic empowerment were made to interact together. The study recommends a creation of microfinance strategy that will deliver credit on on-going basis and that provide targeted business capacity training model to Youth in groups that support youth groups' dynamism to enhance their socio economic empowerment for a sustainable socio- economic development. Further study is recommending a research on the negative effect of group funding interaction on the individual members' socio economic empowerment in group funding condition.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1: Background of the study**

Today group funding is emerging as the most innovative strategy worldwide in addressing poverty, a consequence of unemployment especially among the youth, the vulnerable and women by governments and other non-state actors. Governments all over the world are encouraging the poor to form groups and undertake micro enterprises with the available credit facilities from government, banks and micro finance institutions to stimulate generation of income and asset build up for socio-economic development in both rural and urban areas among the Youth. World over, the provision of microfinance service is based on savings through credit-led groups, and the strategy is emerging as an innovative and sustainable Youth financial inclusion strategy. The sole aim of the strategy is geared towards increasing income generating activities (IGA) and building assets among youth a key empowerment enabler. Das (2003) posits that micro credit has become an alternative source of credit for the poor who, earlier, were considered as non-bankable. This system not only provides credit, which is the most important input for development, to the poorer sections of the society, but also aims at their capacity building. The phenomenal growth of SHGs indicates that the weaker sections of the society are also capable of sharpening their micro entrepreneurial skills with the help of their own savings and additional bank credit, as needed. At this point, micro credit - SHGs integration could be the way for overall rural development vis-a-vis poverty alleviation.

#### **1.1.1 Micro- credit service in the World**

The current global youth population is very large. Of the world's more than 3 billion people, approximately 1.3 billion are between the ages of 15 and 24. Just under half of these young people live on less than two dollars a day, as estimated by the UN (Youth Save, 2010). Yet young people the world over are aware of the inequities of the global system, which leaves them vulnerable in many ways. Unemployment, especially amongst them, also leads to high risk behaviour – crime, drugs and spread

of HIV/AIDs. Moreover in line with most cultures in developing countries, the employed have to look after the unemployed extended family members, thereby reducing their ability to save and opportunities for wealth creation that is needed to spur economic growth. To this end, microfinance, the provision of a wide range of financial services, has proved immensely valuable to poor people, especially the youth and women on a sustainable basis. Access to financial services has allowed many families throughout the developing world to make significant progress in their own efforts to escape poverty (Wright, 2005). The provision of credit has increasingly been regarded as an important tool for raising the incomes of youths, mainly by mobilizing resources to more productive uses. As development takes place, one question that arises is the extent to which credit can be offered to the youths to facilitate their taking advantage of the developing entrepreneurial activities. The generation of self-employment in non-farm activities for example, requires investment in working capital. However, at low levels of income, the accumulation of such capital may be difficult. Under such circumstances, loans, by increasing family income, can help the youth to accumulate their own capital and invest in employment-generating activities (Hossain, 1988).

Various researches have shown that when poverty and unemployment among the youth is very high, it can lead to high risk behaviors and crime. In response, Commonwealth mandated a Youth Programme (Commonwealth Youth Program); an agency within its Secretariat, to carry out holistic programmes for Positive Youth Development through youth participation and empowerment as an overarching principle through a model known as plan of action for youth empowerment (PAYE 2007-2015) (Commonwealth Report, 2006). The central theme of PAYE is asset building through micro credit provision to Youth initiatives. Since then, the model strategy has been a guiding various Youth Empowerment Strategy among members, notably, Youth Empowerment Programme (YEP) being implemented in four regions; Africa, Asia, South pacific and Caribbean. (Commonwealth Report, 2006). The report underscored the importance of Youth employment, as lack of it, affects assets acquisition, housing status, independence and even ability to exercise their rights, since this depends on their access to assets. As such, Youth

Empowerment should be a priority. Commonwealth Youth Programme laid emphasis on enterprise development as a strategy to reduce poverty among the young people (Commonwealth, 2003). The strategy advocates for the creation of income opportunities using a model plan of action for Youth empowerment (Commonwealth, 2003). This plan has helped in getting them out of poverty with remarkable success, quite in agreement with various researches on microfinance and its influence on participant's empowerment. To this end then, microfinance provision has been a key strategy used widely alongside other non-financial services to the low-income, especially in developing countries, as an effort in escaping them from poverty (Wright, 2005).

In India, microfinance scene is dominated by self-help groups (SHG) in meeting peculiar needs of poor rural as well as strengthening collective capacities of SHG at local levels, leading to members and communities empowerment (Chen, Jhabvale: Kanbur & Richard, 2007). This is in agreement with research in Pakistan on Khushali Bank Micro credit program that found an increased degree to which women participants improved in decision making in child bearing, community participation and financial matters (Montgomery & Wiley, 2005). Studies on credit provision to women in Pakistan found a significant relationship between women participants in SHG and increased empowerment, evidenced in increased economic contribution in family welfare, whose results were consistent with that of (Montgomery & Wiley, 2005).

### **1.1.2: Micro- credit Services in Africa**

Many diverse institutional models of micro financing are functioning in Africa, but most clients are served by credit unions and co-operatives (Wright, 2005). In West and Central Africa however, savings and credit cooperatives are generally more community-based. In contrast to Asia, the lack of population density means that rural and agricultural finance is particularly challenging, and thus many MFIs are urban-based and focused. However, these numbers may under-estimate or ignore the large numbers being served by cooperatives and postal banks. Nonetheless both international and domestic banks are starting to take an interest in the potential of the

low-income market in Africa. The last twenty years have seen significant improvements in micro financing through advances in understanding and providing financial services to better advance development and eradicate poverty. This includes providing the financial means to save, access credit, and start small businesses, with the potential to enhance community development, as well as local and national policy making. When properly harnessed and supported, microfinance can scale-up beyond the micro-level as a sustainable part of the process of financial empowerment by which the poor can lift themselves from poverty. The micro financing revolution effectively demonstrates that when poor households have access to financial services, not only do they save, but, they also have high repayment rates when they borrow. It is noted that, microfinance institutions have made financial services available to millions of poor households worldwide but this still represents a tiny fraction of the population in developing countries where the majority lack access to formal financial services (Wright, 2005).

In 2006, African Union (AU) Heads of State adopted African Youth Charter as a legal instrument defining rights, duties and freedoms of youth, which supports Positive Youth Development (PYD) and emphasizes on education, skill development and improved livelihoods of youth. A research report by Ajay (2012) posits that African countries are using credit and savings as entry-point to organize the low-income into SHG in order to disseminate information and development ideas geared towards community mobilization, as a way of developing social capital. Jimmah (2011) suggest youth empowerment is pivotal to economic growth and natural development of communities. For example, Countries like Nigeria are aggressively empowering their citizens (mostly Youth), through SHG models in order to achieve their national developmental goal of joining the league of developed Nations by 2020, and has committed itself to Youth empowerment as the key strategy.

### **1.1.3: Micro- credit Services in Kenya.**

Kenya inherited a highly unequal society on many fronts from colonialists as evidenced by large disparities in incomes, access to education and basic needs. Poverty and unemployment stand at 46% and 67% respectively. Unemployment is projected to rise to 1.4million by 2014 and if not addressed would hamper the

achievement of key economic goals envisaged in vision 2030 (GoK, 2007). In view of this, the government of Kenya developed a National Youth Policy to inform on how to address the challenges facing the Youth. Since then, considerable progress has been made towards resolving these problems particularly in education, with the objective of achieving social equity a component of the social pillar under Vision 2030 (GoK, 2007). Markedly, United Nations Development Programme (UNDP) Report (2009) on human development index (HDI) gave Kenya's HDI as 0.521 in 2006, (on a scale of 0 being the poorest and 1 the best) as compared to the best of 0.965 for Norway. The same report put Kenya's Youth Development Index (YDI) at 0.5914 with incomes of 1,178 shillings and 1288 shillings for males and females respectively (UNDP Report, 2009). In contrast, levels of income among the Youth in Kenya are low compared (YDI 0.44) to education index of 0.597 and health index of 0.7040. The indexes indicate a picture of healthy and vibrant who are educated but with high dependency. Comparing income index for Chile is 0.4; Malaysia has 0.5; India has 0.5; South Africa has 0.5 Kenya appears to be doing poorly. The greatest challenge of the Government is to translate achievements in education, health and high survival index of 0.7040 into income for their human development. In short, Vision 2030 attributes high dependency rates to unemployment, limited skills, lack of resources and opportunities. The UNDP Report, (2009) further recognizes the challenge of youthful population but acknowledges investment opportunities that exist and goes ahead to strongly advocate an asset approach to youth development issues in Kenya to translate the huge youth population into demographic dividend. This led to the development of Kenya Youth Empowerment Marshal Plan, consistent with the commonwealth PAYE and African Charter (2006) that all implore the critical role Youth Empowerment Strategy would play in addressing the challenges. The Youth empowerment main priority area was employment marshal plan that had one major component, the establishment of Youth Enterprise Development Fund (YEDF) whose main function is microfinance provision to Youth in group to enable them adapt to structural changes in socio-economic environment through establishment of Youth owned enterprises to foster economic development (GoK, 2007). Since then the government of Kenya has been allocating millions of shilling per constituency every financial year toward Youth Empowerment to address mostly

### Youth unemployment.

In Kenya constitution 2010, define youth as a person within the age 18-35 years. There are about 13million which is equivalent to 56% of the population (GoK, 2008). Of the 13 million youth, less than 50% are in gainful economic activities in the formal, informal and public sectors of the economy while majority are unemployed (.Simeyo; Lumumba& Odondo, 2009). They comprise 61% of the unemployed. This trend is worrying and calls for intervention measures. Micro finance lending and associated services are one such intervention. However, lack of collateral and high interest rates is an impediment to access to loans from Micro finance institutions (MFIs) by the youths (Mushimiyimana, 2008). The youths who secure funds from such institutions spend the bulk of their returns on investment in paying the cost of capital, thus leaving them with none or little savings for reinvestment. As a result, majority of the youths in the youth investments fail to grow into Small and eventually Medium enterprises.

The County development profile (2013) report suggests that the county ought to adopt strategies of self-employment to increase investments and income through income generating activities. This is clearly is demonstrated in second medium term plan MTP which include creation of employment, development of human resource, reducing dependence, increasing savings and investment a key priority area among others for county to achieve quality life as envisioned in vision 2030 economic blueprint (GoK, 2013).

Therefore, to bring the youth on board, the Kenyan government with the support of development partners in 2006 through youth enterprise development fund channel funds to youth through Micro finance Institutions and other financial intermediaries for onward lending to the youth without collateral. Such a fund attracts a greatly reduced cost of capital which stands at 8% per annum as a strategy to make the fund affordable to the youth who in many cases do not have collateral and therefore ideal for start-ups. Given that the vision of micro finance is to promote the growth of micro enterprises, MFIs and other financial intermediaries have experienced rapid growth to support the youth financial requirements. Institutions such as the Kenya Rural Enterprise Program (K-REP), a non-governmental organization that was

started in 1984 under the funding of the USAID are some microfinance institutions). In Kioko(1995) study point out number of MFIs and financial intermediaries including K-REP, Equity bank, Kenya Women Finance Trust (KWFT), Faulu etc have come up with micro credit scheme that provide micro finance services to the low income groups for purposes of starting or developing income generating activities. These groups include youth and women. Related to this is the indication that MSEs access to credit has increased greatly from 7.5% in 2006 to 17.9% in 2009. (Simeyo; Lumumba, & Odondo 2009).

It is critical then youth-focused policies and strategic programmes be identified as fundamental in defining a suitable path and putting in place strategies and structures which enable youth to utilize their skills, develop their potential and contribute to the mainstream economy and affairs of public life(Kelly,2001).In view of the importance of micro- credit services to individual group members to acquisition of socio economic empowerment in the Kenya, this research sought to establish the determinant of individual socio economic empowerment of funded youth groups in Embu County.

#### **1.1.4: Empowerment process**

The concept of empowerment will be conceptualized in specific reference to youth socio economic empowerment process and outcome as postulated on studies toward a critical social theory of positive youth development and other empirical studies on youth empowerment (Jenning, 2006).Zimmerman (1999) has theorized that individual acquire psychological empowerment through intrapersonal, interactional, and behavioral components. As an intrapersonal component, empowerment addresses the manner in which individuals think about themselves and includes concepts of perceived control, self-efficacy, motivations to control, and perceived competence. The interaction component of psychological empowerment assesses how people understand and relate to their social environment. Interactional characteristics address one's ability to develop a critical understanding of the forces that shape their environment and knowledge of the resources required and methods to access those resources to produce social change. Interactional characteristics include management skills, problem solving, and critical awareness. The behavioral

component of psychological empowerment includes actions that address needs in a specific context.

To create change in organizations and communities, individual empowerment endeavors to enable people to become partners in solving the complex issues facing them. In collaborations based on mutual respect, diverse perspectives, and a developing vision, people work toward creative and realistic solutions. This synthesis of individual and collective change is an empowerment process. The inclusive individual and collective understanding of empowerment is crucial in programs with empowerment as a goal (Wilson, 1996; Florin & Wandersman, 1990; Speer & Hughey, 1995).

#### **1.1.5: Individual socio- economic empowerment process in self – help groups (SHG)**

The poor and the youth have always been left out of financing arrangement by the mainstream financial players. In order to confront this problem inherent in lending to the poor, there have been large scale innovations in the provision of financial services over the past three decades. These new system are called micro-financing- that is provision of small-scale loans to the poor. The innovation in microcredit has been notably demonstrated through the credit focused peer – monitoring model through self-help groups (SHG).

The self-help group concept presents adaptations of the Grameen Bank Founder and developer of Grameen Group Credit model; Prof. Mohammed Yunus in 1976 to provide different approaches to microfinance service provision to the poor. The model was widely used by many countries to address issues of poverty (Gladdis, 2008). He used the SHG as a conduit for credit to rural women in Bangladesh with remarkable success in terms of their empowerment (Ghadolya, 2011). Gladdis, (2008) provide evidence by high levels of confidence and looking forward positively to the future, in addition to their relatives and members of SHG Study of Ghadolya (2011) clearly explains SHG as an instrument of empowerment where members voluntarily join the group. The members are usually from same socio-economic background coming together with a common problem for self-help and mutual help.

These groups have savings promotion among members for onwards micro credit to members. The saving is kept in banks in the name of the group. According to Ghadolya (2011) SHG operate under the following principle; that mutual help and reciprocity can be powerful vehicles for socio-economic development among the poor if participation and financial services are efficient and more responsive to members 'needs. The principle of savings is central than credit among the poor, because the poor can save, and are bankable with the creation of common fund from small saving contributions on regular basis.

Group leaders are elected on rotational basis and operations are transparent and participative. Group members exert pressure on loaned members for repayment as well as acting as collaterals. In 2006, Kenya followed suit by establishing Youth Enterprise Development fund (YEDF), aimed at credit provision to the youth in groups for the purposes of empowering them through provision opportunities to access credit and savings, self-employment, business training, support systems and networks, enabling them to participate meaningfully in economic development of the country (GoK, 2007).

Studies on individual empowerment process indicate that individuals in groups experience empowerment through participation in groups to gain assets such as human skills, income, self-confidence, information and development of social capital ( group support act as collateral) and opportunity structure like social norms and rules that influence individual behavior, increased access to loans (World Bank, 2002). Kabeer (2001) identifies three domains under which empowerment occurs and can be measured such as resource, agency and achievement while Kishor (2000) mentions opportunity structure and degree of empowerment. Both researchers identifies resource like credit, land and education or capacity building as enabling factors of empowerment. Agency according to Kabeer (2000) is the action of actors to exercise control over decision or resources depending on the social context. While choosing to be members of the microcredit it is an empowerment indicator which is an element of agency. World Bank (2001) too identifies four key elements of empowerment process such as access to resources, social inclusion, and participation

as individuals or collective actions that influence empowerment or development outcomes like social capital and other assets. Predominant image of empowerment is development outcomes such as gain of material means/assets that empower individuals to put service to their families and community (World Bank, 2001). Opportunity structure as highlighted by Kishor (2000) asserts that groups enable formation of social relationships shaped by the presence and operations of formal and informal institutions rules and regulations that determine whether individual or groups have access to assets and whether these people can use the assets to achieve desired outcomes critical for social inclusion that creates sense of belonging that influence individual state of self-confidence an outcome of empowerment .Benefits drawn as a result of agency are outcomes such as access to resources like credit and opportunity structure and achievements outcomes include assets like income, discretionary spending, human skills and competences, choice of investment and buying of assets which represent the degree of empowerment or achievement.

WHO (2010) report by Walter stein links achievements on self-efficacy and strong social bonding to the influence that create a sense of belonging indicators of an empowerment process occurring in groups situations. In fact, social support among children and positive connections has been found to be a strong predictor of various aspects of performance in school, family, business, relationship etc. (Blum,R.,Halcon,,L.Bernhung,T.,Campell, S & Venema,A. 2003 & Witherspoh, D., Scotland, M., Way, N. & Hughes, D.2009). Available evidence suggests that high social support and resilience result to high self-esteem (Dumont & Provost, 1999). Other research indicates that there is a strong Correlation between SHG participation and self – confidence, self-efficacy and civil responsibility according to works of (Florin & Wandersman, 1984 & Zimmerman & Rappaport, 1988). In the light of Singh (2006) studies on people education and development organizations say that SHG programmes make positive impact on social economic fronts on household members where there is improved decision making and awareness levels and credit sources reported.

Informal group (SHG) provide important service to members due to their proximity

in doing things together that affect their behaviour and performance leading to socio-economic empowerment for holistic development (Robinson, 2008). Equally, Ghadolya (2011) has illustrated the impact of SHG as an instrument of empowerment of SHG to members of the same socio-economic background that enables them to solve their common problems as it increases savings. In effect, Ghadolya (2011) attributes the success of Grameen Bank funding model to participatory process, peer pressure and monitoring among members that increased member's self-esteem, self-efficacy evidenced in increased savings, repayment and investment levels. Likewise, Ajay (2002) advocates that SHG Bank Scheme model leads to increased savings, repayment of loans among the poor leading to their financial inclusion. Social support and positive connection are viewed as protective and predictor of high performance among group members and wellbeing (Blum et al, 2003 & Witherspoh; Scotland; Way & Hughes, 2009). A sense of feeling and sense of a community is developed among participants that are cohesively and emotionally involved in satisfying group; this has a strong impact on individual behaviour, expectations and interpersonal influence (Invancevich; Konopaske & Malten2005).

#### **1.1.6: Group under YEDF**

Group funded by YEDF are made up of 70% Youth, defined as persons of age 18 – 35 years (Constitution of Kenya, 2010). These SHG are formed for specific activities and registered by the department of social services in their efforts to address their common problems (GoK, 2007). The individual constitutions of SHG act as the guiding principle, providing the rules and regulations of member's behaviour in their endeavor to meet both group and individual goals. Some of the most outstanding rules are the regular meetings, open discussions and decisions being participatory (Ghadolya, 2011). To access credit group must provide evidence of operational bank account in the name of the group, fill in pre-printed business form upon which the group application is evaluated and financed. The group provides opportunity for members to access credit, supporting structures, opportunity to participate in group and community activities from which the theories and empirical evidence are key to process of individual empowerment.

### **1.1.7: Rationale of Youth Group Funding**

In a nutshell, the YEDF strategy of credit disbursement to Youth in groups is on premise that empowerment of group members would occur through participation and interactions (Jeranabi, 2008). He continues to highlight that SHG funding increases socio-economic empowerment of members involved, evidenced in domains such as social, psychological and economic empowerment spheres. Social empowerment indicators are establishment of strong relations with family, relatives, friends and a host of other networks, and also community participation. Economic empowerment is indicated by increased household asset build up, improved housing condition, lifestyle, mode of transport and improved wellbeing. Psychological improvement is demonstrated by self-report of self-worth (high self-esteem), high self-concept (belief in one's capability) and reported self-confidence (Jeranabi, 2008). This is expected to be consistent with various researches done on SHG that insist that SHG are unique self-governing organizations whose process empower members (sync the poor) to enable them control the direction of their own development through identifying their own development needs, making decisions and taking responsibilities for their actions (Jeranabi, 2008;Ghadolya 2011).

Group funding strategy can promote youth empowerment and positive development because group behaviours and expectations have a strong impact on individual and interpersonal influence (Invancevich; Konopaske & Malten 2005).The strategy results in a coherent knowledge sharing and sense of belonging that eventually build and promote greater group efficiency. Gradually, the strategy creates a shared understanding that builds community memory that facilitates reflection, diagnosis and resolution of common and individual problems (Corrigani, 1990).

This study presents evidence of the important contributions made by YEDF credit to youth empowerment in groups in Embu County, through increased access to credit, opportunity for capacity building, group support systems, and income generation as an effective tool of poverty reduction and youth socio economic empowerment.

## **1.2: Statement of the Problem**

In Kenya, the youth form the largest demographic section, constituting 38% of total population. Of which 67% are unemployed (GoK, 2010). This high unemployment rate is a worrying phenomenon since it affects their participation in socio economic development in respective communities and requires innovative intervention. Many policy makers and positive youth development (PYD) advocates have argued that micro-financing and associated services remain the best option since this population category is left out of financial inclusion either due to lack of collaterals or high interest rates (Simeyo ; Lumumba & Odondo .2009).

In order to address the high unemployment, the Kenya government established YEDF to channel micro-finance/micro-credit through both the micro-finance institutions and constituency vetting boards to individual youth in self-help groups (SHG). It was the government expectation that the benefits of funding through groups would go beyond employment creation by way of individual enterprises development leading to socio-economic transformation of lives of youth. This was and is informed by the strongly held opinion by experts that SHG funding, their behavior (rules and norms), functioning and expectations have a strong influence on individual behavior. This effect would also be felt in their interpersonal relationships with a capacity to transform, inspire and make positive influences to those whom interact (Ivancovich; Konopaske & Malten, 2005).

Despite the increased popularity of SHG funding among the young people in the world today, and in particular Kenya, on the need to adopt Youth empowerment programs advocated by adolescent empowerment Cycle and PAYE model on positive youth development (PYD) as an empowerment strategy of getting the poor out of poverty, Unemployed and Poor youth face a multiple disadvantages like limited access to land or lack necessary collateral, capital, capacity and social support systems. However, in Embu County, youth have opportunities to engage in productive work in the farm, pick tea, rearing animals and a host of other agricultural and small scale businesses activities. However, the reality is that the productivity and incomes are low and have been diminishing due to lack of access to cheap credit and

low capacity development in business skills thus worsening their socio-economic conditions (GOK, 2013).

The introduction of YEDF Group microfinance strategy in Kenya started by allocating million shillings of taxpayers' money to each constituency every year since 2007 for onward disbursement to youth in groups to address the problem of lack of access to youth for socio-economic Empowerment. The aim was promote youth empowerment by way of improving their livelihoods, broadening investment choices, providing start-up funds for productive investment, smoothening consumption, to increase their incomes and their participation in community and Economic development.

To that end, there has been unprecedented growth of number of youth self-help groups funded by YEDF. Quite a lot of studies have been done elsewhere on the world on the impact of group funding especially in India and Pakistan, but here in Kenya, there few or no studies that have been conducted to provide knowledge and empirical data on the influence of funded youth groups (SHG) on individual member's socio-economic empowerment in specifically Embu County. Studies have been conducted in Kenya in the past on youth issues (Amenya; Onsongo & Guyo, 2011; Schoof, 2006 & Omolo, 2010) that focused on issues ranging from youth unemployment to factors affecting their initiatives. However, these studies done in Kenya, reveals a gap of information on how youth self-help group initiatives transform the youths' socio-economic wellbeing. Without such information, programs aimed at youth groups such as the state-led Youth Enterprise Development Fund among other relief agency initiatives could be efforts in futility. Policy and investment decisions are also currently data driven, yet data on youth development and wellbeing is often fragmented, inconsistent, or non-existent, thus, leaving youths' needs unexposed and marginalized.

In addition, the few studied done in Kenya on youth group funding lack systematic study approach on what determines the individual socio economic empowerment in funded Youth groups on such indicators such as access to credit, income, self-esteem, and acquisition of appropriate skills, networks among peers and increase on

enterprise choices or participation in community economic development. This study sought to enhance the empirical understanding and knowledge on how youth funded groups influence individual member's Socio -Economic Empowerment in Kenya specifically Embu county.

### **1.3: Objectives of the Study**

#### **1.3.1: General Objective of the Study**

The study was to investigate the determinant of Individual Member's Socio-economic in Funded Youth Groups Empowerment in Embu County, Kenya.

#### **1.3.2: Specific Objectives**

To achieve the general objective of the research study had the following specific objectives;

- i. To determine whether access to credit in funded youth groups determine individual member's socio-economic empowerment joining funded youth group in Embu County
- ii. To determine whether business capacity building in funded youth groups determine individual member's socio-economic empowerment after joining funded youth group in Embu County.
- ii. To ascertain whether participation in group activities of funded youth groups determines individual member's socio-economic empowerment after joining funded youth group in Embu County.
- vi. To assess whether group support System determine individual member's socio-economic empowerment after joining funded youth group in Embu County.
- v. To establish whether there is moderating effect of group funding on relationship between individual member's socio economic empowerment and their determinants.

### **1.4: Hypotheses Statement**

A hypothesis is an educated guess that attempts to explain a set of facts or natural phenomena based on prior knowledge (Bradford, 2015). This proposition can be tested for validity scientifically (Banerjee, Chitnis, Jadhv, Bhawalkar & Chaudhury, 2009).

The study sought to test the following hypotheses;

- H<sub>01</sub>: There is no significant relationship between access to credit in funded groups and individual member's socio economic after joining funded youth group
- H<sub>02</sub>: There is no significant relationship between business capacity building and individual member's socio economic empowerment after joining funded Youth groups.
- H<sub>03</sub>: There is no significant relationship between participation in group activities and individual member's socio economic empowerment after joining funded Youth groups.
- H<sub>04</sub>: There is no significant relationship between group support system and individual member's socio economic empowerment after joining funded Youth groups.
- H<sub>05</sub>: there is no moderating effect of group funding on individual member's socio economic empowerment and their determinants.

### **1.5: Justification of the Study.**

The findings of the study on the determinant id individual member's socio economic empowerment in funded Youth group used by the government of Kenya in the formulation of policies aimed at regulating and strengthening the group funding and capacity building of Youth out of schools in an effective way. The findings will help in coordination of various players involved in microfinance among Youth and women to enhance efficiency and synergy towards participant's socio-economic development and strengthen monitoring and evaluation of various players' activities in order to make SHG funding sustainable.

The research findings will increase the empirical data base to aid understanding of group micro funding, capacity building, group support system and participation in group or community activities and its influence on individuals and community empowerment and thus improved funding towards SHG. Institutions like YEDF, MFI using the microfinance models can orient their policies on capacity building, support and other linkages programmes in improving their services for improved socio-economic empowerment. The model can be used in other research work on testing group funding impact. It will enhance understanding of the process of personal empowerment as experienced in SHG.

The study will give insight to the government to enable it examine the existing credit instruments, programmes weaknesses and effectiveness especially for low income groups with the view to addressing the existing policy frameworks to promote institutional formwork that will promote savings, develop bankable social capital among the Youths to meet their evolving needs and aspirations to build a better Kenya.

### **1.6: Scope of the Study**

This study was limited to determination of individual member's socio economic empowerment in funded youth groups in Embu County. The limited financial resources confined the study to Embu County on the Eastern Slopes of Mt. Kenya. The county is mostly Agricultural based economy with poverty levels at 41.8% (KNB, 2005/2006). From these economic activities, Majority of county residents earn low wages for their living from agricultural activities which accounts for 80% of household incomes. The lower side of Mbeere South (Gachoka) and Mbeere North (Siakago) forms the dry section with major economic activities being rearing of live stocks and general subsistence and mixed farming being practiced.

The major urban areas are Embu Town, Runyenjes and Kiritiri Centres (GoK, 2012). County development profile report of 2013, indicate that unemployment in the county increased from 12.7% in 2006 to 40% 2011 and out of these 64 % are Youth. It further posits that employment was witnessed in agriculture though minimal since most Youth have formal education thus sought white collar jobs compromising on the level of productivity in the sector. With Poverty level at 41.8% and though a National cross cutting issue is a major factor that is affecting development in the county in a number of ways for instance quality and form of farm productivity or even investments (GOK ,2005/2006).

The county development profile 2013 positively highlight the increased number of self-help groups registered among the Youth and women formed to take advantage of Youth and women funds which target them for credit facilities since no collateral are required to acquire loans and other financial assistance offered by microfinance institutions like Business initiative and management assistance services and

SACCOS among others (Gok, 2013).

### **1.7: Limitation of the study**

The researcher acknowledges that each geographical location within the area of the study had unique characteristics and that generalization of the findings certainly emerged as the major limiting factor to the study. The data collection technique which included administering well written structured questionnaires was time consuming.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1: Introduction**

This chapter discusses empowerment conceptualization and definitions, strategic management theory and model on positive youth development. The conceptualization will help derive the independent variables as determinant of individual socio economic empowerment in funded Youth group. This will help to draw up the Conceptual framework and guide the Empirical foundation review of individual socio economic empowerment in SHG in this study. A critique of the theories and model, empirical literature on group funding, summary of the literature review, research gap and areas of further research will follow.

##### **2.1.1: Empowerment conceptualization**

The concept of empowerment will be conceptualized in specific reference to youth socio economic empowerment process and outcome as postulated on studies toward a critical social theory of positive youth development and other empirical studies on youth empowerment (Jenning, 2006). Zimmerman (1999) has theorized that individual acquire psychological empowerment through intrapersonal, interactional, and behavioral components. As an intrapersonal component, empowerment addresses the manner in which individuals think about themselves and includes concepts of perceived control, self-efficacy, motivations to control, and perceived competence. The interaction component of psychological empowerment assesses how people understand and relate to their social environment. Interactional characteristics address one's ability to develop a critical understanding of the forces that shape their environment and knowledge of the resources required and methods to access those resources to produce social change. Interactional characteristics include management skills, problem solving, and critical awareness. The behavioral component of psychological empowerment includes actions that address needs in a specific context.

To create change in organizations and communities, individual empowerment endeavors to enable people to become partners in solving the complex issues facing

them. In collaborations based on mutual respect, diverse perspectives, and a developing vision, people work toward creative and realistic solutions. This synthesis of individual and collective change is an empowerment process. The inclusive individual and collective understanding of empowerment is crucial in programs with empowerment as a goal (Wilson, 1996; Florin & Wandersman, 1990; Speer & Hughey, 1995).

Organizational empowerment is efforts by government institutions aimed at generating psychological empowerment among members and organizational effectiveness needed for goal achievement (Peterson & Zimmermann, 2004). In simple terms, an organizational empowerment is its potential to perform - its ability to successfully apply its skills and resources to accomplish its goals and satisfy its stakeholders' expectations. The aim of organizational empowerment is to improve the potential performance of the organization as reflected in its resources and its management. Performance is the ability of an organization to meet its goals and achieve its overall mission. Organizational empowerment is defined as the potential ability of an organization to develop an empowering and democratic partnership with a community, through which the community's capacity to identify and address its priority concerns is enhanced. It is the organizational domains that present a straightforward way to define and measure empowerment construct as a process (Laverack & Wallerstein, 2001). Based on review of literature, with focus group research, and broader consultations with experts, several authors have constructed different but somewhat overlapping domains of empowerment. None of the literature makes a strongly compelling case for one schema above any other (Smith; Little Johns & Thompson, D. 2001). Furthermore, in several studies it is found that increased empowerment in community will lead to an increase in social capital (Harpham, 2002 & Hawe & Shiell, 2000). These findings suggest us to consider the indicators of the structural (participation, institutional linkages, collective action, links to groups) and cognitive (social support, trust, reciprocity, etc.) components of social capital as the outcomes of community empowerment. In practice, the distinction between individual empowerment and collective empowerment is not so clear. There are indication that stronger individuals with greater belief in their own



goes on (Laverack, 1999). The stages show that programs themselves can, and should be viewed as a means of increasing community and individual empowerment.

An example of this type of outcome would be a change in government policy or legislation in favor of individuals and groups who have come together around programs and community actions (Laverack & Wallerstein, 2001). Zhou and Bankston (1994) have demonstrated that empowerment in community will lead to increase in social capital. Therefore it may be possible to measure the indicators of social cohesion, social trust, reciprocity, networks and community involvement as outcomes.

At an individual level, as immediate outcomes, people may feel an increase in self-efficacy or confidence, motivation and intention to participate in community problem solving, which evolved from collective action (Kieffer, 1984; Zimmermann & Rappaport, 1988). Therefore individual empowerment dimensions and social capital dimensions could be considered as potential outcome characteristics to monitor before and after promotion interventions. While community related individual empowerment indicators are relatively credibly attributed to the community promotion intervention, the attribution of the social capital indicators to specific promotion intervention is impugnable. What makes community empowerment outcomes even more confusing is that these may be different in different contexts, settings or time.

Further, studies by Kabeer (2001) serve as good reference points for conceptualizing individual empowerment in reference to measuring women's empowerment. It contains both the process and agency elements, and also implicitly distinguishes empowerment from the general concept of power as exercised by dominant individuals or groups. Kabeer (2001) defines empowerment as 'The expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them. In some cases, however, resources are treated not as empowerment per se, but as catalysts for empowerment, as enabling factors that can foster an empowerment process, rather than as part of empowerment itself. This distinction may be appropriate in the context of policy and evaluation; in particular,

many of the variables that have traditionally been used as ‘proxies’ for empowerment, such as education and employment, might be better described as enabling factors, resources, or sources of empowerment (Kishor, 2000). The second component, agency, as noted above, is at the heart of many conceptualizations of empowerment. Among the various concepts and terms encountered in the literature on empowerment, agency. It encompasses the ability to formulate strategic choices, and to control resources and decisions that affect important life outcomes. At the micro level, it is embodied in the idea of self-efficacy and the significance given to individual women’s own realization that they can be the agents of change in their own lives.

## **2.2: The strategic management theory and model on Group funding**

The strategic management theory and Positive youth development model explain how individual socio economic empowerment in funded youth group. The theoretical information from the theories and model review will provide the study with the information that is critical in the development of the conceptual framework of the study.

### **2.2.1: Resource based theory**

Resource-Based Theory or View (RBV) was developed by Birge Wenefeldt in 1984. It is a method of analyzing and identifying a firm’s strategic advantages based on examining its distinct combination of assets, skills, capabilities and intangibles as an organization. The resource-based theory which stems from the principle that the source of firms competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is rather than simply evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 1991). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin; Beamish; Hulland & Rouse, 2007). In Barney (1991), firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge,

etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness. Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm's or organizations competitive advantage (Pearce & Robinson, 2007).

In the context of this theory, it is evident that the resources that a firm or a group has (group saving, assets and capabilities) will play a big role in the strategic implementation process. This is because no matter how good the strategies are, without the necessary resources to enable the implementation, they remain in the planning phase. The resource-based approach sees firms with superior systems and structures being profitable not because they engage in strategic investments that may deter entry and raise prices above long run costs. This approach focuses on the rents accruing to the owners of scarce firm-specific resources rather than the economic profits from product market positioning. Competitive advantage lies 'upstream' of product markets and rests on the firm's idiosyncratic and difficult-to imitate resources. A leading text of the 1960s (Lerner et al., 1969) noted that 'the capability of an organization is its demonstrated and potential ability to accomplish against the opposition of circumstance or competition, whatever it sets out to do. Wemerfelt and Montgomery (1988) provide evidence for this proposition. It is evident that the resource-based perspective focuses on strategies for exploiting existing firms specific assets. However, the resource-based perspective also invites consideration of managerial strategies for developing new capabilities (Wernerfelt, 1984). Indeed, if control over scarce resources is the source of economic profits, then it follows that such issues as skill acquisition, the management of knowledge and know-how (Shuen, 1994), and learning become fundamental strategic issues.

In the case of Public organization resource-based view, as a key resource for the strategic management of public organizations, has been most widely appreciated in the work of (Bryson; Ackema & Eden, 2007). This capacity is particularly important for public organizations due to the fact that they exist solely to meet the expectations and needs of their stakeholders, and in order to do it effectively, they must therefore be knowledgeable about their needs and expected methods of their meeting

(Ackerman & Eden, 2007).

Direct indication of the resource-based view as an appropriate strategy for public organizations in a turbulent environment can also be found in the work of Butler B. (2009), where - with the help of focus groups - the possibility of implementing RBV in the management of public organizations in a dynamic environment was examined, and the identification of the resources and competencies necessary to cope with the environmental dynamics and uncertainty was made. The key organizational resources and competencies in the turbulent environment are (1) organizational culture focused on providing the highest quality of service; (2) knowledge and its exchange within the organization (3) involvement of managers in the improvement of the organization (4) ability of organizational learning. Knowledge as a strategic resource can also be found in the works of (Chan, 2006; Goel; Rana G. & Rastogi, (2010); Harvey; Skelcher; Spencer & Washer, 2010). Indicators of resources and competences are communication skills, interpersonal skills, analytical skills, technical skills, organizational and planning skills, creativity, innovation, leadership responsibility and adaptability (Gurtoo, 2009). If an organization does not obtain satisfactory results, it should introduce a refinement plan aiming to improve the indicated resources and competences among their employees. Goel, Rana & Restage, (2010) pointed out that knowledge and appropriate management/ leadership positively influence the organizational, managerial and financial aspects of the organization's performance, thus allowing it to achieve sustainable competitive advantage.

This theory is relevant to the study in that it emphasizes the critical role of public organizations under which youth groups may fall. This is the ability of members of the groups to acquire resources in terms of credit, skills; being able to assimilate that to invest in their skills or assets and make and implement different strategic options or choices in order to gain competitive advantage. The acquisition of resources may refer to credit acquisition and eventual use of it in groups' activities. In addition, the theory indicates that organizations will enable members to acquire skills from participation in group activities and training for groups and learning that are fundamental to addressing strategic issues. Importantly, key to RBV in public

organization is the provision of a culture that provide high quality of service and exchange of knowledge among leaders and members and that ability to learn.

### **2.2.2: Positive Youth Development (PYD) Model**

This model roots are found in works of comparative psychologist (Gottlieb, 1997) and Biologist, (Novikoff, 1945 & Von Bertalanffy, 1965) on their study of plasticity of development processes. This has led to numerous literatures especially in North America. On Positive Youth Empowerment Development (PYD), strategy aimed at moving from interventions, problem solving, prevention and deterrence towards Youth preparation and development (Roth & Brooks-Gunn, 2003). Explicitly, PYD stresses participation of the young people in organization, decision making program design as critical, (NCYF, 2007; Small & Manna, 2004; USDHHS, 2001). PYD represent a broader trend towards strength-based approach to Youth empowerment as one of its facet (Roth & Brooks – Gunn, 2004), Illustration by Roth and Brooks-Gunn (2003) of the forty developmental assets indicate strength based outcome in YEP (Search institute, 2008). These developmental asset are relationship, opportunities, personal qualities (skills, competencies) that young people need to avoid risk behaviour. Further, OECD (2005) continues to establish key competencies reinforcing the concern for developmental asset as technological and knowledge based interactions in heterogeneous groups and coping autonomously. These competencies are categorized into primary and secondary outcomes indicators of YEP.

Primary outcomes are self-efficacy self-esteem (Bandura, 2006) defines them as ones judgment of capabilities and one's perception of self-worth respectively. By engaging young people as valued partners, it improves their self-worth and sense of their abilities (Kirbly & Bryson, 2002). Secondary outcome according to OECD (2005) are strengthening of personal development assets conceptually which are associated with individual performance in school, savings, investments commitment cessations or avoidance of antisocial behaviour impacted through YEP. Individual gain personal assets which include forging social support for instance getting married, peer associations, positive family, peer connections and community as

central, (Jennings, 2006; Kirby & Bryson, 2002; Roth & Brooks Gunn, 2003; Villarrual; Perkins; Keeth, & Bordens, 2003). The role of social support and positive connections are viewed as protective and predictor of high performance, group functioning and well-being, (Blum, 2003; Witherspol, Scotland & Hughes, D. 2009). Social assets skills include, a range of verbal and nonverbal responses that influence perceptual and responses to others and social interactions (Spelce, 2003). Additionally, as young people interact actively in decision making, they are expected to acquire transferable skills from such experiences, (Kirby & Bryson, 2002; Roth & Brooks-Gunn, 2003). The model is relevant to the study in that it provide insights on how various developmental assets that are critical indicators of socio economic empowerment are developed as a result of access to resources, positive and supportive environment and participation in community activities. The achievements are through group support system, opportunity to access resources such as credit and business experience sharing, training and participation in funded groups which results to development of individual assets essential component PYD. The assets developed are grouped into primary assets which include development of self-esteem after group support systems, learning of transferable skills such as public speaking, business skills and even access to credit and advocacy for community action that lead to a better community . The secondary assets are used by the group act as collateral for individual members to get more credit. These assets are indicators of level individual socio-economic empowerment in the study.

### **2.2.3: Summary of resource based theory (RBV) and positive youth development model**

From the discussions of the theories and models, the resource-based theory which stems from the principle that the source of firms competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is rather than simply evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 1995). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm

performance (Ainuddin; Beamish; Hulland & Rouse, 2007). The resource-based theory or view (RBV) of the firm's competitive advantage in particular will be the underlying theoretical foundation applied and fundamental basis of the variables and their ensuing relationships that are being studied. This is because this study focused on the internal attributes (i.e. resources, capabilities and systems) of the funded youth group towards attaining their objectives of empowering their members. Although there are also some minimal external dimension and elements being considered (i.e. interactions), these elements are mainly inherent within the organization. Hence, it justifies the adoption of the RBV as the main research tenet that offer a rationale behind the belief that funded groups determines the individual socio economic empowerment of individual in funded youth groups. This is from the long held premise that supportive culture among groups is has significant relationship between empowering conditions such as group receiving microcredit to members, forum to participate as collective agency provide members with an opportunity to acquire knowledge and skills acquisition, addition to access to credit resources (Chinman & Linnery ,1998).

The model Youth Development (PYD) developed by Commonwealth Youth Development an agency of Commonwealth secretariat aimed at guiding member countries on Youth empowerment also advocates strength based approach to Youth empowerment as a critical facet (Roth-Brooks-Gunn, 2003).The model identifies forty developmental assets which are categorized into primary and secondary assets as indicators of empowerment which forms main constructs of empowerment process. It continues to point out that empowerment outcomes are expected to occur in supportive environment in a social and positive connectedness ecological environment. Being active participant is a form of a collective agency e.g. decision making, The opportunity offered in such the environment assist individual in learning skills (personal qualities), savings etc. YEDF Model in Kenya seems to be lean heavily on this model in its endeavor of empowering Youth.

From the theory and model of the study adopted above and studies by Kabeer (2001) and Kishor (2000); the following independent variables were drawn for the study such as access to credit (resource), participation in groups activities (agency), group

support system (opportunity structure) and capacity building (resource) enhances individual's assets outcome (indicators) that are achievements of socio-economic empowerment (dependent) in a funded Youth group.

The dependent variable indicators i.e. (socio- economic empowerment) were drawn from the theory and PYP model based on its main construct of the strength based asset building as classified according to Search institute, 2008 into Primary and secondary assets. They are indicated by improved and perceived self-efficacy, self-esteem and self-confidence and control seen through good relationship ( e.g. marriage), with peers & family members (Kirby & Bryson, 2002).The secondary assets are indicated by individual performance like starting up a business, increase in savings, income and change in lifestyle, increase in assets in terms of skills and physical items like bicycles, motorcycles, type of housing, type of water source, lighting and fuel used (Jenning, 2006; Kirby & Bryson, 2002; Roth & Brooks-Gunn, 2003; GoK, 2013).These indicators form the basis of the conceptual framework of the study.

### **2.3: Critique on Resource based theory (RBV) and PYD model**

The resource-based view of the firm has already made an important contribution to the field of strategic management. The RBV, which has benefited from the rigour of its economic origins, greatly enhances our understanding of the nature and determinants of sustainable competitive advantage (SCA). It helps to explain why some resources are more advantage-generating than others and also why resource asymmetries and consequent competitive advantages persist even in conditions of open competition. However, as Fahy (2000) noted, the vast majority of contributions within the RBV have been of a conceptual rather than an empirical nature, with the result that many of its fundamental tenets still remain to be validated in the field. In addition, there were some debates regarding both the nature and the determinants of competitive advantage and the relevancy of the resource-based view. The most notable were the debates in Academy of Management Review (2001) between Barney (2001) and Priem and Butler (2001) on the relevancy and validity of the resource-based view of sustainable competitive advantage. The resource-based view has been criticized for exhibiting circular reasoning in that one of its fundamental

elements, namely, value, can only be assessed in terms of a particular context (Barney, 1991 & Fahy, 2000). Resources may lead to competitive advantage but this in turn defines relevant competitive structures, which in turn defines what is a valuable resource, and so on (Fahy, 2000). A way out of this circularity is to see the relationship between resources and advantage as a longitudinal process (Fahy, 2000). However, much of the resource-based literature takes resource stocks as given and pays insufficient attention to the process of resource development. This is an important oversight, as the ways in which resources are accumulated within the firm as characterized by factors such as time compression diseconomies, interconnectedness, asset mass efficiencies and causal ambiguity (Fahy, 2000).

Critics further argue that RBV logic is paradoxical infused with contradictions and ambiguities. RBV logic, they argue, has produced seemingly incompatible implications for managerial scholarship and practice (Priem & Butler, 2001). For example, RBV logic suggests that the ability to measure a resource means that this resource will be less likely to be a source of sustained competitive advantage. Also, this logic suggests that there cannot be “rules for riches”, yet it can be used to generate managerial prescriptions concerning how firms can achieve strategic advantage through their resource deployments (Priem & Butler, 2001).

The critique of positive youth development by Benson and scales (2006) acknowledge that the historical progression of practice to research to theory (PYD) may not be the idealized scientific progression but maintained that this progression has ensued the continuing relevance of youth development for practitioners in contrast to irrelevance of mainstream development psychology. PYD assumes that the community is a viable and delivery system for positive youth development, youth are major actors in their own development and are significant (and underutilized) resources for creating the kind of relationship contexts and communities that enable positive youth development.

#### **2.4: Group funding as a moderator**

Study on individual empowerment process indicate that individuals in groups experience empowerment through participation in groups to gain assets such as human skills, income, self-confidence, information and development of social capital

( groups support act as collateral) and opportunity structure like social norms and rules that influence individual behavior, increased access to loans (World Bank, 2002). Kabeer (2001) identifies three domains under which empowerment occurs and can be measured such as resource, agency and achievement while Kishor (2000) mentions opportunity structure and degree of empowerment. Both researchers identifies resource like credit, land and education or capacity building as enabling factors of empowerment. Agency according to Kabeer (2000) is the action of actors to exercise control over decision or resources depending on the social context. While choosing to be members of the microcredit it is an empowerment indicator which is an element of agency.

World Bank (2001) too identifies four key elements of empowerment process such as access to resources, social inclusion, and participation as individuals or collective actions that influence empowerment or development outcomes like social capital and other assets. Predominant image of empowerment is development outcomes such as gain of material means/assets that empower individuals to put service to their families and community (World Bank, 2001).

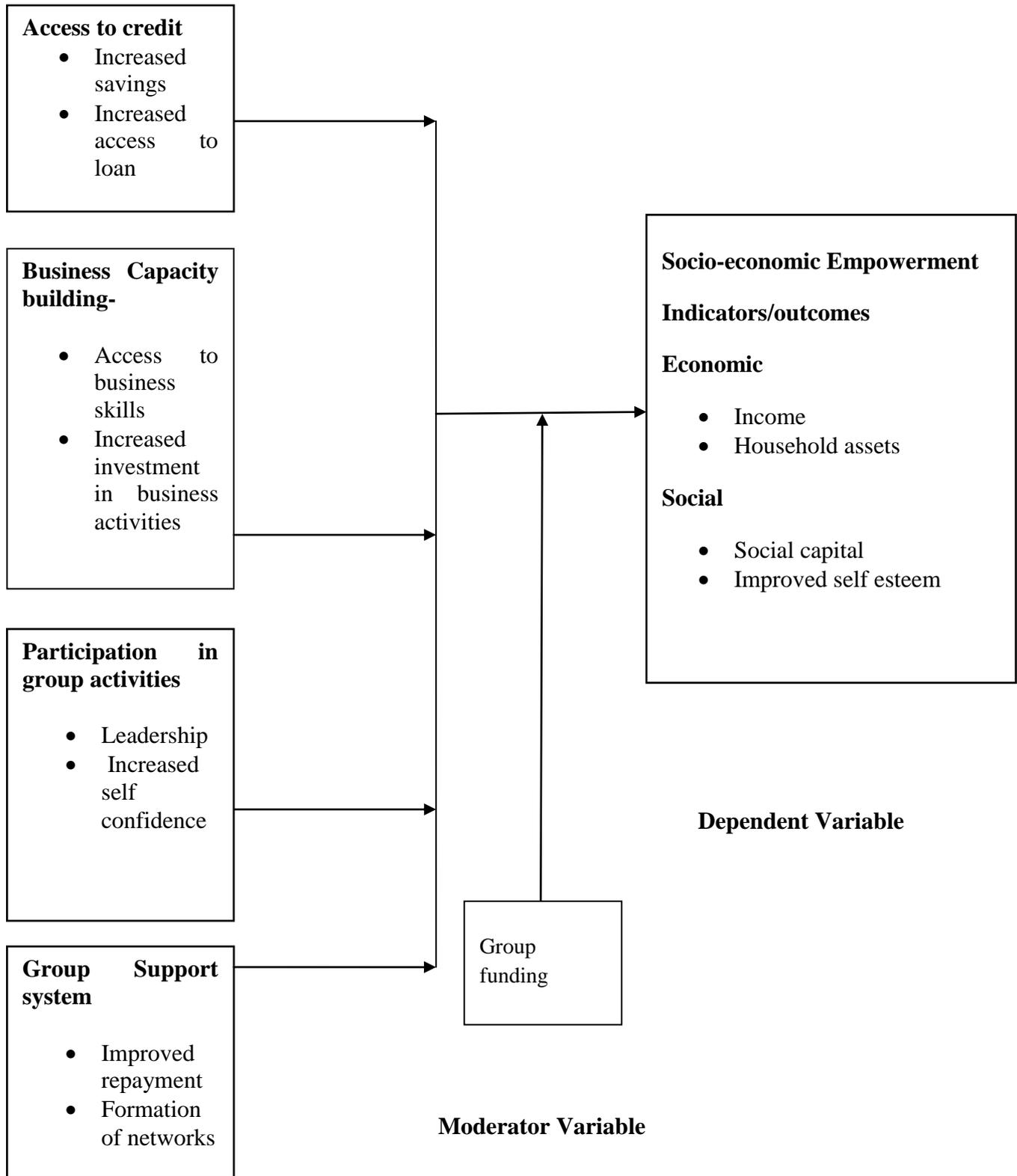
Jeranabi (2008) clearly shows how SHG funding increases socio-economic empowerment of members' involved, evidenced in domains such as social, psychological and economic empowerment spheres. Social empowerment indicators are establishment of strong relations with family, relatives, friends and a host of other networks, and also community participation. Economic empowerment is indicated by increased household asset build up, improved housing condition, lifestyle, mode of transport and improved wellbeing. Psychological improvement is demonstrated by self-report of self-worth (high self-esteem), high self-concept (belief in one's capability) and reported self-confidence (Jeranabi, 2008). This is expected to be consistent with various researches done on SHG that insist that SHG are unique self-governing organizations whose process empower members (sync the poor) to enable them control the direction of their own development through identifying their own development needs, making decisions and taking responsibilities for their actions (Jeranabi, 2008 & Ghadolya, 2011).

Group funding strategy can promote youth empowerment and positive development because group behaviours and expectations have a strong impact on individual and interpersonal influence (Invancevich; Konopaske & Malten, 2005). The strategy results in a coherent knowledge sharing and sense of belonging that eventually build and promote greater group efficiency. Gradually, the strategy creates a shared understanding that builds community memory that facilitates reflection, diagnosis and resolution of common and individual problems (Corrigani, 1990).

## **2.5: Conceptual Framework**

Conceptual framework is a structural set of ideas and theories that help a researcher to identify the problem asked in the research questions (Smith, 2004). Cooper and Schinder (2006) define conceptual framework as a structure that is systematically organized to provide focus, rationale and tool for integration and interpretation of information from data collected. It is expressed abstractly through model and contain theories that provide foundation and organization of the research study to be undertaken and will basically relationship between the independent which are access to credit, business capacity building, participation in group activities and group support system and individual socio economic empowerment the dependent variable of this research in Figure 2.1.

Conceptual Framework showing hypothesized relationship among variables. Source: Researcher (2017). Shows how socio individual economic empowerment occurs youth group members. In SHGs they are like an open systems where inputs which include the credit, opportunities available for the SHGs to train and participation in groups economic development activities and support system within groups processes this with an net effect of empowering members as outcome (output).



**Independent**

**Figure 2.2: Conceptual framework**

## **2.6: Empirical literature review of the study variables**

### **2.6.1: Access to credit**

The two concepts of Micro-Finance and Micro-Credit are closely related and some scholars tend to use them interchangeably, though they are different in meaning. According to Sandra (2001), Microfinance is the provision of a broad range of financial services to low income households and micro-enterprises; such as voluntary savings, loans, insurance and money transfer. In contrast, micro-credit is the provision of credit services to low income clients in form of small loans for the purpose of micro-enterprises and income generating activities. Micro-loans is a financial innovation which originated in developing countries where it has successfully enabled extremely impoverished people to engage in self-employment projects that allow the poor and voiceless to generate income, begin to build wealth and exit poverty.

Studied by Chowdhury and Bhuiya (2004) assessed impact of BRAC's poverty alleviation programme from a human well-being perspective in a programme in Bangladesh where they examined seven dimensions of human-wellbeing. The project included that provision of microfinance and training of clients on human and legal rights. They noted that the project led to better child survival rates, higher nutritional status, improvement in the basic level of education, and increased networking in the community. Children of BRAC clients suffered from far less protein-energy malnutrition than children of non-members, and the educational performance of BRAC member's children was also higher than that of children in non-BRAC households. BRAC member households spent significantly more on consumption of food items than poor non-members did and per capita calorie intake was also significantly higher.

In light of the above study findings, the survey on households in 87 villages of 29 were random (from sub- districts) in rural Bangladesh found out credit was a significant determinant of positive household behavior and that it increased the total per capita consumption of the poor and the asset holdings of women (Pitt & Khandker, 1996). Studies by Pitt and Khandker (2001) that analyzed whether effects of microcredit programs are sustainable over time, found out that household welfare

increased in terms of net worth and per capita consumption, but effects were much larger for female borrowers. They also found that the labor supply of both men and women was increased by microfinance, supporting the view that programs generate employment. In terms of credit, they found the potential for borrowers to experience diminishing returns to consumption; in other words, each new loan has a smaller effect on per capita consumption (Pitt & Khandker, 2001).

Markedly, a study by Hulme and Mosley (1996) on the use of microfinance to combat poverty found that well-designed programmes improved the incomes of the poor and got them out of poverty. They stated that there was clear evidence that the impact of a loan on a borrower's income is related to the level of income as those with higher incomes had a greater range of investment opportunities and so credit schemes benefited the middle and upper poor. The study also showed that when MFIs such as the Grameen Bank and BRAC provided credit to very poor households, and those households were able to raise their incomes and their assets. Explicitly, the study Johnson and Rogaly (1997) corroborated the above study as it noted that savings and credit schemes were able to meet the needs of the very poor.

In the same token, the study by Littlefield, Murdugh and Hashemi (2003) stated that one of the first things that poor people did with new income from microenterprise activities was to invest in their children's education. The Studies showed that children of microfinance clients are more likely to go to school and stay longer in school than for children of non-clients. Again, in their study of FOCCAS, client households were found to be investing more in education than non-client households. Similar findings were seen for projects in Zimbabwe, India, Honduras and Bangladesh.

A study of six African MFIs on the effects of microfinance, asserts that many benefits to the poor from microfinance programmes, in Africa at least, are likely to come via an indirect route, via 'wider impacts' or 'spin-offs', rather than by through direct impacts on borrowers (Mosley & Rock, 2004). Nonetheless, they argued that microfinance reduced poverty through job creation and by the improvement of household risk management through MFI training and the building up of social

networks. This improvement is said to stabilize village income, reducing the vulnerability of the poorest (Mosley & Rock, 2004).

Morduch (1998) refutes Pitt and Khandker (2001) argues that borrower's self-employment activities rarely generates jobs for others and there is no evidence found to support claims that the programs increase consumption levels. Morduch does agree with Pitt and Khandker (2001) assertion that microfinance provides consumption-smoothing effects. Consumption smoothing means that although neither consumption nor income may increase, borrowers have a better balance of spending and saving during different seasons of the year. Since the poor are highly susceptible to seasonal changes where consumption-smoothing allows them to better withstand economic shocks such as natural disasters, health care costs etc. Importantly, benefits from risk reduction may be as important (or more important) than direct impacts on average levels of consumption (Morduch, 1999).

An important point to be considered in an effort to assess the influence of women group is to learn about the saving pattern of the members. It is evident that savings, when it comes to the situation of the poor, is a „sacrificial savings“ where its purpose is mainly securing the future. One of the basic principles of Women groups is that even the very poor may save small amounts, and that the additional incentives of getting bank loans at lower rates of interest, particularly among those who are otherwise ineligible for getting bank loans, would inculcate and strengthen the habit of saving (Gupta &Kumar, 2012). The members of Women groups save a fixed amount periodically, depending upon the convenience of the members of the women group, and the savings of all the members is kept together in the bank in the name of the women group and forms the women group fund, which shall be used by the women members for borrowing in times of emergencies. Mehta, Mishra & Singh (2011) research in India on self-help group activities found that there has been almost 80 per cent and 15 per cent increase in women group members, who are now saving their money in Bank and Post Offices and women group, while there has been a decrease of 85 per cent and 10 per cent members, who were earlier having cash in hand and provided loans to relatives (Gurumoorthy, 2000). It can be concluded that

women group is having a good influence on members, in their ability to save their hard earned money. In Ethiopia, Tolosa (2007) found out that with regard to the poor women group members, the main sources of savings were curtailing expenditures even on basic necessities and saving from income. Careful analysis of the women group's account books, such as the minute book, and the individual member's savings passbook, showed that the average savings per group per week was about Birr 37.00 (Kshs 166/=) while weekly savings per member was Birr 2.30 (Kshs 10/=). Detail investigation of the women group financial documents showed that there is an increasing and sometimes decreasing trend in the saving patterns of the members. Tolosa (2007) further indicated that detailed analysis of women group general ledger and individual members savings books showed that an overall performance of the groups' savings had an increasing trend both in individual as well as group savings in the first two years of membership (2002 and 2003). It remains almost the same for the years 2004 and 2005. But for the year 2006, the saving capability of the majority of the respondents was declining; and almost all of the respondents reported that the current national inflation and the resulting high cost of living was the major reason for the reduction of individual as well as group savings. Micro-credit was invented in Bangladesh during the famine of 1974, when Professor Yunus (2004) studied the lives of the poor entrepreneurs in Bangladesh (Singh, 2011). He carried on giving out micro-loans to the poor, the program proved that small loans could not only quickly improve lives of poor people, but were paid back with interest and on time. By 1997, there were 1.8 million poor borrowers in 22,000 out of 68,000 villages in Bangladesh with 830 million credits worth every month (Yunus, 2004). Microcredit is now accepted as a potential tool for poverty alleviation and socioeconomic empowerment of the rural poor, particularly women in developing countries. There are many cases where it has proved to be a profitable business also for the microcredit institutions the world over. Consequently, MF emerged in the 1970's as an alternative to the Development Finance Institutions in delivering financial intermediation to the poor and voiceless (Mugabi, 2010). The design of the financial services offered by microfinance institutions (MFI) were largely based on the mechanisms of informal sector self-help groups such as

ROSCAs , but came to prominence after the Grameen Bank and BRAC in Bangladesh which were modelled on the social support of group solidarity in helping the poor households to exit their unfortunate condition of poverty. Some evaluations paint a positive picture of the influence of credit programs on women's lives (Kabeer, 2001). Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing „virtuous spirals“ of empowerment (Mayoux, 2000). The first set of assessments point out that women can use savings and credit for economic activity, thus increasing incomes and assets and control over these incomes and assets (Mayoux, 2000). Rahman (1986) established that active women loanees had higher consumption standards and a role in household decision-making, either on their own or jointly with their husbands, than passive female loanees. Both in turn had significantly higher consumption standards and were more likely to partake in household decision-making than women from male loanee households or from households who had not received credit. Similarly, Self-help groups through microcredit have an important role in lessening the vulnerability of poor by creating assets, income and consumption smoothing, providing emergency assistance, and empowering and making women confident by giving them control over assets and increased self-esteem and knowledge (Zaman, 2001).

A World Bank study found that a 10 per cent increase in borrowing had led to an increase in women's non-land assets by 2 per cent for loans from the Grameen Bank and 1.2 per cent for loans from the Bangladesh Rural Advancement Committee (BRAC) (World Bank, 1998). In India, microcredit studies done on groups dealing with dairy farming have noted positive profit levels and short payback periods for loans (Nagarajan, 2002). During the South East Asian economic crisis, self-help groups proved to be important cushions and safety nets; a high proportion of the funds made available for self-help micro credit schemes were utilized by women, facilitating them to meet the subsistence requirements of their families during those hard economic times (ESCAP, 2002). Without land or paid employment, many of the world's poor turn to self-employed activities to generate income. The poor are faced with the challenge of acquiring credit to take loans to engage in various productive activities, without the necessary collateral (e.g. land) required by formal lending

institutions. Micro-credit initiatives have become increasingly popular as a way to mobilize poor communities through the provision of loans through specialized financial institutions (Mosely & Hulme, 1998). Small groups are formed, and loans are allocated to members, based on group solidarity instead of formal collateral (Montgomery, 1996). This strategy appeals both to those on the left for it is based on redistribution principles, and to those on the right for it promotes self-sufficiency and independence of the poor through capitalist activities (Mosely & Hulme, 1998). Micro-credit schemes have been particularly targeted towards poor women, who are often discriminated against not only by institutions, but also within their own households. The provision of loans to women may then serve the dual goals of increasing household wealth and empowering females (Kabeer, 2000). Jayaraman (2002) reported on the role and performance of fisherwomen Women groups in India. He found the fisherwomen Women groups performing well in availing microcredit, utilizing it and repaying it in time. The microcredit programme implemented through Women groups contributed to the socio-economic welfare and empowerment of the fisherwomen. It also contributed to the eradication of usury and illicit liquor. Nagayya (2000) stated that there has been a massive expansion in the formal credit delivery network in the last three decades and 17 there is an acceptable gap in financing the genuine poor, especially in remote rural area. Das (2003) reported on the functioning of self-help groups and microcredit. It included social, economic, political and spiritual development of the poorer section of the society. NGOs gave some training to the Women groups for awareness building, entrepreneurship and skill training and some help in arranging inputs, and marketing, introduced saving and internal lending, helped in the maintenance of accounts and linked them with the banks for credit requirements. As a result of women participation in Women groups in Jammu India, Mehta (2011) It is found that there have been 5.5, 5, 10.5, 14.8 and 19.8 per cent increase in women group members from the pre women group period, who had taken loan between zero and Rs. 5000, Rs. 5000-10000, Rs. 10000-20000 and Rs. 20000- 35000 in the post women group period, while there has been a decrease of 55.5 per cent members who had not taken till now and there has been no change in 8 members who were earlier also in the range of Rs. 35000 and 50000. It can be concluded that women group have a good

influence on the drawing pattern of the members. So it can be concluded that the majority of sample women group members have started taking loan from Women groups in order to run their day to day consumption expenses. Accordingly, in an effort to gather pertinent data on the influence of Women groups, available relevant studies describing the women group experience in these countries have been critically reviewed. The need to create a grassroots organizational base to enable poor women to come together, to analyze their issues and problems themselves, and to fulfill their needs was strongly advocated in countries like Indian, Bangladesh, and Pakistan. In these countries (Tolosa, 2007).

Micro-saving is an integral component of micro-finance. Various studies were reviewed to emphasize on the significance of micro-saving culture in poverty eradication and socio-economic empowerment. Buckley (1997) viewed savings as the basis to achieve financial independence and self-sufficiency for micro-entrepreneurs. This research has proved that poor also have the ability to save. In fact it is their saving culture which determines their lending capacity. 42.9% of the respondents had a micro-saving plan with their MFIs. The average amount of micro-savings per respondent per year was Ksh. 80,200. Annual micro-savings per respondent ranged between Ksh. 36,000 to Ksh. 350,000. With regular savings, micro-savers can finally accumulate enough capital to start new business and expand existing ones. This is well illustrated by growth in respondents' level of investment. Correlation and regression analysis for amount of micro-savings on the size of investment gives correlation coefficient of 0.515 and coefficient of determination of 0.2652 respectively which indicates a positive linear relationship between amount of micro-savings and the size of investment. The study revealed that from an average capital base of Ksh. 74,800, respondents were able to generate income, make regular savings and consequently accumulate wealth as depicted by an average investment size of Ksh. 159,000 per respondent. This confirms that micro-entrepreneurship does not only break the vicious chain of poverty, but also initiates a whole new cycle of virtuous spirals of self-enforcing economic empowerment that lead to increased household well-being. The study findings ascertained that there exist a direct linear relationship between the amount of capital and investment. Capital is a major

constraint in business start-up and expansion. Majority of youth fail to engage in micro-entrepreneurial activities due to lack of capital. Consequently, microenterprises fail to graduate from micro to small or medium enterprise due to lack of access to capital. In a study in Africa it was found that principal source of finance for start-up funds for any entrepreneur was self-generated funds. In most cases this generation of fund was through savings. These savings were supplemented with the loan from friends and relatives. Once after establishing only well-established entrepreneurs become integrated with the informal financial intermediaries but self-generated funds played a predominant role (Buckley, 1997). In conformity with the past studies, the researcher found out that 32.9% of all the respondents obtained their business capital from own savings followed by contributions from families and friends at 28.6%. Only 21% of all respondents acquired business capital from MFIs in form of micro-credit. 10% and 7% of respondents acquired capital from Youth Enterprise Development Fund and other sources respectively.

### **2.6.2: Business capacity building**

Studies by Maisiba and Gongera (2013) found that YEDF collaborative linkages and strategic partnership projects have benefitted mainly youth with relatively low levels of education, implying that youths with diploma and degree education prefer white collar jobs to self-employment, thus the need for entrepreneurship training. The findings also showed that nearly half of the YEDF beneficiaries in the constituency did not have any business experience before entering the YEDF Program, a pointer to the enormity and the high training needs of YEDF beneficiaries. Further, 82% of the respondents strongly agreed that lack of business and management skills is the greatest challenge entrepreneurs are facing and they needed entrepreneurship training (Gine & Mansuri, 2005).

To emphasize, studies by Mano, Al Hassan, Yutaka, and Sonobe, (2012) found that there was a 9 per cent point increase in the likelihood of survival business startup after training. Gine and Mansuri (2006) found a 6 percent increase in the likelihood of survival 18 to 22 months after training for the male owners in their sample – an

effect significant at the 10% level – but no change for female owners. Works of Field, Jayachandran, and Pande (2010) examined that whether women report any business income over the preceding week, reflects a combination of an effect on business start-up and on survival. They found that upper caste Hindu women who took the training were 19 percentage points more likely to report income increase, whereas the training had no effect on lower caste Hindu women or on Muslim women.

To enumerate above studies, Chingunta (2005) study revealed that entrepreneurship training has been seen as a way of thinking, reasoning and acting that is opportunity-obsessed, holistic in approach and leadership balanced towards an entrepreneurial culture. Youth savings group members in rural Zambia who undertook financial literacy or business skills training reported a wealth of new skills that have helped them start new businesses, diversify existing ones, and – although it was difficult to attribute the effects (that was the Increase of profits generated by their businesses) to specific training. Many youth said business skills training had served as a good complement to savings and credit, because it made suggestions and stimulated them to think of their own ways to put their accumulated lump sums to use (Nourse, 2013).

By and large, Karlan and Valdivia (2001) concluded that adding business training for low-income female participants of savings groups increased profits for the treatment group. The study also showed 32 groups improvements in cash flows. Participants used more diversified goods and services, started using financial records and began reinvesting their profits. The combination of quality entrepreneurship education and financial services may enable entrepreneurs to move beyond subsistence to more profitable livelihoods. Training within a group context also seems beneficial: the group dynamic and sense of purpose may push individual participants to act and try new things, with an increased sense of confidence coming from both the new knowledge and the encouragement from peers and perhaps a sense of excitement and new possibilities emanating from the groups (Moore & Schiller, 2013).

Brian and Jannette (2002) argued that, beyond development of individuals we also need to work towards getting society and the “supply side” fit for enterprise. In

seeking to create awareness and social acceptance of entrepreneurship, careful thought needs to be given to the role of media. Television and radio can present cases, news, information and engaging programs to deliver a more positive message about enterprise and entrepreneurship. This is quite important to help overcome negativity that might exist in society and where low trusts in free markets persist. In addition to mass media, NGOs and other grass roots agencies might be brought together to help engage people more directly through schools, community centers, village halls, church and other religious organizations. Anderson (1998) suggested that stakeholders, such as not-for-profit organizations', large local and multinational companies, well established entrepreneurs and others need to come together in networks to create an ecosystem in which entrepreneurship can flourish. Rutherford (2000) added that, multilateral Organizations such as the UN ought to create Web-based resources, knowledge-sharing platforms and networks of educators. The world is full of teaching materials, but finding them is a challenge. Governments and stakeholders need to provide resources (sponsorship) for access to world-class journals and publications so that educators and trainers can be encouraged to read what is cutting edge and current. Many of these journals and publications are simply not available to educators and trainers in poor countries and so they risk being stuck with old materials, ideas and methods. According to Khandker (1993), educators, trainers and institutions should adapt their curricula, to ensure that it is relevant, cutting edge, fresh and dynamic. They also need to be embedded in the context and provide access to resources, markets and opportunities, not just "training." Policymakers, educators, entrepreneurs and sponsors need to come together in conferences on a sufficiently large scale to raise standards, increase the volumes of participation and find appropriate local solutions so that entrepreneurship education can have a positive impact at the grass roots. Television must not be ignored as it has a major reach across society and can be influential in transmitting ideas and raising aspirations. Adams (2011) emphasized that, while economic and political reforms play an important role in setting the scene, people need the knowledge, skills and mindset to take advantage of opportunities.

To enhance entrepreneurship, Brian (2000) recommended entrepreneurial training that covers the following vital components: personal development; business development and entrepreneurial skills. Vrajlal (2006) concluded that microcredit service promises not only to break the vicious chain of poverty by injecting some liquidity into the chain but also promises to initiate a whole new cycle of virtuous spiral of self-enforcing economic empowerment that leads to increased savings, increased wealth and consequently increased well-being: improved nutrition; better health care; better education.

Schreiner (2004) has defined support for micro-enterprise in terms of asset-building. He believes that micro-entrepreneurship helps people to build human, financial and social capital. The research findings have revealed that the bigger the size of the business enterprise, the bigger the level of investment. Micro-entrepreneur should therefore embrace the culture of micro-saving so that they graduate from micro to small or medium enterprise thereby increasing their level of investment. Finally, the research findings show that micro-entrepreneurial training has direct impact on the level of investment. Entrepreneurship education is a lifelong learning process, starting as early as elementary school and progressing through all levels of education, including adult education. Robinson (2001) drew a boundary around entrepreneurship education as comprising of personal development, business development and entrepreneurial skills development. These skills are acquired through a learning process. The study findings show that most entrepreneurs lack entrepreneurial skills. 54% of the respondents did not have entrepreneurial skills and use basic knowledge and skills to run their business micro-enterprises. Only 36% of respondents have undertaken entrepreneurship skills. Correlation and regression analysis of capital employed by skilled micro-entrepreneurs and that employed by unskilled micro-entrepreneurs gives very contrasting results. For the skilled micro-entrepreneurs, the analysis gave correlation coefficient of 0.905 and coefficient of determination of 0.819. This implies that there exists a very strong linear relationship between the level of micro-entrepreneurship training and the size of investment. For the unskilled micro-entrepreneurs, the results of correlation and regression analysis gave correlation coefficient of 0.019 and coefficient of determination of 0.000361.

This implies that there although there is a relationship between the amount of capital employed and the level of investment, this relationship is very weak if the micro-entrepreneur in question does not possess entrepreneurship skills. A lot of emphasis must therefore be put to equipping young people with entrepreneurial skills to enable them practice sustainable micro-entrepreneurship.

### **2.6.3: Participation in group activities.**

The self-help groups are constructed on the principles of mutual aid among people who share common interests has a history preceding colonization of the country. According to Kilavuka (2003) women only groups have existed in Kenya since pre-independence, and were organized along traditional division of labour. At independence, the government of Kenya embarked on the Harambee self -help movement as an all-encompassing grassroots effort to meet the people's needs. Its characteristics included local identification of needs and local-level implementation of projects which appeared to solve the local needs Kilavuka (2003). While the concept and practice of self-help existed along relatively informal lines, Harambee self-help was more a political philosophy of resource mobilization upon independence mainly to handle local community projects like schools, and were largely patronized by the political and ruling elite, most of who were men, and still continue to function to meet people's needs. The purpose of self-help groups, on the other hand, though grounded on the same principal of mutual assistance as the harambee movement, addressed more immediate intimate issues for women (Kilavuka, 2003), but this has since changed to more formally organized ones that even assume legal to semi-legal entity status though formal registration. The self -help groups today carry out socio-economic activities to meet member's needs, both immediate (as in welfare) and long-term (as in investment and business-oriented) groups.

Apart from individual benefits, community also benefit from group formation and collective action of SHG that occurs when developing designing and implementing community social action program (Chari-wagh, 2009; Moodie, 2008; Sanyal, 2009; Tesoriello, 2005). Participation may results to acquiring public goods such as successful electricity connection, water supply and lobbying for equipping of

dispensaries that are examples of successful collective action (Janssen, 2010; Sanyal, 2009). SHG are formed primarily as a microfinance and poverty alleviation intervention with wide benefits that results from growth of social capital which has implications for SHG, families and wider communities' wellbeing (World bank, 1997).

Various studies have shown that participation and empowerments are closely related (Schulz, Israel, Zimmerman, & Checkoway, 1995; Rappaport, 1986). Itzhak, & Schwartz (1988) highlight that all elements of empowerment are affected by participation. Mok (2006) says participation in SHG help members to empower themselves (Nylund, 2000; Mok, 2001).Activities of SHG empower members to cope with their problems in relation with the organization that serve them (Citron, Solomon. & Draine, 1999; Madvene & Krans, 1989). Further, Mok (2006) identified SHG participation as being instrumental in reducing family burden, loneliness and guilt feelings at micro level and at macro level as SHG group members start advocacy activities.

There has been strong correlation between participation and self-confidence and self-efficacy (Florin & Wadersman, 1984; Zimmerman & Rappaport, 1988).Vision 2030 emphases that devolved funds should be strengthened. Vision 2030 continues to advocate enhancement of funds among vulnerable groups as a strategy for community empowerment as it leads to increased participation and voice in the process of integration of vulnerable Youth into development concerns (GoK, 2007).

Group activity enhances group creativity as it coordinates member's thoughts and actions (Senge, 1990).Studies on Group leadership that encourage participation delegation as guiding principle encourages with Youth participating in groups to acquire and develop transferable skills (Roth-Brooks-Gunn-2003; Wilson et al, 2001). In Vancevich, Konopaske, & Malten, (2005) says as sense of community is developed among participants that are adhesively and emotionally involved, satisfying group and has a strong impact on individual behavior and expectations and interpersonal influence.

Civic engagement which include group participating in community volunteers programs can increase empowerment remarkably (Mathews, 2001). Involvement in solving problems in community, organization/group will enable participant develop highly valued characteristics as community leader (Mumford, Harding, Jacobs, & Fleishman, 2000) and motivate members for increased participation (Senge, 1990). Individual participation in the supportive to break vicious cycle of poverty as a result of improved inner feeling (Jeranabi, 2008). Participative leadership, encourage and inclusive making decisions help to improve acceptance of decision and increase members satisfaction in group activities (Yulk, 2006). When young people participate in programs that strive to engage them on different level activity, they feel empowered, connected and valued by peers and community (Center of Excellence on Youth Engagement, 2006). Conversely, prolonged dependency for individual due to poverty and low income include low self-esteem, few options and limited experiences in decision making (Sanford & Donoray, 1984). Youth empowerment is therefore, pivotal to economic growth and natural development of communities. Countries like Nigeria are today aggressively empowering its citizen through group funding in order to achieve National developmental goal of joining the league of developed Nations by 2020 as a key Youth empowerment strategy (Jimmah, 2011). Significantly, Manimekalai (2004) continues to support the idea of SHG as having enough potential for capacity building, self-efficacy and production. Sanjoy (2012) concludes from his studies that when SHG are combined with savings and credit they are found to benefit members economically and socially. While, Catalano and Colleague (2004) reports that there is promising results on strength – based programmes for Youth serving in the group (Wallerstein, 2006).

A study of BRAC's study found that although many borrowers experienced few improvements to their income, they spoke of improvements in autonomy and social status. For example, males and females teamed up to manage their investments after participating in the program activities. This was reported as buildup of confidence, the higher the level of participation the greater the perceived positive change in the quality of life (Halder & Mosley, 2004).

Another study in Bangladesh, on effects of participation in estimating the impact of

participation by gender, it was found that annual household consumption expenditure increased by 18 taka for every 100 additional taka borrowed by women from these credit programs, compared with 11 taka for men (Pitt & Khandker, 1998). Their main argument was that participation in microfinance program increased consumption, which they believed was the first step in getting them out of the cycle out of poverty as predicted by (Yunus, 2004).

Gine and Mansuri (2014) found a 6 percent increase in the likelihood of survival 18 to 22 months after training for the male owners in their sample – an effect significant at the 10% level – but no change for female owners, Four months after training. They attributed the lack of impact on these other groups to social restrictions, arguing that training helped women whose businesses had been held down by social restrictions, but that women who faced more extreme restrictions could not respond to training.

In addition, to aforementioned economic and social wider impacts, Mosley, Olejarova and Alexeeva (2004) found evidence of wider political impacts. A survey in Russia, Slovakia and Romania revealed an influence from the provision of finance to informal political organization, beginning with the solidarity group model, but also found among individual clients (Mosley & Rock, 2004). The authors found that some groups had come together in a struggle against local authority corruption and on average, microfinance participants were found to have a higher level of trust than the control groups. Although microfinance was not found to increase formal associational membership (in political groups), it was found to influence informal political participation. In short, Microfinance may have the ability to: increase trust by indirect channels, to reduce corruption, and to reproduce group formation and the extension of social capital through networks. The authors suggested the potential for microfinance to minimize corruption and induce greater trust in government through political participation (Mosley & Rock, 2004). Such group-based participatory programs have made a significant improvement in the living conditions of poor women (Jayarama, 2002). Group organization enables individual members to empower themselves and to increase mutual benefits from the activities they are involved in. More importantly, in countries like Ethiopia, where neither the private sector nor the government provides a proper safety net or socio-economic security to

its citizens against risks, getting together with one another enables poor individuals to better cope with their challenges

#### **2.6.4: Group support system**

Groups can provide support for the individuals, reduce the risk of isolation, and offer a context in which personal skills can be developed and practiced and Empowerment as a Current Trend of Social Work in Russia a mean by which an individual, whose consciousness has been raised, can work towards fulfilling heightened personal expectations. (Adams, 2004). To enumerate the studies by Siegel (2013) identified other variables that might be correlated with the effectiveness of the entrepreneur's network to include prior successful entrepreneurial experiences, changes in careers, and even a more liberal education. Explicitly, Pevrah (2013) supported this assertion by pointing out that in all environments, entrepreneurs must build reputation enhancing relationships with outside resource providers who are willing to share valuable information, technology, and finance. In this regard, entrepreneurs used their own informal business and personal networks to establish new firms and the extent of the network determined the success of many entrepreneurs.

WHO (2010) report by Walterstein links achievement on self-efficacy and strong social bounding create sense of belonging thus empowerment process in groups, social support and positive connections is a strong predictor of various aspects of performance in school, family, business, relationship etc. (Blum, 2003; Hirsch & Dubois 1992; Witherspoh, Scotland, Way & Hughes, 2009). Available evidence suggests that high social support and resilience result to high self-esteem (Dumont & Provost, 1999; Hoffman et al, 1988). Other research indicates that there is a strong Correlation between SHG participation and self-confidence, self-efficacy and civil responsibility according to works of (Florin & Wanders man, 1984; Zimmerman & Rappaport, 1988). In the light of Singh (2006) studies on people education and development organizations say that SHG programmes make positive impact on social economic fronts on household members where there is improved decision making and awareness levels and credit sources reported.

Studies by Kabeer (2003) conducted by the Grameen Bank showed that members of

a Grameen village were significantly more likely to use contraception than non-members in a non-Grameen village. This was due to a diffusion of the “small family norm” of Grameen women through social networks within the village as the Grameen Bank emphasizes women’s productive roles, as opposed to their reproductive role, and non-members picked up this norm from members. The Studies had also shown that Grameen-style projects, based on collective activism, led to a greater level of legal and political awareness among clients, with a greater likelihood of clients taking part in political campaigns the longer they had been a member (Kabeer, 2003).

In the studies by Zohir and Matin (2004) it was found that the interaction within MFI groups created co-operation and trust that not only facilitated the microfinance activities, but also contributed benefits beyond the service provided. This included such benefit a greater sense of community, trust and reliance on the group in times of crisis. These networks could further lay the foundations for other social capital developments in the community. This supportive mechanism has also been found to be a vital strategy to fighting against poverty in a sustainable manner (Nzioka, 2010). Sarkar (2004) elaborates that investment in women not only benefits the women themselves, but it also has a relatively high social return which is reflected when observing an improvement in their children’s welfare, a reduction of fertility, poverty, and gender bias. Thus, women based women group institutions are desirable not only from the perspective of social justice, but also because of the substantial social and economic benefits which result directly from enhancing women’s social and economic status, both within the household and in society as a whole. In Ethiopia, it is evident that there are improvements in the areas of women’s education, access to health services, employment opportunities, and social participation, etc (Tolosa, 2007).

In context, social ties are critical for socio - economic prosperity and sustainable development which is formed out of repeated social interactions between individuals and groups such as gift circles, credit associations like SACCOS and ROSCAs (Mugabi, 2010). Networks help to overcome some of the disadvantages of peripheral

location by serving as means of economies of scale: sources of support, information and knowledge Mugabi, (2010). The various relationships and associations among individuals affect individual attitudes and perceptions towards utilization of small loans. As a result, social ties such as group solidarity enables the property less and voiceless to access credit for Women groups. In addition, the existence of social relations in the form of indigenous networks and norms of association are seen as substituting the physical collateral like land titles which the poor lack, in the selection of loan beneficiaries and loan disbursement and recovery (Mayoux, 2001). The assumption here is that social networks are inherently positive and beneficial with the horizontal norms accrued to general trust and information which can be used by women groups (which is not absolutely the case in all network relations).

### **2.7: Summary of Literature Review on the variables**

Littlefield, Murdugh and Hashemi (2003) stated that access to MFIs can empower women to become more confident, more assertive, more likely to take part in family and community decisions and better able to confront gender inequities. The purpose of self-help groups, on the other hand, though grounded on the same principal of mutual assistance as the harambee movement, addressed more immediate intimate issues for women (Kilavuka, 2003), but this has since changed to more formally organized ones that even assume legal to semi-legal entity status though formal registration. They carry out socio-economic activities to meet member's needs, both immediate (as in welfare) and long-term (as in investment and business-oriented) groups. Even so self-help groups continue to be dominated by women. -reliance.

IMF emerged in the 1970's as an alternative to the Development Finance Institutions in delivering financial intermediation to the poor and voiceless (Mugabi, 2010). The design of the financial services offered by microfinance institutions (MFI) were largely based on the mechanisms of informal sector self-help groups such as ROSCAs , but came to prominence after the Grameen Bank and BRAC in Bangladesh which were modeled on the social support of group solidarity in helping the poor households to exit their unfortunate condition of poverty. Kochar (2011) finds that a government program in India with the goal of increasing the availability

of capital to the poorest regions of India had a larger effect on the per capita expenditure of the non-poor than on the poor. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing virtuous spirals of empowerment (Mayoux, 2000). The first set of assessments point out that women can use savings and credit for economic activity, thus increasing incomes and assets and control over these incomes and assets (Mayoux, 2000).

Capital is a major constraint in business start-up and expansion. Majority of youth fail to engage in micro-entrepreneurial activities due to lack of capital. Consequently, microenterprises fail to graduate from micro to small or medium enterprise due to lack of access to capital. In a study in Africa it was found that principal source of finance for start-up funds for any entrepreneur was self-generated funds. Micro-credit schemes have been particularly targeted towards poor women, who are often discriminated against not only by institutions, but also within their own households. The provision of loans to women may then serve the dual goals of increasing household wealth and empowering females (Kabeer, 2000). Jayaraman (2002) reported on the role and performance of fisherwomen Women groups in India. So it can be concluded that the majority of sample women group members have started taking loan from Women groups in order to run their day to day consumption expenses. He found the fisherwomen Women groups performing well in availing microcredit, utilizing it and repaying it in time. The microcredit programme implemented through Women groups contributed to the socio-economic welfare and empowerment of the fisherwomen. It also contributed to the eradication of usury and illicit liquor (Nagayya, 2000). Vrajlal (2006) concluded that microfinance promises not only to break the vicious chain of poverty by injecting some liquidity into the chain but also promises to initiate a whole new cycle of virtuous spiral of self-enforcing economic empowerment that leads to increased savings, increased wealth and consequently increased well-being: improved nutrition; better health care; better education.

This confirms that micro-entrepreneurship does not only break the vicious chain of poverty, but also initiates a whole new cycle of virtuous spirals of self-enforcing

economic empowerment that lead to increased household well-being. The study findings ascertained that there exist a direct linear relationship between the amount of capital and investment. The findings also showed that nearly half of the YEDF beneficiaries in the constituency did not have any business experience before entering the YEDF Program, a pointer to the enormity and the high training needs of YEDF beneficiaries. Further, 82% of the respondents strongly agreed that lack of business and management skills is the greatest challenge entrepreneurs are facing and they needed entrepreneurship training (Gine & Mansuri, 2005).

In conformity with the past studies, the researcher found out that 32.9% of all the respondents obtained their business capital from own savings followed by contributions from families and friends at 28.6%. Only 21% of all respondents acquired business capital from MFIs in form of micro-credit. 10% and 7% of respondents acquired capital from Youth Enterprise Development Fund and other sources respectively. Many youth said business skills training had served as a good complement to savings and credit, because it made suggestions and stimulated them to think of their own ways to put their accumulated lump sums to use (Nourse, 2013). To enumerate above studies, Chingunta (2005) study revealed that entrepreneurship training has been seen as a way of thinking, reasoning and acting that is opportunity-obsessed, holistic in approach and leadership balanced towards an entrepreneurial culture. Youth savings group members in rural Zambia who undertook financial literacy or business skills training reported a wealth of new skills that have helped them start new businesses, diversify existing ones, and – although it was difficult to attribute the effects (that was the Increase of profits generated by their businesses) to specific training.

To emphasize, studies by Mano, Al Hassan, Yutaka, and Sonobe, (2012) found that there was a 9 per cent point increase in the likelihood of survival business startup after training. Gine and Mansuri (2006) found a 6 percent increase in the likelihood of survival 18 to 22 months after training for the male owners in their sample – an effect significant at the 10% level – but no change for female owners. By and large, Karlan and Valdivia (2001) concluded by that adding business training for low-

income female participants of savings groups increased profits for the treatment group. The study also showed 32 groups improvements in cash flows. Robinson (2001) drew a boundary around entrepreneurship education as comprising of personal development, business development and entrepreneurial skills development. These skills are acquired through a learning process. The study findings show that most entrepreneurs lack entrepreneurial skills. 54% of the respondents did not have entrepreneurial skills and use basic knowledge and skills to run their business micro-enterprises

Schreiner (2004) has defined support for micro-enterprise in terms of asset-building. He believes that micro-entrepreneurship helps people to build human, financial and social capital. The research findings have revealed that the bigger the size of the business enterprise, the bigger the level of investment. Training within a group context also seems beneficial: the group dynamic and sense of purpose may push individual participants to act and try new things, with an increased sense of confidence coming from both the new knowledge and the encouragement from peers and perhaps a sense of excitement and new possibilities emanating from the groups (Moore & Schiller, 2013).

Studies on Group leadership that encourage participation delegation as guiding principle encourages with Youth participating in groups to acquire and develop transferable skills (Roth-Brooks-Gunn-2003; Wilson et al, 2001). Invcenvish; Konopaske, & Malten, (2005) say as sense of community is developed among participants that are adhesively and emotionally involved, satisfying group and has a strong impact on individual behavior and expectations and interpersonal influence. There has been strong correlation between participation and self-confidence and self-efficacy (Florin & Wadersman, 1984; Zimmerman & Rappaport, 1988). Vision 2030 emphasises that devolved funds should be strengthened. Vision 2030 continues to advocate enhancement of funds among vulnerable groups as a strategy for community empowerment as it leads to increased participation and voice in the process of integration of vulnerable Youth into development concerns (GoK, 2007). Further, Mok (2006) identified SHG participation as being instrumental in reducing

family burden, loneliness and guilt feelings at micro level and at macro level as SHG group members start advocacy activities

Various studies have shown that participation and empowerments are closely related (Schulz et al 1995; Rappaport, 1986). Itzhak and Schwartz (1988) highlighted that all elements of empowerment are affected by participation. Mok (2006) says participation in SHG help members to empower themselves (Nylund, 2000; Mok, 2001). Their main argument was that participation in microfinance program increased consumption, which they believed was the first step in getting them out of the cycle out of poverty as predicted by (Yunus 2004). Civic engagement which include group participating in community volunteers programs can increase empowerment remarkably (Mathews, 2001). Involvement in solving problems in community, organization/group will enable participant develop highly valued characteristics as community leader (Mumford et al, 2000) and motivate members for increased participation (Senge, 1990).

WHO (2010) report by Walterstein links achievement on self-efficacy and strong social bounding create sense of belonging thus empowerment process in groups, social support and positive connections is a strong predictor of various aspects of performance in school, family, business, relationship etc. (Blum et al, 2003; Hirsch & Dubois 1992, Witherspoh, Scotland., Way & Hughes, 2009). Significantly, Manimekalai (2004) continues to support the idea of SHG as having enough potential for capacity building, self-efficacy and production. Sanjoy (2012) concludes from his studies that when SHG are combined with savings and credit they are found to benefit members economically and socially. While, Catalano & Colleague (2004) reports that there is promising results on strength – based programmes for Youth serving in the group (Wallerstein, 2006).

In the studies by Zohir and Matin (2004) it was found that the interaction within MFI groups created co-operation and trust that not only facilitated the microfinance activities, but also contributed benefits beyond the service provided. This included such benefit a greater sense of community, trust and reliance on the group in times of crisis. These networks could further lay the foundations for other social capital

developments in the community). Such group-based participatory programs have made a significant improvement in the living conditions of poor women (Jaya, 2002). Group organization enables individual members to empower themselves and to increase mutual benefits from the activities they are involved in. (Mosley & Rock, 2004). The authors found that some groups had come together in a struggle against local authority corruption and on average, microfinance participants were found to have a higher level of trust than the control groups.

### **2.8: Critique of the existing Literature**

Review of the literature raises questions about the degree to which members of the funded group keep control over assets acquired especially the married ladies from credit from SHG. Research by Goetz and Sen Gupta (1996) and Mayoux (1998) show that minority of women receiving credit from poverty oriented microfinance programme are controlling their loans, many are merely post-boxes passing on full amount of loans directly to their husband ,sons with little or no access to the income generated and amounts only for repayment on weekly basis. Kabeer (1998) acknowledges the complexity of household relation as a reflection of a mix of structural, individual and programme factors which influence the degree of control of loans by members (Rahman,1999). He continues to point out that the empowering influence of micro finance is not always associated with improvement in women lives and credit as a debt for household constitutes a risky strategy. Hulmes (2000) admits that the overriding concern with repayment rates put further pressure on groups to exclude those likely to experience greatest problems.

Studies by Diop (2007) and Chowdhury and Bhuiya (2004), stated that there was a possibility that the standard model of microfinance is simply inherently incapable of reaching the very poor. The other possibility advanced by the same studies was that financial institutions may simply not succeed in getting the poorest clients into the program because of problems of self-exclusion, or lack of sustainability of their participation.

Some studies have found that Clients of microfinance tend to be hunched around the poverty line, rather than below it (Hulme & Mosley, 1996; Copestake, Bhalotra, &

Johnson, 2001). In addition to not reaching the poorest, the benefits of microfinance correlate positively with income. For example, Kochar (2011) finds that a government program in India with the goal of increasing the availability of capital to the poorest regions of India “had a larger effect on the per capita expenditure of the non- poor than on the poor. Littlefield, Morduch and Hashemi (2003) stated that access to MFIs can empower women to become more confident, more assertive, more likely to take part in family and community decisions and better able to confront gender inequities. However, they also state that just because women are clients of MFIs does not mean they will automatically become empowered. Hulme and Mosley (1996) also make this point when they refer to the naivety of the belief that every loan made to a woman contributes to the strengthening of the economic and social position of women.

Studies by Karlan (2012) in Ghana, Malawi and Uganda though they were not focused specifically on youth groups – provide a more nuanced perspective on the impact of savings groups on asset ownership. Randomized control trials find no significant impact on asset ownership Research study by Grameen Bank lending to women questions the degree to which microfinance benefits women and explain that women in Bangladesh are often unable to use loans by themselves in patriarchy and rural economy (Rahman, 1999).The absence of investment opportunities in rural areas and lack of control by lending institutions as to how loans are used lead to pass on loans to others (Montgomery & Hulme, 1996).

Another critique of microfinance is that microfinance loans have varying effects on microenterprise profits and may be used for consumption outside of the business. A study in Zambia revealed that the second loan to borrowers had a significantly positive impact on business profits whereas the first loan had no impact (Copestake, Bhalotra & Johnson, 2001). Some borrowers were made worse off, particularly among the 50 percent who left the program after receiving only one loan (Copestake, Bhalotra & Johnson, 2001). A study in Indonesia found that low-income households use loans for financing income generating activities such as small businesses only about one third of the time (Morduch, 2007). Studies by Morduch and Roodman

(2009) suggest that randomized trials of 13 Interviews found out that the rigid repayment schedule were linked to participants leaving the program,16 other used loan such for paying for school fees, medical treatment, meeting daily consumption needs, and meeting social and holiday expenses. Furthermore, a study of the Bolivian textile sector found that loans were usually used to reinforce an existing activity and not to create a new one (Diop, Hillenkamp & Servet, 2007).

## **2.9: Gap research in the literature review**

The authors found only limited evidence that microfinance improves economic well-being, but felt limited by the lack of rigorous impact evaluations on microfinance. Second, a systematic review by Stewart and colleagues (2010) on the impact of microfinance on poor people in Sub-Saharan Africa came to similar conclusions with respect to microcredit. The authors concluded, however, that based on the evidence they included in their review, micro savings appeared to be more effective in improving the well-being of poor people. Following this conclusion, the authors called for more rigorous evidence on the impact of micro savings programs. Third, Stewart and colleagues (2011) reviewed whether microcredit, micro savings, and microlensing serve as effective financial inclusion interventions enabling poor people, and especially women, to engage in meaningful economic opportunities in low- and middle-income countries. The authors found mixed results once again. In some cases, microcredit and micro savings reduced poverty but, not in all circumstances or for all clients. The authors also showed that there was not enough evidence to say that microfinance interventions targeting women exclusively were more successful at reducing poverty than those targeting both men and women.

But information lacks on how well youth led organizations continue to perform both globally and regionally. SHG are interventions aimed at youth development globally (Olawale & Lynety, 2011). Numerous studies have been conducted in the past on youth issues (Amenya, Onsongo & Guyo, 2011; Schoof, 2006 & Omolo, 2010) that focused on issues ranging from youth unemployment to factors affecting their initiatives. However, a review of literature reveals a gap of information on how Youth Self Help Group initiatives transform the youths' socio-economic wellbeing.

Without such information, programs aimed at youth groups such as the state-led Youth Enterprise Development Fund among other relief agency initiatives could be efforts in futility. Policy and investment decisions are also currently data driven, yet data on youth development and wellbeing is often fragmented, inconsistent, or non-existent, thus, leaving youths' needs unexposed and marginalized. William and Peters (2008) suggest that it is essential to review the operational characteristics of the business (i.e. barriers, opportunities, and indicators) as a way to evaluate success or at least understand how to attain successful outcomes of empowerment. The economic climate, program fidelity, role of the facilitator, and underlying race, ethnicity, class and/or caste issues can also affect how program benefits are realized.

Several systematic reviews focus on the impact of microfinance on economic wellbeing. First, Duvendack and colleagues (2011) reviewed the evidence of the impact of microfinance on the well-being of poor people. The authors found only limited evidence that microfinance improves economic well-being, but felt limited by the lack of rigorous impact evaluations on microfinance. Stewart and colleagues (2011) reviewed whether microcredit, micro savings, and micro-leasing serve as effective financial inclusion interventions enabling poor people, and especially women, to engage in meaningful economic opportunities in low- and middle-income countries. The authors also showed that there was not enough evidence to say that microfinance interventions that target women exclusively were more successful at reducing poverty than those targeting both men and women.

While some have labelled micro-credit as revolutionary and a new paradigm for development, others ponder the real influences of micro-credit. Some have questioned whether or not micro-credit leads to poverty reduction. For example, it has been observed that due to the preference or need for consumption loans by the poor, members are not gaining productive capacities (Mosley & Hulme, 1998). Furthermore, micro-credit has not succeeded in attracting the poorest members of society, thereby bypassing those most in need. The potential of micro-credit, however, is still being explored, and authors have suggested various changes to improve the effectiveness of micro-credit on poverty alleviation (Hulme, &

Rutherford, 2002; Mosley & Hulme, 1998). The evidence with respect to the influence on women's status and well-being is mixed. Some studies have found positive results, including female empowerment and decreased violence against women (Amin, Becker, and Bayes, 1998; Hashemi, Schuler & Rile, 1996). Other studies have cited unintended side effects of microcredit, including increased violence against women, negative peer-pressure linked to loan repayment, and emotional stress of females due to family-related conflicts (Amed & Chowdhury, 2001). The extent of women's empowerment is also unclear, as some authors have found that these initiatives have led to another form of domination over women, through the development of new hierarchies of power (Rahman, 1998). For example, Rahman stated that 60% of husbands were using loans secured by women. This means that even if household income increases and women are gaining new experiences with financial institutions, they are not acquiring new status or power within the family. The conflicting results of micro-credit on women's status and well-being may be attributed, in part, to methodological variations (Kabeer, 2000). Some studies base their findings purely on statistical evidence, while others rely on qualitative approaches. Kabeer(2000)points out that a quantitative survey may determine being addressed, those studies which have found positive influences usually focused on outcomes, while studies finding negative results focused on processes (Kabeer, 2000). Also, the underlying issues being addressed, such as autonomy and empowerment, are not always measured appropriately. Kabeer (2000) promotes a comprehensive approach, which includes the participation of female members in the evaluation process, combined with conceptual clarity and validity of the elements of study. Much of the evidence of the influences of micro-credit in South East Asia has arisen from Bangladesh, where the micro-credit movement originated (Yunus, 1999). In particular, studies have focused on the larger and well-known schemes such as the Grameen Bank. There is, however, a diversity of initiatives across the continent. In India the importance of the Self Help Group (women group) is expected to grow rapidly. NABARD (1999) predicts that by the year 2008, at least one third of the rural population will be covered by one million Women groups (Sivramkrishna & Panigrahi, 2001). The influence of microfinance on income has been observed to be variable. It appears that for the majority of

borrowers income increases are small and even in some cases negative. This is due to the fact that most women invest in existing activities which are low profit and insecure. In addition, women's choices and ability to increase income is constrained by gender inequalities in access to other resources for investment in household responsibility and lack of mobility (Mayoux, 2002). Hence, the presumption that access to credit automatically leads to women empowerment is not often true. This is because women with access to credit are usually unable to gain and maintain control of it. In addition there are additional disadvantages that women face including inability to access information, productive resources and social networks that hinder their access to and control of resources (Mayoux, 2002). As mentioned earlier, access to microfinance, by and large, has a positive economic influence. The influence becomes larger for those closer to the poverty line and it also increases with the duration of membership or intensity of loans as members begin to invest in assets rather than consumption (Morduch & Haley 2001). Microfinance delivery in various points of the world has improved the economic position of households, enhancing the asset base and diversification in to higher return occupations among members.

Aghion and Morduch (2005) observed that microfinance can make a real difference in the lives of those served, but microfinance is neither a panacea nor a magic bullet against poverty, and it cannot be expected to work everywhere and for everyone. Much as there have been mixed statistical impacts of microfinance, there also has been no widely acclaimed study that robustly shows strong impacts, but many studies suggest the possibility of good welfare impact. More research should therefore be directed towards not just specific results but also the context within which particular results are expected. What worked in a particular socio-cultural and economic context may not necessarily work the same if the socio-cultural and economic conditions are changed in another context. This kind of focus for future research will contribute more to knowledge, for the purposes application and policy. It is within this background that this study is conducted. Specifically the study focuses on the impact of microfinance on youth population's income, and future vulnerability to poverty.

There is limited research available on how inclusion of Youth in financial

mainstream is important since other structural factors could be perpetuating the economic marginalization of the poor Youth (Goetz & Gupta, 1996) and thus Youth development, therefore, a study is welcome. In addition, research on assessment on the quality of service offered by SHG, their coordination and assessment of coverage would be first step in poverty alleviation strategy that is specific to adolescent( UNFPA, 2002) of would be wise considering as a key concern.

William and Peters (2008) suggest that it is essential to review the operational characteristics of the business (i.e. barriers, opportunities, and indicators) as a way to evaluate success or at least understand how to attain successful outcomes

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1: Introduction**

This chapter describes the research design, sampling and sampling techniques, data collection methods and analysis of the data. It present generally the method that will be used to collect data and data analysis for this research.

#### **3.2: Research Design**

The research design presents the plan and the structure of how the data was collected and analyzed to meet the research objectives and test Research hypotheses through empirical evidence in an economical manner (Chandrin, 2004). According to Kothari (2004) research design is the arrangement of the conditions for collection and analysis of the raw data with the aim of combining relevance to the research questions and objectives.

The study used descriptive research approach, where survey method was used to collect primary data to help determine whether means difference in socio economic empowerment existed between individual members in funded group and non-funded. This was to assist in understanding the effectiveness of the funding in enhancing individual members socio economic empowerment (White, 2009). The selected non funded must have been those who had applied for funding but did not qualify on selected observable characteristics e.g. group membership, application for funding etc. The purpose of this approach was to explore and examine the causal relationship between members of the funded group and acquisition of individual /personal Socio Economic Empowerment in funded groups.

This quantitative techniques and measures that produce discrete numerical or quantifiable data and help in verifiability measurement of variables (Mugenda & Mugenda, 2003). The descriptive approach used enabled the study to get accurate representation of individuals of funded group as well from the non-funded group members. The individuals in groups were used to get their perception on their socio economic empowerment after joining the group. The perception from individuals

from funded groups was on the effects of group practices on savings /credit; participation in group /community activities, group supportive networks/ systems and training or capacity building among group members and non-funded group members and acquisition of personal empowerment, (Saunders, Goldenberg & Gallimore, 2008).

### **3.3: Population under Study**

Population is a large collection of individuals or objects that is the main focus of the scientific inquiry usually aimed at benefitting from the findings of the study (Castillo, 2009). Population further refer to individuals, events or objects with common characteristics that conform to a given specification that is being investigated (Mugenda & Mugenda, 2003; Hynduman, 2008). The study focused on 3,780 individual members in funded Youth groups under YEDF from 2010 in Embu County. This is underscored by the fact that many groups were and have been formed by youth to access cheap credit since the launch of YEDF in 2005 for investment in either groups or individual ventures (GoK, 2012).

### **3.4: Sampling Frame**

A sampling frame is the list of population from which a sample is drawn (Leary, 2001). It is the source material or device from which list of all elements within a population for the study are drawn (Sandal, Gallimore & Thornhill, 2006). All the individual in funded youth groups under YEDF loan scheme formed the sampling frame from which the representative sample was drawn to determine whether socio economic empowerment occurred being members of a funded Youth group under YEDF model. The Table 3.1 below shows the total individual youth that received loans through the funded youth groups under the scheme and their distribution in the county that formed the sample frame for the research.

**Table 3.1 Groups and Youths funded under YEDF**

Constituency clusters	Total group	No of youth sampled	Total youth under YEDF
Manyatta	77	134	1155
Runyenjes	65	112	975
Gachoka	58	100	870
Siakago	52	90	780
Total	252	438	3780

Source YEDF 2007-2012 status report

### **3.5: Sample and Sampling methods**

The study sampled individual members of funded youth groups from those who had applied for funding. The study used various sampling procedure methods to get the required sample size to enable analysis of the data to make meaningful recommendations and conclusion.

#### **3.5.1: Sample Size**

In this study, a sample was viewed as the subset of the population whose characteristics were true representatives of the entire population of individuals' members in funded youth groups (Leary, 2001). Sampling involved a process of selecting individuals from the funded Youth groups' population to form the sample for study that was analyzed to yield knowledge about the whole population for the purposes of making predictions based on the statistical inferences (Scott & Wild, 1986; Black & Williams, 2004). The study targeted individual with the following observable characteristics of members of group, individual agency like joining a funded Youth group, involved in agricultural and small scale business, self-employed and low income levels. The Study sampled 438 individual youths from funded and non- funded (control group) groups by assuming the Youth population was infinite. Using the formulae (Kothari, 2012), the sample size was calculated as follows

$$n_0 = \frac{z^2 p(q)}{e^2}$$

$$= \frac{(1.96)^2 (0.5)(0.5)}{(0.05)^2}$$

N =384 Youths in groups whilst

Z = Standard variate at 95% confidence level.

P = Proportion of success of Youth who are members of the Group taken at 50 %.(those with desired attributes i.e. members of the groups)

$$q = (1-p)(384 *100/87.7)$$

e = margin or error

n = sample size

However, The study distributed 438 questionnaires to youth in group after adjusting the sample size that correspond to the response rate of 87.5% reported in the field by National Commission for Science, Technology and innovation (2006).Out of which 426 were returned. The Study sampled randomly 192 individual Youth to form Control Group Youth sample, they were drawn from the list of those who had applied for funding but not funded in the county.

If the calculated sample size exceeds 5% of the total population, the formula below could have been used to correct it, to get a sample for the study (Cochran, 1977).

### **3.5.2: Sampling Method**

The study used cluster and simple random sampling method where each member of the Youth population was given equal chance to be selected (Kothari, 2004). In the first step, the Study used disproportionate sampling method to cluster the individuals in funded youth groups' population in the County into four Constituencies, then into wards locations. The second step was to get the required randomly sample 438 respondents from funded and non-funded youth but from the population of individual youth who had applied for funding under YEDF (from the control group) were selected through random sampling.

The disproportionate was used because four constituencies had mixed characteristics

as follows -Manyatta Constituency which is more a cosmopolitan of mixed with rural and urban, host of many other tribes and thus a more heterogeneous highest (a different) sample size, followed by Runyenjes which has higher variability, the Siakago and Gachoka to form four strata as follows

The study had a Total of 64 groups selected from 128 Youth groups that had applied for funding from YEDF from before 2010 to 2013. Third step, the Study used probability sampling (restricted sampling) to get representative sample of 426 individual that was more homogenous to reduce on sampling error (Kothari, 2004)

$n = 438$  individual sampled from youth groups

$$n_1 = \frac{1,155}{3,780} \times 438 = 134 \text{ Youths in Manyatta constituency from 39 groups}$$

$$n_2 = \frac{975}{3,780} \times 438 = 112 \text{ Youths in Runyenjes constituency drawn from 33 groups}$$

$$n_3 = \frac{870}{3,780} \times 438 = 100 \text{ youth in Siakago Constituency picked from 29 groups}$$

$$n_4 = \frac{780}{3,780} \times 438 = 90 \text{ youth from Gachoka constituency picked from 27 groups}$$

The from the sample of the groups, simple random sampling methods was used to drawn up the respondents from each cluster allocation by use of written coded numbers (using serial number on registration sheet) for each member of the group on paper and placing them in box and randomly picking the three in turns to get the required number for each Constituency.

### **3.6: Instrument of the Study**

#### **3.6.1: Questionnaire**

The primary data was collected using structured questionnaires having both closed and some open ended questions. The questionnaire was used because it enables collection of data since respondents are able to provide written answers for analysis (Gall, Gall & Borg, 2007). The questionnaire comprised of background questions about their gender, education, and credit and saving levels. There were structured questions and some dichotomous questions to collect data from respondents the closed questions were based on Likert scale of (1-5 point scale) to measure the

perceived influence of funded group on the individual socio economic empowerment from their interactions in the groups. The scale showed the degree of agreement, performance and empowerment, (1 represents lowest level and 5 highest).

### **3.7: Data Collection Procedure**

The secondary data was collected from the analysis of application forms by youth groups which acted as baseline data and observable characteristics of the participants in the research and control group as counterfactual outcome for comparability of differences in outcomes to enable drawing of causality to funding and members changes in socio-economic empowerment.

The Questionnaires were hand delivered to the respondents by the research assistants trained on the filing requirement. The research assistant were initially taken through the questionnaire on how to fill correctly who in turn explained to respondents on how to fill it during group meeting time.

### **3.8: Pilot Study**

The study conducted Pilot testing as a trial of procedures and instruments of the study. The purpose was to test and detect the problems with the instruments and procedures before to avoid costly mistakes and to enable modification of the instruments and modality of data collection. Pilot testing also helped in enhancing training of the research assistants and review of the instruments and prevent waste of money on the actual survey (Creswell, 2003).The study used the rule that 1% of respondents of 438 to constitute the pilot study test. Six participants from those who had benefited from Under YEDF were selected randomly from Manyata but who were not to participant in the study later (Kvale, 2007) were involved in the pilot testing.

#### **3.8.1: Validity and Reliability**

Validity is the strength of qualitative research; it occurs when the knowledge sought is arrived through descriptions that make possible an understanding of the meaning and enhance experience (Castillo, 2009). Credible inferences are made only when procedures and instruments of the research are reliable and consistent. This is

possible through obtaining data from different sources, proper documentation, being careful and taking more time in the field and use of external reviews, audit and triangulation of the information to provide additional insight into the study (Creswell, 2003).

### **3.8.2: Reliability**

Reliability of measurement is the degree to which a particular measuring procedure gives corresponding results over a number of repeated trials (Kothari, 2003). Bell (1993) noted that pre-testing instruments is a good way to check for reliability of the data collection instruments. As such it was necessary to conduct pre-testing of the quantitative tools before field work for the main study. This study applied 32 Cronbach's alpha to verify reliability of the questionnaire. Cronbach's alpha is a correlation coefficient which is computed by splitting the measurement tool into two and then comparing scores of the two halves from respondents. A tool with an alpha statistic of at least 0.7 is considered as reliable. The questionnaire for this study established a Cronbach's split-half statistic of 0.79 which indicates that the findings conform to high levels of reliability.

The following was be used to determine reliability of the data

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N - 1) \cdot \bar{c}}$$

Where;

N = The number of items

c = The average inter-item covariance among the items

v = The average variance

### **3.9.: Data Processing and Analysis**

The study carried out data processing and analysis process to have ordered and organized to enable extraction of useful information for interpretation and conclusion (Gall, Gall & Borg, 2007).

### **3.9.1: Data Processing**

Editing of the collected raw data was done to detect errors omission and make corrections where possible, by scrutinizing the completed questionnaire to facilitate coding and tabulation. Coding was done by assigning numerical and symbols so that responses can be put into limited number of categories or classes that possess characteristics of exhaustiveness i.e. a class for every data item was formed (Kothari, 2004). Classification was done in order to reduce the data collected into homogeneous groups to help detect relationship between access to credit/saving to members', group support system, training on business skills and active participation in group activities and the various indicators of economic and social empowerment which is the dependent variable. Classification according to class interval was being done on numerical characteristics (statistics of variables) i.e. data on income, self-confidence, skills acquired and savings among Youths (Kothari, 2004).

Tabulation would entail summarizing the raw data into compact table for further analysis i.e. into columns and rows to enable conservation of space and reduce explanatory and descriptive statement to minimum, comparison, summation of items and detection of errors and omissions and lastly provide basis for various statistical computations. The presentation is on two-way tables showing inter-related characteristics of data what would be called cross tabulation (Kothari, 2004).

### **3.9.2: Data Analysis**

The Study used descriptive statistics such as mean and standard deviation and inferential statistics from statistical packages for social sciences (SPSS) to study the variability and mean differences of variables among funded youth groups (Kothari, 2004). This information was then presented in form of tables.

### **3.9.3: Descriptive Analysis**

The descriptive was used enabled the study to get accurate representation by funded group members as well as non-funded group members on their perception of the development of their individual socio economic empowerment. The study used the data to determine frequencies and central tendency such as the means, standard deviations and variances of these attributes and associations through analysis of the data and cross tabulations (Kothari, 2004).

### 3.9.4: Inferential Analysis

Inferential statistical analysis was done using T-test, paired t-tests, correlation and regression analysis to determine whether there is significant mean differences in individual member's socio economic empowerment between before and after for the funded and non - funded Youth groups due to treatment (group funding or not) to reject or not reject null hypothesis and to enable drawing up the conclusion and making recommendations.

### 3.9.5: Comparison between funded and non-funded groups

In order to make the comparisons, the researcher decided to work with the gap index (difference between the measured index after joining the group and the same measured index before joining the youth group). One sample t-test was used to test whether the mean index was significantly different from zero. If the mean gap index is zero, it implied that the before and after measurements are not significantly different. The null hypothesis is;

$H_0: \mu_1 - \mu_2 = 0$  with  $(n-1)$  degrees of freedom.

The study used independent samples T-tests to determine whether there was significant mean difference between the funded and non-funded populations. The study therefore compared population means for funded groups and non- funded gap index in order to determine whether the change was the same across the groups.

Assumptions of the data to be analyzed under T-test were;

- i. Dependent variable is normally distributed
- ii. Two groups have approximately equal variance at the dependent variable.  
Distribution of the dependent variable of one of the group being compared to if they have the same variance (Homogeneity of variance).

The following formulae was used 
$$t = \frac{(\bar{x}_1 - \bar{x}_2) - (m_1 - m_2)}{\sqrt{sp^2 \left( \frac{1}{n_1} + \frac{1}{n_2} \right)}}$$
 which has  $n_1 - n_2 - 2$

degrees of freedom with 
$$sp = \frac{(n_1 - 1)s_1^2 + (n_2 - 1)s_2^2}{n_1 + n_2 - 2}$$
 and  $s_1^2, s_2^2$  are the variances of group 1 (funded) and 2(non-funded) respectively.

### 3.9.6: Regression Analysis Model

The Study used Regression analysis to get the values ( slope) of the independent variable (X) and individual member's socio economic empowerment dependent variable (Y) as a function of (X).The regression line assisted study in its ability to predict the values of socio economic empowerment (Y) as function of each independent variable. Regression was used because it possible to present the results economically by focusing on just key variables for each of the predictor. The intercept convey the level of mean of socio economic empowerment (Y) (Kothari, 2012). The models used were;-

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon \quad \text{where } (1=1,2,3,4,\dots\dots\dots \dots)(I)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_z Z + \varepsilon$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_z Z + \beta_i X_{iz} Z + \varepsilon$$

where

Y = Observed Socio-economic empowerment

X<sub>1</sub> = Access to credit

X<sub>2</sub> = Capacity building

X<sub>3</sub> = Participation in group's activities

X<sub>4</sub> = Group support systems

Z = Group funding (Moderating variable)

$\varepsilon$  = Random error term.

### 3.10: Hypotheses testing

In order to measure the effect of study variables on individual empowerment (Y), the regression model coefficients were used. The null hypothesis H<sub>0</sub>:  $\beta_1 = 0$  (i=1, 2, 3, 4) were tested. The rejection (whenever  $p < 0.05$ ) of the hypothesis implied that the variable  $X_i$  was a significant predictor of Y. The direction of the effect was determined by the sign of the coefficient.

## CHAPTER FOUR

### DATA ANALYSIS, FINDINGS AND DISCUSSION

#### 4.1: Introduction

This chapter presents the actual findings derived from the analysis of data and interview guide and linking them to the objectives of the study. After field work, the data was prepared for analysis by verification of respondents data by editing and coding for Statistical analysis using Independent sample t- test, one sample t-test and linear and multiple regression analysis generated using Statistical Package for Social Sciences (SPSS version 16.0).

The study used one sample t-test, Independent sample t-test and regression analysis. The tests were to test the research hypotheses intended to determine whether there was statistically significant influence between the study independent variables and the individual member's socio-economic empowerment (dependent variable) after joining funded youth group. The groups were funded by Youth Enterprise Development fund (YEDF). The variables were access to credit, business capacity building, participation in group activities and group support system. Attempts are made to explain why the findings were the way they were and to what extent the findings were consistent with or contrary to past empirical findings and other theoretical arguments advanced on Funding in groups and its relationship with individual socio-economic empowerment. The discussions of the findings were guided by objectives of the study.

#### 4.2: Response Rate

Study by National Commission for Science, Technology and innovation (NACOSTI) (2006) reported a response rate of 87.5%. On this basis the researcher adjusted the number of questionnaires to  $(384 * 100 / 87.5) = 438$  questionnaires. The researcher then distributed 438 questionnaires to individual in youth groups, out of which 426 were returned for analysis. This gave a response rate of 97.3%. Bailey (2000) rates response rate of over 70% as very good. Based on this assertion, response rate of 97.3% is very good.

### 4.3: Descriptive Statistics on Demographic Characteristics

The study used descriptive statistics to provide concise summary by describing features of the data using means and standard deviation to enable simple interpretations of the data (Kothari, 2013).The presentation was done in table form.

**Table 4.1: Respondents' Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Female	175	40.8
Male	254	59.2
<b>Total</b>	<b>429</b>	<b>100.0</b>

The findings in Table 4.1 above indicate that the majority (59.2%) of individuals' were males and 40.8% female. This shows that females were almost half males.

#### 4.3.1: Education level of Respondents

The respondents were asked statement on their highest level of education. This was to ascertain whether they were knowledgeable and skilled or have the capacity to manage group processes for achievement of group objectives and thus influence the achievement of socio economic empowerment.

**Table 4.2: Respondents' Education level**

<b>Education level</b>	<b>Frequency</b>	<b>Percent</b>
Standard 8 and below	45	11.1
Secondary education	243	59.9
Secondary dropout	60	14.8
College	58	14.3
<b>Total</b>	<b>406</b>	<b>100.0</b>

The results in Table 4.2 shows that majority (59.9%) of individuals in youth groups had secondary education; secondary dropout were 14.1%, and standard eight and below were 11.1%.The findings shows proportion of members with class eight and below was low but nevertheless it can to some extent affect individual socio economic empowerment process and thus the level of individual empowerment outcome.

### 4.3.2: The age of Respondents

The respondents were asked state their age on their highest level of education to determine the ages of youth who make up the youth group. This assists in relating the age and the individual socio economic empowerment in a group process.

**Table 4.3: Respondents' Age**

<b>Respondents age</b>	<b>Frequency</b>	<b>Percent</b>
Below 18 yrs	21	4.9
18-24 yrs	102	23.9
25-29 yrs	178	41.8
30-35 yrs	125	29.3
<b>Total</b>	<b>426</b>	<b>100.0</b>

The findings on respondents' age in Table 4.3 indicate that Majority (41.8%) of the individual in youth groups aged 25-29 years, while 30-35 years were 29.3%. This implies majorities (95.0%) of respondents were within the age bracket of youth. Those below 18 years were 4.4% which indicate that many Youth are still facing challenges of completing their education thus groups providing the social support system for individual empowerment.

### 4.3.3: Respondents' reasons for joining groups

The study asked respondents to indicate their perception on why they joined the group statements. The aim was to find out the motive of joining the group as it act as drive/agency for individual empowerment.

**Table 4.4: Respondents' reasons for Joining Groups**

<b>Reasons for joining groups</b>	<b>Responses</b>	<b>Percent of Cases</b>
To save	230	57.4%
Solve common community problems	72	18.0%
Raise status in the society	116	28.9%
Access credit	147	36.7%
Raise income for a startup business	104	25.9%
To repay debts	36	9.0%
To feel connected with other Youths	16	4.0%

The finding on the reasons of joining group are indicated in the Table 4.4 which shows 57.4% of the individual in youth groups joined respective groups to save followed by 36.7% access to credit; to get connected were 4.0% and 9.0% paying debts. These findings indicate that quite a good number have high motivation to save /drive to change their socio economic status possibly because they are aware of the relationship between saving and good future well- being as critical. This is in support of postulation that SHG is now widely accepted development strategy as they are perceived as powerful vehicle for promotion of microcredit it can expand material resource choices thus enhancing opportunities among poor participants (Chen, Jhabvale, Kanbur &Richard, 2007).

It is worth noting from the findings that 9.0% of individual's in youth groups were indebted. 18% of these individuals joined group for solving community problem. This implies that only few Youth joined the groups for the purposes of solving community problems. The study findings are corroborated by the study of self-help groups in Hong-Kong that conjectured that SHG are still in the early stage of development where most groups devote their energy and resource to helping members cope with their personal problem with low impact on solving social community problems.

#### **4.4: Descriptive statistics of study variables**

In this section, the study provides descriptive statistics for the study variables showing what respondents' perception was to various statements under each of the study variable. The aim is to enable drawing up of simple interpretations.

##### **4.4.1: Access to Credit Variable**

The first objective of the study was to determine whether access to credit in group influences individual member's socio economic empowerment. This is because numerous researches on self-help groups postulate that SHG offer a way out of the predicament of collateral, physical access and too much documentation which reduced the ability of formal institutions to serve the poor. The researcher put forward statements on socio economic empowerment on access to credit to determine whether funded group influenced individual members' socio economic empowerment.

**Table 4.5 Respondents Sources of Funding**

<b>Source of funding</b>	<b>N</b>	<b>Percent</b>
Loan from Youth fund	148	43.5%
Bank loan	67	19.7%
Grant e.g. NACC	18	5.3%
Group savings	172	50.6%
Personal savings	149	43.8%
Family members	25	7.4%
<b>Total</b>	<b>579</b>	<b>100%</b>

*N = No of youth*

The findings in Table 4.5 indicates that Youth groups and personal saving were the main source of loans for individuals in youth groups as indicated by 50.6% and 43.8% respectively. This implies that members' saving forms a common fund for SHGs that forms a lendable resource (capital asset) accessed by members; Youth fund loans stand at 43.5%; Loans from banks among Youth are very low (19.7%). This findings indicate that Youth group member access much of their credit from internal saving from the groups. Implying that Youth in groups can save which forms a capital base for onwards lending to members to them make important investments in their businesses and being able to meet most of their needs for credit. This is in concurrence with study in India that groups meet their credit needs internally (70% of the groups) though the demand for credit exceeds their savings (Rutherford, 2000).

#### **4.4.1.1: Respondents on how they spent their Loan**

The statement on how Youth in groups spent their loan was aimed at determining knowing how individual Youth used their credit. This was to help determine whether the spending of the loan has an influence to individual member's socio-economic empowerment.

**Table 4.6: Responses on how Loan was spent**

<b>How loan was spent</b>	<b>N</b>	<b>Percent</b>
Invested in business	160	71.4%
Used to pay college or school fees	41	18.3%
Paid hospital bills	24	10.7%
Buy household goods ( sufurias, bicycle etc)	14	6.2%
Ploughed back to business to grow it	59	26.3%
<b>Total</b>	<b>298</b>	<b>100.0%</b>

*N = No of youth*

The findings in Table 4.6 indicate that majority (71.5%) of individuals in youth groups invested their loan in business; 26.3% ploughed back in business; and 6.6% used in buying household goods this is in supported by the study by Mayoux, (2000) that indicated approximately 78% of total loans approved in the village are actually used for different purposes than sanctioned by the project.

#### **4.4.1.2: Respondents' Asset Value**

The respondents were asked to indicate the value of their assets since joining the funded groups. This to enable the researcher determines whether accessing credit in funded group influence increase in assets among group members.

**Table 4.7 Respondents' Assets Value**

<b>Asset value</b>	<b>N</b>	<b>Maximum Kshs</b>	<b>Mean Kshs</b>
Value in 2007	17	200000.00	38123.56
Value in 2008	17	800000.00	54782.45
Value in 2009	22	200000.00	31129.54
Value in 2010	53	1200000.00	79258.56
Value in 2011	109	820000.00	68454.17
Value in 2012	161	2500000.00	114119.67
Value in 2013	141	675000.00	59180.16
Value in 2014	98	580000.00	65698.67

- *The currency is Kenyan shillings at exchange rate of 102/Dollar at the time, August 2015. N = No of youth*

The results output in Table 4.7 on value of assets among the respondents indicate that highest asset mean value was in 2012 (Kshs. 2500, 000.0) compared to mean of Kshs. 200,000 in 2007. The results shows an increasing buildup of assets as confirmed by a rise in mean assets value from 2007 of Kshs 38,123.5 in 2007 to a

highest mean of Kshs 114,119.6 in 2012. This study finding are consistent with World Bank study in Bangladesh that 10 per cent increase in borrowing had led to an increase in women's non-land assets, 2 per cent increase for loans from the Grameen Bank and 1.2 per cent for loans from the Bangladesh Rural Advancement Committee (BRAC) (World Bank, 1998).

**Table 4.8: Group Statistics on Asset Value from 2007 to 2014 between funded and Non-funded Groups**

<b>Assets value</b>	<b>Funding</b>	<b>N</b>	<b>M ( Ksh)</b>	<b>SD</b>
Value in 2007	Non-Funded	2	11500.07	9192.43
	Funded	15	41673.34	58407.06
Value in 2008	Non-funded	2	9000.07	8485.33
	Funded	15	60886.77	204570.84
Value in 2009	Non-Funded	8	40287.53	68090.56
	Funded	14	25896.43	32804.16
Value in 2010	Non-Funded	19	146784.22	323530.24
	Funded	34	41523.60	66125.36
Value in 2011	Non-Funded	41	88261.03	159001.76
	Funded	68	56511.82	109934.08
Value in 2012	Non-Funded	72	132521.53	340109.65
	Funded	89	99232.62	154568.33
Value in 2013	Non-Funded	48	28911.52	36206.07
	Funded	93	74802.99	109751.67
Value in 2014	Non-Funded	31	23117.73	38774.63
	Funded	67	85400.083	117698.77

\* The currency is Kenyan shillings at exchange rate of 102/Dollar at the time, August – February 2016; M = Mean asset, SD= standard deviation; \* Non-funded stand for non-funded youth individual; \* YEDF funded for youth individuals; N= No of youth

The study further wanted to find how assets build up were between the funded and non- funded individuals. The finding in Table 4.8 indicates a mixed result among respondents as indicated by the mean assets value among the funded and non-funded individual. In the years 2007, 2008, 2013 and 2014 the funded had higher mean asset value (2007:M = 41,673.3); (2008:M = 60,886.7); (2013: M = 74802.9) and (2014: M = 85,400.0) than non-funded groups (2007 ;M = 11,500,SD = 9192); (2008; M = 9,000.07).However, the non-funded had higher asset value means for the years 2009,2010and 2012 (2009: M = 40,287.5); (2011: M = 146,784.2); (2012: M = 132521.5) were higher than the funded individuals .The plausible reason would be that the non-funded remained focused on regular groups functions of lending and saving unlike their counterpart who are funded who had to deal with repayment of

the YEDF loans which might have disrupted their normal group functioning. The findings are consistent with study by Hulmes (2000) who admitted that the overriding concern with repayment rates may put further pressure on groups and possibly exclude those likely to experience greatest benefit. Care(2012) advances the same thoughts by pointing out that in some entrepreneurial projects some Youth may find themselves trapped in debts because their business did not do well which then may affect their assets base.

#### **4.4.1.3: Perception on Access to Credit in Group**

Respondents were asked to indicate the extent to which they agreed to the nine statements of the variables covering on asset value, incomes and loan repayment of Youth members identified from the survey of literature. The measurement was on likert scale and scores assigned for positive statement as follows 5 was the highest score was given to strongly agree and 1 the lowest score to strongly disagree statements and vice versa for negative statements. The responses are as shown in the Table 4.9.

**Table 4.9: Respondents Perception on Access to Credit Items**

	<b>Strongly disagree %</b>	<b>Disagree %</b>	<b>Neutral %</b>	<b>Agree%</b>	<b>Strongly agree%</b>	<b>M</b>	<b>S.D</b>
Assets number or its value level has increased	23.6	33.0	5.3	31.7	6.3	2.40	1.10
Before							
After	1.2	.7	26.3	3.9	67.8	4.57	.73
Savings level has been increasing	25.3	31.6	7.3	31.8	4.0	2.35	1.06
Before							
After	2.2	.7	23.8	5.4	67.9	4.53	.82
Access to credit level has increased	30.0	32.3	4.1	28.9	4.7	2.23	1.07
Before							
After	3.5	1.5	24.6	6.5	63.8	4.43	.94
Income levels improved	30.0	30.6	5.1	27.9	6.4	2.30	1.15
Before							
After	6.8	1.8	25.0	5.8	60.6	4.31	1.12
Access to credit amount did not improve	25.1	18.0	15.0	21.6	20.3	2.86	1.46
Before							
After	25.8	15.2	11.9	6.6	40.7	3.24	1.69
Loan management repayment confidence improved	27.5	28.1	3.9	31.9	8.6	2.40	1.19
Before							
After	9.6	3.8	21.8	8.4	56.3	4.10	1.28
Helped to open a savings account	29.1	29.9	5.7	27.0	8.3	2.38	1.21
Before							
After	11.0	3.8	22.7	5.9	56.6	4.09	1.33
Loan repayment left me worse off economically	33.1	17.8	7.8	30.5	10.9	2.46	1.31
Before							
After	29.6	12.2	10.4	12.9	34.9	3.07	1.67

\*M = Mean; SD = Standard Deviation

The results output in Table 4.9 indicate that majority (71.7% ) of the respondent were in agreement with item on assets number increased (Mean difference = 2.17) after access to credit.

In a youth group; 73.3% agreed savings increased (Mean difference = 2.18) after access to credit in a youth group; 64.9% agreed with the statement that loan management improved their confidence (Mean difference = 1.7) after access to credit; 66.4% indicated income increased (Mean difference = 2.01) after access to credit; 48.5% agreed that access to credit increased (Mean difference = 2.20) after access to credit. Generally, these findings can be linked to findings that Self-help groups through microcredit have an important role in lessening the vulnerability of poor by creating assets, income and consumption smoothing, providing emergency assistance, and empowering and making women confident by giving them control over assets and increased self-esteem and knowledge (Zaman, 2001).

In addition to another study of the World Bank that found out that a 10 per cent increase in borrowing led to an increase in women's non-land assets by 2 per cent for loans from the Grameen Bank and 1.2 per cent for loans from the Bangladesh Rural Advancement Committee (BRAC) (World Bank, 1998).

However, 55.3% indicated that loan repayment left them worse off economically (mean difference = 0.61) consistent to Care (2012) which pointed out that in some entrepreneurial projects some Youth found themselves trapped in debts because their business did not do well.

#### **4.4.2: Business Capacity Building**

The second objective of the study was to determine whether business capacity building in youth group influences individual member's socio economic empowerment. Various studies have alluded that capacity building in a range of related support activities for SHGs is widely accepted as a way of community empowerment.

It can also be seen as a process that induce, or set in motion, multi-level change in individuals, groups, organizations and systems seeking to strengthen the self-

adaptive capabilities of people and organizations so that they can respond and adapt to a changing environment on an ongoing basis (Morrison, 2001).

#### **4.4.2.1: Respondents' Areas of Capacity Building**

The respondents were asked to indicate areas of business capacity building. This was to ascertain the areas Individual in Youth groups were trained on during capacity building in order to know whether they were able to acquire skills necessary to empower themselves socially and economically. This is in support to findings by Jupp (2000) that training is fundamentally important human resource development, since if more Youth are trained effectively in groups' would increases individual and group effectiveness as well as personal choices.

**Table 4.10: Respondents' Areas of Capacity Building**

<b>Areas of Training</b>	<b>N</b>	<b>Percent of Cases</b>
Entrepreneurship	134	53.2%
Group dynamic	90	35.7%
Book keeping	71	28.2%
Loan application	48	19.0%
Business management	56	22.2%
HIV/AIDs	50	19.8%
<b>Total</b>	<b>449</b>	<b>178.2%</b>

*N = No of youth*

The findings on table 4.10 on business capacity building indicates that 53.2% of individual in youth groups were trained on entrepreneurship; 35.75% on group dynamics and HIV accounted for 19.2%; Loan application and business management had 19% and 22% respectively though critical for effective group performance thus empowerment process. The findings are in concurrence to other studies that the three major features of innovators and entrepreneurs are their knowledge, skills and attitudes. This is in concurrence with the study by Myka (2012) that posit that financial literacy training, access to secure savings and start up loans can set up positive financial management habits, build assets and launch a relative income generating enterprise.

#### **4.4.2.2: Perception on Business Capacity Building**

Respondents were asked to indicate the extent to which they agreed to the given statements on the study variable covering increase in skills, know bank processes, develop leadership skills, increase political asset participation and improve self-control and being myself Youth were identified from the survey of literature. The measurement was on likert scale and scores assigned as follows 5 the highest score to strongly agree and the 1 as the lowest score to strongly disagree for positive statements and vice versa for negative statements. The responses are as shown in Table 4.11.

**Table 4.11: Perception Responses on Variable Business Capacity Building Items**

Item	Strongly disagree%	Disagree %	Neutral %	Agree %	Strongly agree %	M	SD
Business capacity building has increased my skills	18.5	10.8	15.3	16.3	39.1	3.57	1.53
Before							
After	24.3	19.5	10.4	22.0	23.8	2.92	1.49
Participation in funded group activities enabled me to know bank processes	20.9	8.8	16.3	16.8	37.2	3.39	1.55
Before							
After	24.0	20.7	11.6	21.4	22.2	2.90	1.48
Participation in community programs enabled me to develop leadership skills	14.8	10.3	16.1	16.3	42.5	3.60	1.48
Before							
After	20.0	20.5	11.5	22.1	25.9	3.03	1.47
Participation in community development projects increased political participation	17.6	8.7	16.4	20.7	36.6	3.41	1.49
Before							
After	18.6	16.0	10.0	29.7	25.7	3.09	1.43
Skills acquired during training programs improved self-control and being myself	15.8	8.8	18.5	14.2	42.8	3.64	1.48
Before							
After	17.5	17.7	12.3	23.1	29.3	3.19	1.45

\*M = Mean; SD = Standard Deviation

The findings in Table 4.11 shows responses on items of business capacity building;

where, 43% individual in youth groups were in agreement that their skills increased after joining funded groups against 55.5% who disagreed, giving a negative mean difference ( $-0.65$ ); Item of business capacity building enabled me know back process after joining the groups, 55.4% disagreed with the statement against 43.6% who were in agreement, giving a negative mean difference ( $-0.49$ ); item on business capacity building increased leadership skills, 58.9% were in disagreement against 47% who were in agreement to give a negative mean difference ( $-0.57$ ); item on business skills increased political participation, 57.4% were in disagreement against 41.6% who were in agreement to give a negative mean difference ( $-0.32$ ). The findings indicate that all other items on business capacity building response were a decrease in socio economic empowerment. This is in line with study in Tanzania and Mali by Care (2012) that the training does not address adequately the young entrepreneur's mindset. The study further went to point out that training in business creation to young people is beneficial and but not enough to create a sustainable enterprise or an indicator of despondency among Youth who had lost interest or confidence in the training due to inadequate training packages and support services. Study by Care(2012) alludes to aspirations and visions of young people as evolving ,thus specific factors for progress in Youth empowerment will differ contextually and across different groups and therefore need to have tailored training (Care, 2012). Anderson-Macdonald(2015) points out that lack of sustained impacts of building entrepreneurs' business skills could (in part) be due to interventions providing general business skills to a mixed group of subsistence and growth-oriented entrepreneurs over a relatively short period of time who given the chance, they would prefer to be employed. Providing training to such individuals may be somewhat of a lost cause, resulting in little or no improvements in business performance over time. Recent analysis in the United Kingdom found a positive association between current training measures and historic performance, but no clear association between current training and subsequent performance. The implication is that prior performance may generate the resources to undertake training, but that it is difficult to assert that training expenditure enhances future performance (Cosh, Duncan& Hugler, 1998).

#### 4.4.3: Participation in Group Activities

The third objective of the study was to determine whether participation in group activities influences individual member's socio economic empowerment.

##### 4.4.3.1: Issues liked by respondents during participation in group activities

The researcher asked respondents statements on the issues they liked most when participating in group activities to ascertain whether these discussions influences individual members socio economic empowerment consistent with study by Putman,1993 posit that besides, regular, public association of members of groups have been credited with mobilizing a community's social capital (Putnam, 1993). Such community interaction encourages participants and enhances participants' taste for collective benefits (Putnam, 2000). In addition to this peer support, the joint group participation, especially in income generating projects, provides opportunity to learn new skills, whilst developing cooperation, trust, respect, and deriving an increased income (Janssens, 2010 & Swain & Wallentin, 2009).

**Table 4.12: Responses on Participation in Group activities**

<b>Issues liked most</b>	<b>N</b>	<b>Percent</b>
Developed solidarity among us	133	43.4%
Provided me with opportunity to lead	110	35.8%
I felt connected to the community	115	37.5%
Raised political awareness	62	20.2%
Improved community service	30	9.8%
Improved my self-confidence	83	27.0%

N = No of youth

The results output in Table 4.12 indicate that majority (43.4%) of individual in youth groups liked the issue of solidarity among themselves; while 37.5% liked the feeling of being connected; 35% opportunity to lead; Improving community service was 9.8% and political awareness 20.2%.This shows that members of the groups are dealing with basic issues of solidarity meaning that funded Youth groups are still in early stage of development in concurrence to the study done in Hong Kong that most

groups devote their energy and resources to helping members cope with their personal problems, while imparting on social policy is not seen as their priority. Other studies say building of the group cooperation and solidarity in nonfinancial activities which can be seen as a must to reinforce the group cohesion (Nylund, 2000; Mok, 2001).

#### 4.4.3.2: Respondents' Sources of Water

Respondents were asked to indicate their water sources before and after joining the group in order to know whether there has been a change from where they drew their water in support to research done by (Nylund, 2000 & Mok, 2001) indicated that self-help group activities empower members to cope with problems and stresses, and they also empower members in their relations with the organizations that serve them and where they live.

**Table 4.13: Respondents' Source of Water before 2010**

	Water source	Frequency	Percent
Water source before joining group	Dam	81	21.7
	Stream(fetching)	59	15.8
	Well/spring	42	11.3
	Piped water	183	49.1
	Harvested rainwater	8	2.1
	<b>Total</b>	<b>373</b>	<b>100.0</b>
source after joining group	Dam	43	10.5
	Stream(fetching)	21	5.1
	Well/spring	33	8.0
	Piped water	258	62.9
	Harvested rainwater	54	13.2
	Well/spring and piped water	1	.2
	<b>Total</b>	<b>410</b>	<b>100.0</b>

The results output in Table 4.14 indicate a big shift in the number of individual in youth groups using piped water before 2010 from 49.1% to 62.9% after joining groups indicating an increase of +13.85. The findings also shows a significant drop in the number of respondents fetching water from the dam 21.7% before 2010 to 10.5% an indicator of well-being of individual after joining the groups and thus an increase in socio economic empowerment. These findings are in concurrence with

Jeranabi (2008) assertion that SHG increases socio-economic empowerment by increasing assets and improved well-being of a family.

#### **4.4.3.3: Perception on Participation in Groups' activities**

Respondents were asked to indicate the extent to which they agreed to the given statements on the five items on Participation in Group activities which covered areas on individual's self-esteem, leadership skills, and public speaking abilities and identified from the survey of literature. The members' perception were measured on likert scale where the responses were assigned scores as follows 5 the highest score given to strongly agree and 1 the lowest score to strongly disagree positive statements and vice versa for negative statements. The responses are as shown in the Table 4.14.

**Table 4.14: Statements on Participation in Funded Group's Activities**

Item	Strongly disagree%	Disagree%	Neutral %	Agree %	Strongly agree %	M	SD
Increased self-confidence, esteem and efficacy	22.2	23.0	3.9	41.0	9.9	2.52	1.19
Before							
After	4.1	3.0	23.1	4.6	65.2	4.44	.96
Developed speaking in public abilities	22.7	24.2	5.9	37.9	9.3	2.58	1.17
Before							
After	5.3	3.5	23.6	5.5	62.2	4.42	1.00
Acquired leadership skills	22.0	21.2	5.9	41.3	9.6	2.55	1.17
Before							
After	5.5	4.8	22.6	10.6	56.5	4.32	1.09
Feeling of being in control of one's life	23.2	20.4	5.1	38.2	13.2	2.61	1.17
Before							
After	4.0	2.5	24.9	4.3	64.2	4.19	1.14
Improved decision making in family, peers, group and community	25.3	19.2	5.9	36.8	12.8		
Before	4.3	2.0	23.6	4.1	66.0	2.60	1.02
After						4.44	.99

\*M = Mean; SD = Standard Deviation

The findings in Table 4.14 indicate perception of individuals in youth groups on various items on participation in group activities items. The results show that 69.8% agreed with the statement that participation in group activities increased self-confidence (Mean difference = 1.92); on the item developed public speaking skills, 67.7% were in agreement that they developed public speaking abilities (Mean difference = 1.84); 67.1% of respondents were in agreement with the statement that participation in group activities enabled acquire leadership skills (Mean difference

=1.77); 68.5% agreed with the statement that participation in group activities enabled them develop a feeling of being in control of one's life (Mean difference = 1.58 ); 70.1% of respondents agreed to the statement that Participation in Group activities improved their ability to make decision among peers, family and in groups (Mean difference = 1.84). The findings are supported by interview results expressed by group leaders that through participation in group activities they were exposed to opportunities to learn leadership skills, developed connection with important personality and learning new skills. In short, the findings on items on Participation in Group activities show increase in individual member's socio economic empowerment of members since majority of the respondents were in agreement with statements that their empowerment increased. This is supported of the study by Ibrahim (2006) that found that 56 percent of self-help group members were involved in community social action programmes. He also found that the enhanced empowerment felt by members enabled them make significant transformations within their community, ultimately with the support of men and elected representatives. In support to the above assertion another study on Self-help group members found out that SHG normally gave close attention to issues that might have detrimental impact on the broader community indicating that the strength of their bonding, trust in each other, peer association and the empowered voice that they feel will provide them with a platform to challenge the status quo (Ibrahim 2006; Janssens 2010; Sanyal, 2009).

#### **4.4.4: Group Support System**

The fourth objective of the study was to determine whether group support system of youth groups influence individual member's socio economic empowerment Studies by Maton and Salem (1995) found that the reason why groups are so empowering is because they have a belief system that inspires growth; an opportunity for role structure that is pervasive, highly accessible and multi-functional; a support system that is encompassing, peer- based, and cohesive; and leadership that is inspiring, talented and shared. The concept of social capital is central to social inclusion agenda

as it is understood as a way of building empowerment, well-being and community development toward an improved civil society (Skinner et al. 2008).

#### 4.4.4.1: Respondents' majority of their friends

Respondents were asked to respond to statements on who formed their friends for the researcher to know the influence and scope of friends as a results of participating in funded groups in regard to development of network of friends consistent to the study that posited credit not only provide Youth opportunity to save and access credit it has other purposes .These purposes include the potential development and expansion of social capital notions of trust, bonding and networks which possibly provide the foundation for positive collective action by the group on a range of other issues of interest to the community ( World Bank, 2009).

**Table 4.15 Responses on who forms Majority Friends**

<b>Who forms majority social friends group</b>	<b>N</b>	<b>Percent of Cases</b>
Group members	199	47.6%
Old school mates	130	31.1%
Village mates	185	44.3%
Networks of friends made from business associates	90	21.5%
Contacts made from group activities	80	19.1%
<b>Total</b>	<b>684</b>	<b>100%</b>

*N = No of youth*

The findings in the Table 4.15 indicate that 47.6% of individual in youth groups friends were from group members; 21.5% from business associate. However, 31.1% were village mate, implying that a significant numbers of friends among individuals of funded groups are from the villages where the businesses are located. These findings underscore that for the Youth from funded group from friends from groups and contact formed during business activities and outside their group member's cycles an indicator of development of social capital that is critical for socio-economic empowerment. This evidence is supported by a study that groups are

important in formation of peer structure for personal commitment that is critical for formation of social capital in communities from the group ties and contacts from business activities (Jeranabi, 2008).

#### 4.4.4.2: Loan repayment Attribute

Respondents were asked to state to what they attributed their loan repayment to in order for the researcher to know the various dynamic that influence group members decisions on repayment and the subsequent individual socio economic empowerment. This is in line with research done earlier that asserted that members making regular weekly contributions of equal amounts to a joint account and contribute to repaying the loan commitments of the group. They also gain access to additional loan, meaning more access to monies for their own use much earlier than they would if they acted independently (Anderson et al. 2001).The responses assisted the researcher to know whether group processes play any role in influencing group's performance and the influence to individual socio economic empowerment outcomes. This finding too is in conformity with the postulation that Social capital is enhanced through people employing both functioning and capabilities in Self-help groups within a framework of trust and inclusion, resulting in closer bonding and reciprocal arrangements that bring benefits to all members (Ibrahim 2006).

**Table 4.16: Respondents Loan Attribute of Loan Repayment**

<b>Loan repayment attribute</b>	<b>N</b>	<b>Percent</b>
Strong group ties norms and honesty	106	26.4%
Pressure from family members	69	17.2%
Pressure from government officials	35	8.7%
Rules and regulations governing group and loan conduct	87	21.6%
Need to finish and acquire a new loan	105	26.1%
<b>Total</b>	<b>402</b>	<b>100.0%</b>

*N = No of youth*

The results output in Table 4.16 indicate that majority (26.4%) of individuals in youth groups attributed loan their repayment abilities to strong group ties and norms

and honesty; 26% acquire new loan as main factors influencing repayment an important indicator of social capital critical in empowerment process ;21.6% to rules and regulation governing groups and loan conduct; 8.7% to pressure from Government was the least significant primarily because groups' functions depend on trust and honesty and other social interaction based on mutual understanding among member.

#### **4.4.4.3: Perception on Group support system**

Respondents were asked to indicate the extent to which they agreed to the given statement on the five items on group support system covering aspects on development of peer networks, access to microcredit, sense of trust, being valued by fellow Youth, sharing experience and living a healthy lifestyle identified from the survey of literature. The measurement was on likert scale and scores assigned 5 highest score was given to strongly agree and 1 the lowest score to strongly disagree positive statements and vice versa to negative statements. The responses are as shown in the table 4.17 that follows.

**Table 4.17: Group Support System Responses**

Item	Strongly disagree%	Neutral%	Agree%	Strongly agree %	M	SD
Increased development of peer networks	23.3	5.3	31.2	12.4	2.57	1.25
Before						
After	9.7	26.5	9.7	49.6	4.01	1.28
Friend support increased access to microcredit and other empowering information	27.0	5.6	35.3	9.1	2.46	1.21
Before						
After	4.8	22.5	8.1	62.6	4.33	1.07
Increased sense of trust among peers	24.4	7.5	35.3	10.1	2.59	1.23
Before						
After	4.8	23.0	4.5	63.9	4.35	1.07
Feeling or being valued by fellow Youths and members of the community	14.7	13.4	17.8	40.8	3.52	1.48
Before						
After	14.0	18.5	20.8	33.8	3.45	1.42
Sharing of experience among members and interactions with government officers	26.4	8.3	30.1	15.5	2.69	1.36
Before						
After	3.6	23.9	5.6	64.7	4.43	.97
Lifestyle behaviour is healthy living, no drug abuse and not involved in risky behavior	22.1	6.2	39.5	8.8	2.59	1.17
Before						
After	2.8	22.0	6.1	66.8	4.46	.94

\*M = Mean; SD = Standard Deviation

The findings in table 4.17 on group support system items by individuals in youth groups between before and after joining the group revealed that 59.3% of the individual in youth groups had increase in development of network (Mean difference = 1.44); 70.7% indicated that friends support increased access to microcredit (Mean difference = 1.87); 67.4% agreed that group support systems increased sense of trust (Mean difference = 1.76); 53.6% indicated that a feeling of being valued by fellow Youth and members of community (Mean difference = -0.07); 73.3% of respondents agreed to the statement that groups support systems enabled sharing of experiences among members and interactions with government officers (Mean difference = 1.74) and lastly, 72.9% agreed to the statement that their lifestyles behaviour is healthy living, no drug abuse and are not involved in risky behaviour (Mean difference = 1.87).

Sharing experience among group member too had very high mean with a of 4.43 and a standard deviation of 0.97 meaning that members were in agreement that groups provide opportunity of sharing and growth indicating empowerment outcome such as bonding and network development for members of the groups implying that respondents were of view that their behaviour changed remarkably after joining the groups. This could be due to groups rules and norms that set standard of behaviour for group members. However, mean for the item feeling valued by Youth and community had drop from before 3.52 to 3.45 with a big standard deviation of 1.49 and 1.42 which indicate extremes in the responses.

The findings suggest that individual involved in youth groups experience socio economic empowerment due to group support system. The findings above are collaborated by interview results from groups leaders that group support system within groups enabled members to access more loans and emotional support from members in case of a member having a problems felt valued as members of a society. This is consistent with finding by Rankin (2002) and World Bank, (2001) that members of self-help groups perceived that they obtained a great deal of benefit from their groups in terms of receiving help from other (94.4%), meeting other with similar problems (98.8%) developing coping strategies (96.9%), knowing more about resources (96.8%) fostering a sense of belonging to the group (96.6%). The support

they experience through the self-help was overwhelming as evidenced by highly positive answer to the statement in the questionnaire. It is within the self- help group model and associated processes where women pledge their loyalty to other group members in lieu of providing material assets that commercial banks normally require as collateral. Social capital, conceptualized as trust, bonding and reciprocity has therefore become the bankable collateral that has enabled increased access to financial services. Social capital has also generated empowerment through bridging and networking opportunities in the community using systems, rules and penalties which in most cases are devised by the women’s groups themselves to counter non-compliance (Mayoux, 2008; Morduch, 2000; Rankin ,2002; World Bank, 2001).

Self-help groups have facilitated the formation of social capital, where people learn to work together for a common purpose in a group or organization (Pitman 2000). Further, Lawrence, (2001) posits that on a village level investigation of Bangladesh’s Grameen Bank that center meeting norms enable women to establish individual identities and the group interaction at regular center meetings facilitate collective identity.

#### **4.5: Inferential Statistics analysis**

The study inferential statistics analysis was to estimate the parameters (mean) of the population and the testing of the study hypotheses (Kothari, 2013). It was conducted through the use of independent sample T-tests and regression analysis to determine the relationship between the independent and the dependent variables. The first model under investigation in this study intended to establish the influence of funded youth group on individual member’s socioeconomic empowerment in Kenya. The model was expressed as;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where: Y = individual member’s socio economic empowerment,  $\beta_0$  = Intercept, where  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ & $\beta_4$  are slope coefficients - representing the relationship of the associated independent variable with the dependent variable,  $X_1$  = access to credit,  $X_2$  = business capacity building,  $X_3$  = Participation in Group activities,  $X_4$  = group support system and  $\varepsilon$  = error term, were the basis under which the 4 objectives

outlined in chapter one were set. Each of these objective and hypotheses were tested and analyzed to find out whether they were in agreement to what the study intended to achieve.

#### **4.5.1: Reliability test**

The study used reliability test to measure the degree to which the questionnaires and interview schedules (research instruments) yielded consistent results or data even after repeated trials are made (Mugenda & Mugenda, 1999). The study used Cronbach's Alpha to determine internal consistency for each variable of the study. The results were acceptable for all the valuable items of study variable access to credit, business capacity building, participation and group support system their values since their values ranged from between 0.902 to 0.903. Normally, Cronbach's values of ranging 0 to 1.0, where 0.7 are considered as acceptable level for internal reliability (Brynam, 2008). Since the results for the Cronbach's alpha score for the study were higher than 0.70 they were considered acceptable (Brynam, 2008).

After determining that each set of perception items for the study variables met the threshold of reliability, the researcher aggregated the mean differences for each variable and then calculated the mean gap index (MGI) which is the average of sum of the mean differences of all the items scores under each variable between before and after; and for funded and non-funded Youth groups. The study then compared these mean gap difference for its significance, testing of hypotheses and then draw conclusions.

The 9 items differences under variable access to credit ( $X_1$ ) were aggregated then determined mean gap index (MGI) for the individual socio economic empowerment (Y) change and standard deviation for each item and then the mean gap index for non-funded and funded for before and after joining groups then compared the differences between the mean gaps index (mean gap difference (MGID) which is the difference in MGI after minus MGI before).

The second variable under business capacity building ( $X_2$ ) had 5 items where the mean differences before and after were aggregated to get the mean gap index and standard deviation for both funded and non-funded groups and then compared the differences/gaps. The third variable participation in group activities ( $X_2$ ) had 7 items

where their scores were aggregated to get the mean then finding the difference between before and after then, were aggregated, then determined the gap mean index in socio economic empowerment and compared the differences/ gaps for mean gap difference (MGID). The items on group support system ( $X_4$ ) had 5 items were respondent's score were used to determine the mean differences for before and after then aggregated to get the mean gap index and standard deviation for the study variable ( $X_4$ ) then compared the mean differences/ gaps. lastly socio empowerment variable ( $Y$ ) was determined by measuring the mean change from respondents perception from the likert scale then aggregating the items associated with each variable ( $X_1$ ), ( $X_2$ ), ( $X_3$ ), ( $X_4$ ) to get mean difference then finding the gap mean for individual rate of socioeconomic empowerment using indicators such as household assets, income, self-esteem and social networks for each study variable.

#### **4.5.2: Diagnostic Tests**

The study conducted diagnostic test to help characterize the data set, how its graph deviate from Gaussian distribution. The study used Shapiro-Wilk test and Q-Q plots to test its normality.

#### **4.5.3: Normality test: All Variables**

Many data analysis methods depend on the assumption that data were sampled returns will group close to the mean and follow Gaussian or normal distribution ( Athanasious, Debas & Darzi, 2010). The best way to know how far the data the data was from Gaussian, the study looked at the graph and to study how the distribution deviates or conformed with a bell-shaped normal distribution. Testing normality of all variables in the study was done using Shapiro-Wilk test since it is considered more reliable than Kolmo-Smirnov test. The decision rule is to reject  $H_0$  if the computed value is less than alpha else fail to reject  $H_0$  where;

$H_0$ : the data is normally distributed

$H_1$ : the data is not normally distributed.

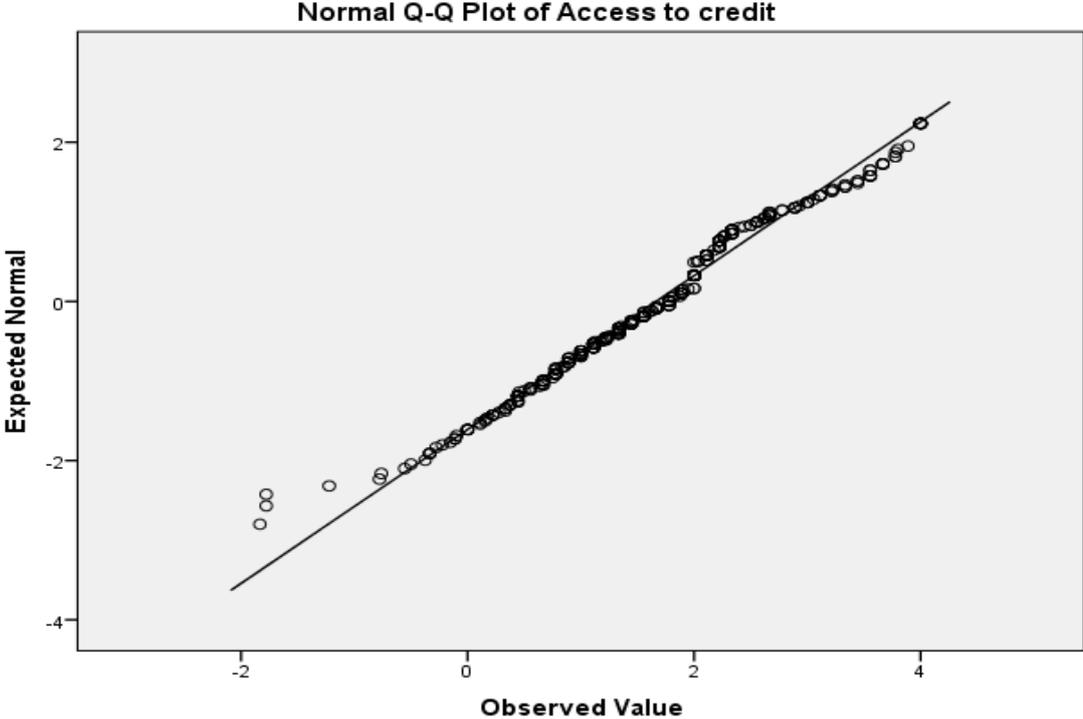
**Table 4.18: Test for all Study variables using Shapiro-Wilk Test of Normality**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Access to credit	.085	391	.000	.982	391	.000
Business training	.124	391	.000	.948	391	.000
Participation index	.160	391	.000	.893	391	.000
Group support system	.110	391	.000	.968	391	.000
Individual empowerment	.050	391	.018	.968	391	.000

a. Lilliefors Significance correction

The results in Table 4.18 indicate that all the four variables had p-value that was less than 0.05; these are access to credit (X<sub>1</sub>), business capacity building (X<sub>2</sub>), participation in youth group activities (X<sub>3</sub>) and Group support system (X<sub>4</sub>). In this study, the null hypothesis (H<sub>01</sub>, H<sub>02</sub>, H<sub>03</sub> & H<sub>04</sub>) was reject the in all cases respectively and further interrogated the variables by looking at their normal Q-Q plots.

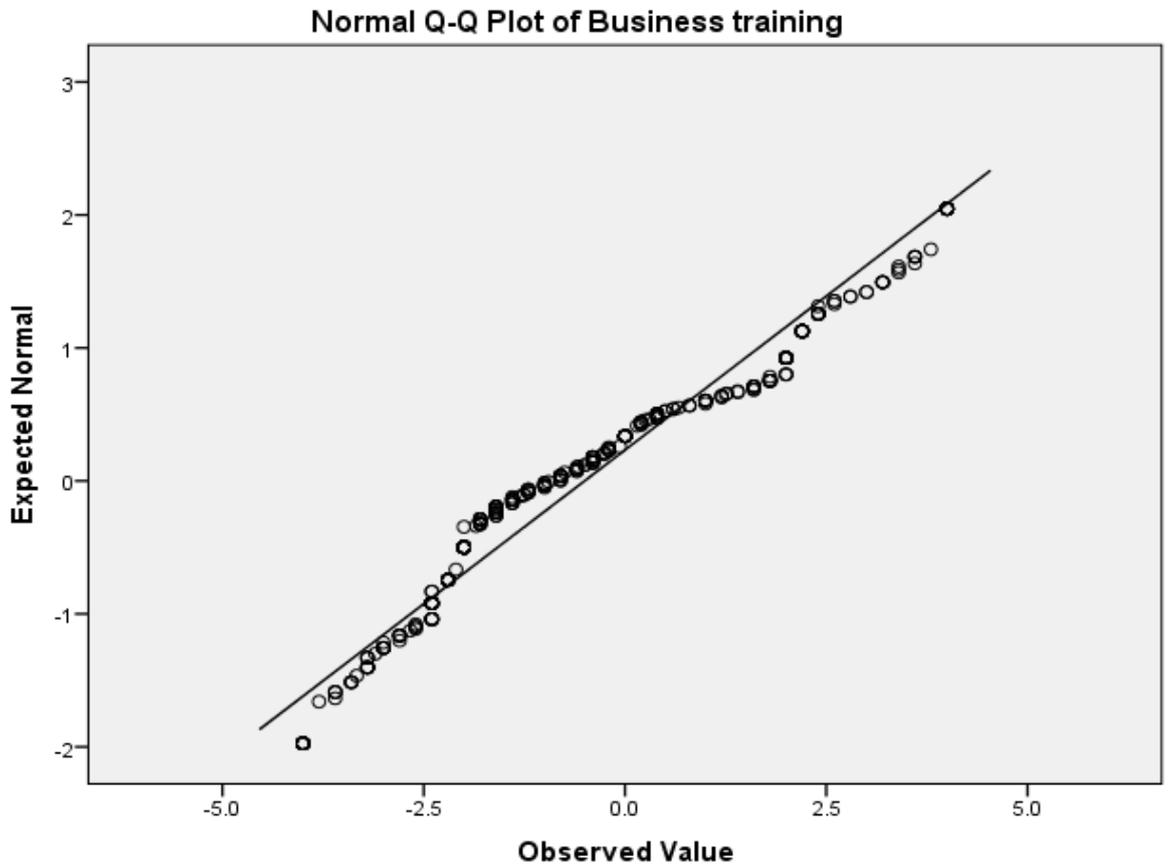
**Q-Q plot for access to credit**



**Figure 4.1 Q-Q Plot for access to credit**

Although access to credit had returned a p - value of less than 0.05 in Shapiro-Wilk test of normality in table 4.19, the Q-Q plot shows that apart from some few cases the data collected fit along the line of best fit. From the observation made in the Q-Q plot for access to credit, the data on the perceived access to credit does not deviate much from the normal distribution. The data proceeded for further analysis.

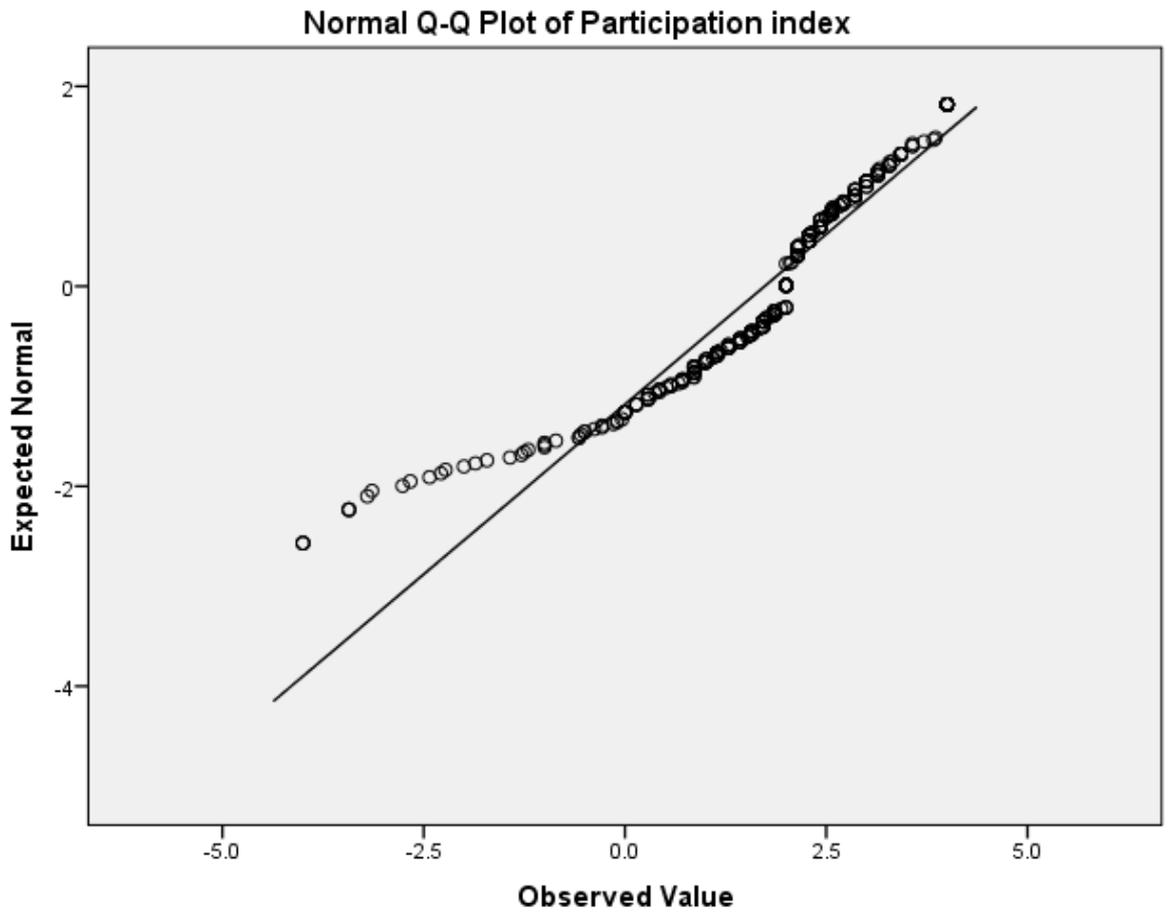
**b) Q-Q plot for Business Capacity Building**



**Figure 4.2 Plot for business capacity building.**

The results in table 4.19 showed that business capacity building had a p- value of less than 0.05 in Shapiro-Wilk test of normality. The result on Q-Q plot shows that apart from some few cases the data collected fit along the line of best fit, from the observation made in the Q-Q plot for business capacity building, the data on the perceived business capacity building does not deviate much from the normal distribution. This data proceeded for further analysis.

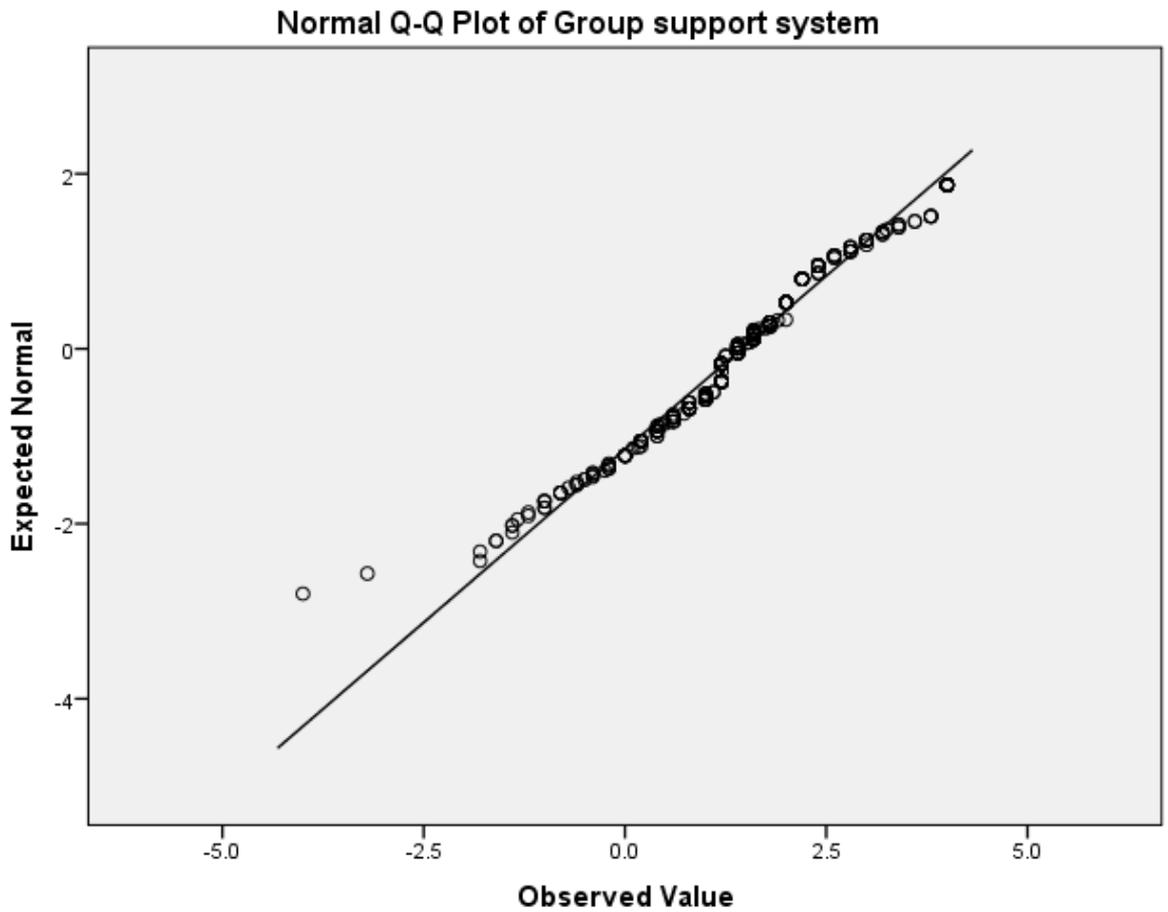
c) Q-Q Plot for participation in group activities



**Figure 4.3 Q-Q Plot for Participation in group activities**

The results in table in 4.19 showed that participation in Group activities had returned a p- value of less than 0.05 in Shapiro-Wilk test of normality. The Q-Q plot shows that apart from some few cases the data collected fit along the line of best fit. From the observation made in the Q-Q plot for participation in Group activities, it is true to say, even when this study results indicate that the null hypothesis need to be rejected, the data on the perceived participation in Group activities does not so much deviate from the normal distribution. This data proceeded for analysis.

**d) Q-Q Plot for Group Support System**



**Figure 4.4: Q-Q Plot for Group support system**

The results in table 4.19 showed that Group support system had returned a p- value of less than 0.05 in Shapiro-Wilk test of normality. The Q-Q plot shows that apart from some few cases the data collected fit along the line of best fit. From the observation made in the Q-Q plot for Group support system, it is true to say, even when this study results indicate that the null hypothesis need to be rejected, the data on the perceived Group support system does not so much deviate from the normal distribution. The data proceeded for further analysis.

#### 4.5.4: Test of Multicollinearity

To determine whether Multicollinearity level would pose a challenge to the study; regression analysis was conducted to generate the variance inflation factor (VIF) value and tolerance levels. The results in table 4.21 shows the VIF for the relationship access to credit as 1.16, business capacity building as 1.14, Participation in group activities as 1.78, Group support system as 1.93 and group funding as 1.52. The results indicate that all variable had VIF of less than 10 and tolerance of less than 0.1 ruling out Multicollinearity problem, since according to Bryman (2012) a VIF of above 10 is an indicator of Multicollinearity problem.

#### 4.6: One sample T- test results on the Influence of study variables on Individual Member’s Socio economic Empowerment

The study compared population and sample mean differences between before and after joining youth groups for each of the study variables. The hypothesis testing was done using the one sample t-test under each study objective as follows.

**Table4.19: One-Sample Statistics**

Item	N	MGI	SD
Access to credit gap index	409	1.67	1.05
Business capacity building gap index	403	-.48	2.17
Participation gap index	402	1.71	1.49
Group support system gap index	401	1.43	1.27

One-Sample Test				
	Test Value = 0	df	Sig. (2-tailed)	MGI
Access to credit gap index	32.07	408	.000	1.67
Business capacity building gap index	-4.48	402	.000	.48
Participation gap index	23.06	401	.000	1.71
Group support gap index	22.46	400	.000	1.43

\*SD= Standard Deviation; MGI= Mean Gap Index N = No of youth

The study then continued to determine the significance influence of each study variable on individual member's socio-economic empowerment as per the study objectives to enable testing of the study hypotheses.

Objective 1: To determine whether access to credit determine individual member's socio economic empowerment in funded youth group in Embu County.

It was hypothesized that:

H<sub>01</sub>: There is no significant relationship between access to credit and individual member's socio-economic empowerment in funded youth groups

This hypothesis intended to test whether there is significant influence of access to credit on individual member's socio economic empowerment or not. The hypothesis: H<sub>01</sub>:  $\mu_A - \mu_B = 0$  was tested. Results in table 4.19 on One-Sample T-tests revealed a positive and statistically significant mean gap index ( $t(408) = 32.07$ , MGI = 1.67,  $p < 0.001$ ) in individual member's socio economic empowerment after access to credit. We therefore, reject the null hypothesis and conclude that access to credit significantly enhanced individual member's socio economic empowerment after joining youth groups.

Objective 2: To determine whether Business Capacity Building determine Individual Member's Socio Economic Empowerment in funded youth group in Embu County. It was hypothesized that:

H<sub>02</sub>: There is no significant relationship between business capacity building and individual member's socio-economic empowerment in funded youth groups.

This hypothesis intended to test whether there is significant influence of business capacity building on individual member's socio economic empowerment or not. The hypothesis: H<sub>02</sub>:  $\mu_A - \mu_B = 0$  was tested. Results in Table 4.21 shows business capacity building ( $X_2$ ) had a negative but statistically significant mean gap index ( $t(402) = -4.48$ , MGI = -0.48,  $p < 0.001$ ) in individual member's socio economic empowerment after business capacity building. We therefore, reject the null hypothesis and conclude that business capacity building in funded youth groups significantly influences individual member's socio economic empowerment in

Kenya.

Objective 3: To determine whether participation in group activities determine individual member's socio economic empowerment in funded youth group In Embu County. It was hypothesized that:

$H_{03}$ : There is no significant relationship between participation in group activities and individual member's socio-economic empowerment in funded youth groups.

This hypothesis intended to test whether there is significant influence of participation in group activities on individual member's socio economic empowerment or not. The hypothesis:  $H_{03}: \mu_A - \mu_B = 0$  was tested. Results in table 4.19 on One-Sample tests revealed a positive and statistically significant individual mean gap index in individual member's socio economic empowerment ( $t(401) = 23.06$ ,  $MGI = 1.71$ ,  $p < 0.001$ ) after participation in group activities. We therefore, reject the null hypothesis and conclude that participation in group activities significantly enhanced individual member's socio economic empowerment after joining youth groups.

Objective 4: To assess whether Group support system determine individual member's socio economic empowerment in funded youth group in Embu County. It was hypothesized that:

$H_{04}$ : There is no significant relationship between individual member's socio-economic empowerment in funded youth groups.

This hypothesis intended to test whether group support system influence individual member's socio economic empowerment or not. The hypothesis:  $H_{04}: \mu_A - \mu_B = 0$  was tested.

The results in Table 4.19 of one sample t- test on ( $X_4$ ) revealed a positive and significant mean gap index in individual member's socio economic empowerment different after group support system in funded youth groups ( $t(401) = 22.46$ ,  $MGI = 1.43$ ,  $p < 0.001$ ). We therefore, reject the null hypothesis and conclude that group support system significantly enhanced individual member's socio-economic empowerment after joining youth groups.

#### **4.6.1: Independent Samples t-test Results for Group Mean on Before and After Joining Group**

The study wished to determine whether the influence of funded Youth groups on individual member's socio economic empowerment was statistically significant. The study compared the mean gap index (average mean difference) for before and after joining a youth group. The alpha level was set at 0.05.

#### 4.6.2: Independents test Results for Mean Differences between Males and Females

**Table 4.20: Mean Gap index between Male and Female after joining youth group**

		Gender	N	MGI	SD	Std error		
Access to credit gap	Female	167		1.68	1.08	.08		
	Male	236		1.64	1.03	.07		
Business capacity building gap	Female	164		-.71	2.20	.17		
	Male	234		-.32	2.12	.14		
Participation gap index	Female	160		1.90	1.38	.11		
	Male	236		1.60	1.52	.10		
Group support system gap index	Female	159		1.46	1.24	.10		
	Male	236		1.40	1.29	.08		
		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	MGID	Std. Error Difference
Access to credit gap index	Equal variances assumed	.156	.69	.34	401	.74	.04	.11
	Equal variances not assumed			.33	345.54	.74	.04	.11
Business capacity building gap index	Equal variances assumed	.112	.74	-1.77	396	.08	-.39	.22
	Equal variances not assumed			-1.76	342.84	.08	-.39	.22
Participation gap index	Equal variances assumed	2.782	.10	1.96	394	.05	.29	.15
	Equal variances not assumed			1.99	362.15	.05	.29	.15
Group support system gap index	Equal variances assumed	.168	.68	.43	393	.67	.06	.13
	Equal variances not assumed			.43	346.99	.67	.06	.13

*\*SD= Standard Deviation; MGI= mean gap index, MGID =Mean Gap Index Difference N = No of youth*

The findings in tables 4.20 shows means gap index between male and female after joining youth group. These findings from independent t-test shows that only participation in group activities had statistically significant mean gap index difference between males and female ( $t(362.15) = 1.99$ ,  $MGID = 0.29$ ,  $p = 0.05$ ) after joining groups. On close examination of the difference in mean gap index, shows that female ( $MGI = 1.90$ ) is higher than the male ( $MGI = 1.60$ ). This implies that female in youth groups gain more (0.29) in individual member's socio economic empowerment in Kenya after participating in group activities than male counterparts.

### 4.6.3: Independents test Results for Mean Differences between Funded and Non-Funded

**Table 4.21: Shows Group Statistics on the mean gap index for non-funded and funded individual after joining group**

		Funding	N	MGI	SD	Std. Error Mean		
Access to credit		Non- funded	177	1.73	1.12	.08		
		Funded	232	1.61	.99	.07		
Business training		Non- funded	176	.84	2.05	.15		
		Funded	227	-1.51	1.63	.12		
Participation		Non- funded	177	2.06	1.35	.10		
		Funded	225	1.44	1.54	.10		
Group support system		Non- funded	175	1.95	1.32	.10		
		Funded	226	1.02	1.08	.07		
		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	MGID	Std. Error Difference
Access credit	to Equal variances assumed	4.55	.034	1.14	407	.25	.12	.10
	Equal variances not assumed			1.12	352.22	.26	.12	.11
Business training	Equal variances assumed	23.24	.000	12.80	401	.000	2.35	.18
	Equal variances not assumed			12.44	327.44	.000	2.35	.19
Participation index	Equal variances assumed	4.12	.043	4.21	400	.000	.61	.15
	Equal variances not assumed			4.27	395.08	.000	.62	.14
Group support system	Equal variances assumed	3.57	.060	7.70	399	.000	.92	.12
	Equal variances not assumed			7.51	331.90	.000	.92	.12

*\*M = mean; MGI = Mean Gap Index, MGID= Mean Gap Index Difference; N = No of youth*

The results in Tables 4.21 on group statistics show the mean gap index and the significant levels for each study variable. The Independent sample t-test was conducted to evaluate whether funded youth groups significantly influenced

individual member's socio economic empowerment in Kenya. The study compared mean gap index between funded and non-funded individual in youth groups. The results enabled testing of the study hypotheses and making conclusions on each of the study objective.

The first objective: To determine whether access to credit determine individual member's socio economic empowerment in funded group in Embu County. It was hypothesized that:

H<sub>01</sub>: There is no significant mean difference between funded and non-funded after access to credit in Youth groups.

This hypothesis intended to test whether there is influence on individual member's socio economic empowerment after access to credit in Youth groups or not. The hypothesis: H<sub>01</sub>:  $\mu_1 - \mu_2 = 0$  was tested. Where; ( $\mu_1$  is the population mean for funded and  $\mu_2$  is the population mean for non- funded)

The results above in Table 4.21 on group statistic and independent sample t- test shows that individuals in non-funded had higher mean gap index (MGI = 1.73) than their counterparts in funded (MGI = 1.61) after joining groups. However, the difference between the two was insignificant ( $t(352.22) = 1.12$ , MGID = .12,  $p = 0.26$ ). From findings, we reject the null hypothesis and conclude that access to credit in youth groups insignificantly influence individual member's socio economic empowerment after joining youth group in Kenya.

The Second objective: To determine whether business capacity building determine individual member's socio economic empowerment in funded youth group in Embu County. The hypothesis was stated as follows;

H<sub>02</sub>: There is no significant mean difference between funded and non- funded after business capacity building joining youth group.

This hypothesis intended to test whether there is influence of access to credit on individual member's socio economic empowerment or not in a funded youth group.

The hypothesis: H<sub>02</sub>:  $\mu_1 - \mu_2 = 0$  was tested.

The results above in Table 4.21 from independent sample t-test shows that non-funded had a higher mean gap index (MGI = 0.84) than the funded (MGI = -1.51) after business capacity building. The results indicate a positive and significant mean

gap difference ( $t(327.44) = 12.44$ ,  $MGID = 2.35$ ,  $p < 0.001$ ) after business capacity building. From findings, we reject the null hypothesis and conclude that business capacity building positively and significantly influence individual member's socio economic empowerment though in favor of the non-funded.

The Third objective: To assess whether participation in group activities determine individual member's socio economic empowerment in funded youth group in Embu County Kenya. It was hypothesized as follows;

$H_{03}$ : There is no significant mean difference between funded and non-funded after Participation in group activities in Kenya.

This hypothesis intended to test whether there is relationship between participation in group activities and individual member's socio economic empowerment or not in a funded youth group. The hypothesis:  $H_{03}: \mu_1 - \mu_2 = 0$  was tested.

The test results in table 4.21 on the group statistic and independent sample t-test indicate that the non-funded had a higher mean gap index ( $MGI = 2.06$ ) than their counterpart in funded ( $MGI = 1.44$ ) after participation in group activities. The finding further shows that the mean gap index difference was statistically significant ( $t(395.08) = 4.27$ ,  $MGID = .61$ ,  $p < 0.001$ ). From findings, we reject the null hypothesis and conclude that Participation in group activities significantly influence individual member's socio economic empowerment in Kenya.

The fourth objective: To ascertain whether group support system determine individual member's socio economic empowerment in Embu County. It was hypothesized as follows;

$H_{04}$ : There is no significant mean difference between funded and non-funded after group support system in Youth groups.

This hypothesis intended to test whether there is influence of group support system on individual member's socio economic empowerment or not in a funded youth group. The hypothesis:  $H_{04}: \mu_1 - \mu_2 = 0$  was tested.

The test results in table 4.21 on group means and independent sample t-test indicate that non-funded had higher mean gap index ( $MGI = 1.95$ ) than the funded ( $MGI = 1.02$ ) after group support system. The findings further reveals that mean gap index

difference was statistically significant ( $t(331.9) = 7.51$ ,  $MGID = 0.92$ ,  $p < 0.001$ ) influence after group support system, though in favour of non-funded. From findings, we reject the null hypothesis, and conclude that group support system significantly influence individual member's socio economic empowerment Youth group in Kenya.

#### **4.6.4: Relationship between Socio Economic Empowerment and the Study Variables**

According to Mugenda and Mugenda (2003) a correlation (-1 to +1) coefficient indicates the relationship between variables, it does not imply any causal relationship between variables and hence the need for further statistical analysis such as regression analysis to help establish specific nature of the relationships. In this section, regression analysis is presented for the rate of individual socio economic empowerment after joining a youth group to providing evidence on the influence of Youth groups on individual member's socio-economic empowerment in Kenya.

The betas were used to determine the value changes/gaps for socio economic empowerment for each of the study variable (access to credit, business capacity building, participation in group activities and group support system). This allowed the researcher to compare the relative importance of each independent variable. In this study the unstandardized coefficients from the multiple regression equations are used to show the value of individual socio economic empowerment as contributed by under each study variable.

Under the following regression outputs the beta coefficient may be negative or positive; however, beta indicates each variable's level of influence on the dependent variable. The P-value indicates at what percentage or precision level of each variable is significant. While  $R^2$  value indicates the explanatory power of the model and in this study adjusted  $R^2$  value which takes into account the loss of degrees of freedom associated with adding extra variables were inferred to see the explanatory powers of the models.

**4.7: Moderating Effects on Group Funding on Individual Member’s Socio Economic Empowerment**

The study intended to establish whether youth group funding has a moderating effect on the individual member’s socio economic empowerment. To achieve the above intention, the study was guided by the moderated multiple regression model showing the interactions between group funding with the dependent variable (individual socio economic empowerment) and independent variables of the study as shown by the equations;

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon \quad \text{where } (1=1,2,3,4,\dots) \dots \text{(I)}$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_z Z + \varepsilon \quad \text{where } (j=1) \dots \text{(II)}$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_z Z + \beta_i X_{iz} Z + \varepsilon \dots \text{(II)}$$

The first model shows the relationship between the dependent variable and the independent of the study. The second model shows introduction of the moderating variable (Z= group funding) into the multiple regression model while the third model shows the introduction of the interaction term (X<sub>iz</sub>Z) in the relationship between the group funding and individual member’s socio economic empowerment in Kenya.

**4.7.1: Moderating Effects of Group Funding on Access to Credit and Individual Socio Economic Empowerment**

To test whether group funding moderate the relationship between access to credit and individual socio economic empowerment, a moderated multiple regression model was used:

$$Y = \beta_0 + \beta_1 X_1 + \beta_z Z + \beta_{1z} X_1 Z + \varepsilon$$

Where: Y is individual member’s socio economic empowerment,  $\beta_0$  is constant,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$  and  $\beta_4$  are slopes of coefficients representing the relationship between independent variable and the dependent variable;  $X_1$  is the access to credit, Z represent group funding as moderating variable while  $X_{1z}Z$  is the interaction term which is the product of group funding and access to credit and interaction term (access to credit\* group funding).

**Table 4.22: Moderating effect of group funding on access to credit and individual member Socioeconomic Empowerment: Model validity**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.51	1	16.51	47.98	.000 <sup>b</sup>
	Residual	140.05	407	.34		
	Total	156.56	408			
2	Regression	17.45	2	8.73	25.47	.000 <sup>c</sup>
	Residual	139.11	406	.34		
	Total	156.56	408			
3	Regression	29.03	3	9.68	30.73	.000 <sup>d</sup>
	Residual	127.54	405	.32		
	Total	156.56	408			

*a. Dependent Variable: Individual empowerment*

*b. Predictors: (Constant), Access to credit*

*c. Predictors: (Constant), Access to credit, Group Funding*

*d. Predictors: (Constant), Access to credit, Group Funding, Access to credit\*Funding*

The results of model one in table 4.22 shows that the F statistics is significant ( $F_{(1,407)} = 47.98, p < 0.001$ ) and the model was valid. When group funding was introduced in model two as a moderating variable, the F statistics remained significant ( $F_{(2,406)} = 25.47, p < 0.001$ ) and the model remained valid, an indication of a significant influence among access to credit, group funding on the individual member's socio economic empowerment. When interaction term (group funding\* access to credit) was added in model two, the new model three, the F- statistics remained significant ( $F_{(3,405)} = 30.72, p < 0.001$ ) and the model too remained valid. This is an indication that there is significant influence among access to credit, group funding, the interaction term (group funding\* access to credit) on individual member's socio economic empowerment in Youth groups.

**Table 4.23: Moderating Effects of Group Funding on Access to Credit and Individual Socioeconomic Empowerment: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change in R Square	F Change	Sig. F Change
1	.33 <sup>a</sup>	.105	.103	.59	.11	47.98	.000
2	.33 <sup>b</sup>	.111	.107	.59	.01	2.75	.098
3	.43 <sup>c</sup>	.185	.179	.56	.07	36.75	.000

a) Predictors: (Constant),

b) Access to credit.

c) Predictors: (Constant), Access to credit, Group Funding

d) Predictors: (Constant), Access to credit, Group Funding, Access to credit\*Funding

The R<sup>2</sup> in model one in table 4.23 shows that 10.5% of the total variations in the individual socio economic empowerment of individuals in funded youth groups in Kenya can be explained by access to credit. The adjusted R<sup>2</sup> shows that when the constant is excluded from the study, access to credit explains only 10.3 % of the total variations in individual socio economic empowerment. The (R = 0.33, p < 0.001) in the table indicate a significant positive influence of access to credit on individual socio economic empowerment and standard error of estimate (.59) shows mean deviation of the predictor variable from the line of the best fit.

The second model introduced group funding into the relationship between access to credit and individual socio economic empowerment in funded groups in Kenya. The change in R<sup>2</sup> from 10.5 % to 11.1 % implies that group funding significantly improved the relationship between access to credit and individual socio economic empowerment by 0.6% (p < 0.001). The third model shows the relationship among access to credit, group funding, the interaction term (group funding\* access to credit) and individual socio economic empowerment in funded groups. The results indicate that with the introduction of the interaction term, the R<sup>2</sup> significantly improved by 7.4% (p < 0.001) from 11.1% to 18.5% implying that group funding is a significant moderator of the relationship between access to credit and individual socio economic empowerment in Kenya.

**Table 4.24: Moderating Effects of Group Funding on the relationship between Access to Credit and Individual Socioeconomic Empowerment. Coefficient of access to credit**

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.66	.05	.000	67.26	.000
	Access to credit	.19	.03	.33	6.93	.000
2	(Constant)	3.72	.07		57.20	.000
	Access to credit	.19	.03	.32	6.84	.000
	Group Funding	-.10	.06	-.08	-1.66	.098
3	(Constant)	3.44	.08		44.26	.000
	Access to credit	.35	.04	.60	9.33	.000
	Group Funding	.44	.10	.35	4.20	.000
	Access to credit* group Funding	-.32	.05	-.57	-6.06	.000

a. *Dependent Variable: Individual empowerment*

The model one in table 4.24 indicate that access to credit is a significant predictor of individual socio economic empowerment ( $\beta_1 = .19, p < 0.001$ ). The introduction of moderating variable (group funding) in model two, shows that access to credit ( $\beta_1 = .19, p < 0.001$ ) and group funding ( $\beta_2 = -.10, p < 0.001$ ) are significant predictors of individual member's socio economic empowerment. When the interaction term (group funding\* access to credit) was introduced as shown in the model three, access to credit and group funding influenced individual socio economic empowerment negatively ( $\beta_3 = -.32, p < 0.001$ ) and significantly.

#### **4.8: Discussion on Moderating Effect of Group Funding on and the relationship between Access to Credit and Individual Member's Socio Economic Empowerment**

The study findings indicate that group funding has positive and significant effects on the relationship between access to credit and individual member's socio economic empowerment. This is evidenced by increased access to credit by members of the groups in addition to increase of individual assets outcomes perception by respondents. This findings are corroborated by study done in six African MFIs on the effects of microfinance, that asserts that "many benefits to the poor from microfinance programmes, in Africa at least, are likely to come via an indirect route, via 'wider impacts' or 'spin-offs', rather than by through direct impacts on borrowers" (Mosley and Rock, 2004). Nonetheless, they argued that microfinance

reduced poverty through job creation and by the improvement of household risk management through MFI training and the building up of social networks. This improvement is said to stabilize village income, reducing the vulnerability of the poorest (Mosley & Rock, 2004).

#### 4.8.1: Moderating Effects of Group Funding on relationship between Business Capacity Building and Individual Socio Economic Empowerment

To test whether group funding moderate the relationship between business capacity building and individual socio economic empowerment, a moderated multiple regression model was used:

$$Y = \beta_0 + \beta_2 X_2 + \beta_{2z} Z + \beta_{2z} X_{2z} Z + \varepsilon$$

**Table 4.25: Moderating Effect of group funding on the relationship between Business Capacity Building and Individual Socio-Economic Empowerment: Model Validity**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.22	1	25.22	80.45	.000 <sup>b</sup>
	Residual	125.69	401	.31		
	Total	150.91	402			
2	Regression	28.19	2	14.10	45.95	.000 <sup>c</sup>
	Residual	122.71	400	.31		
	Total	150.91	402			
3	Regression	32.70	3	10.90	45.95	.000 <sup>d</sup>
	Residual	118.21	399	.30		
	<b>Total</b>	<b>150.91</b>	<b>402</b>			

*a. Dependent Variable: Individual empowerment; Predictors: (Constant), Business training; c. Predictors: (Constant), Business training, Group Funding d. Predictors: (Constant), Business training, Group Funding, Business training\*Funding*

The results in table 4.25 on model one shows that its F statistics is significant ( $F_{(1,401)} = 80.45, p < 0.001$ ) was it is valid, indicating a significant relationship between business capacity building and individual socio economic empowerment. When group funding was introduced as a moderating variable in model two, the F statistics is significant ( $F_{(2,400)} = 45.95, p < 0.001$ ) and the model two remained valid. This too indicates that there is a significant influence among business capacity building; group funding on the individual member's socio economic empowerment. When interaction term (group funding\* business capacity building) was added in model

two, the new model three its F-statistics ( $F_{(3,399)} = 45.95$ ,  $p < 0.001$ ) and remained valid indicating that there is a significant influence of group funding on the relationship between business capacity; group funding, the interaction term (group funding\* business capacity building) and individual member's socio economic empowerment in Kenya.

**Table 4.26: Moderating Effects of Group Funding on Business Capacity Building and Individual Socioeconomic Empowerment: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	Sig. F Change
1	.41 <sup>a</sup>	.167	.165	.56	.17	80.45	.000
2	.43 <sup>b</sup>	.187	.183	.55	.02	9.70	.002
3	.47 <sup>c</sup>	.217	.211	.54	.03	15.20	.000

a. Predictors: (Constant), Business training

b. Predictors: (Constant), Business training, Group Funding

c. Predictors: (Constant), Business training, Group Funding, Business training\*Funding

The  $R^2$  in model one in table 4.26 shows that 16.7% of the total variations in the individual socio economic empowerment of individuals in funded youth groups in Kenya can be explained by business capacity building .The adjusted  $R^2$  shows that when the constant is excluded from the study, business capacity building in group explain 16.5% of individual member's socio economic empowerment variations. The ( $R = 0.41$ ,  $p < 0.001$ ) in the table indicate a significant positive influence of business capacity building on individual socio economic empowerment and standard error of estimate (.56) show mean deviation of the predictor variable from the line of the best fit.

The second model introduced group funding into the relationship between business capacity building and individual socio economic empowerment in funded groups in Kenya. The change in  $R^2$  from 16.7 % to 18.7% implies that group funding significantly improved the relationship between business capacity building and individual socio economic empowerment by 2% ( $p < 0.001$ ). The third model shows the relationship among business capacity building, group funding, the interaction term (group funding\* business capacity) and individual socio economic

empowerment in funded groups. The results indicated that with the introduction of the interaction term, the  $R^2$  significantly improved by 3% ( $p < 0.001$ ) from 18.7% to 21.7% implying that group funding is a significant moderator of the relationship between business capacity and individual socio economic empowerment in Kenya.

**Table 4.27: Moderating Effects of Group Funding on Business Capacity Building and Individual Socioeconomic Empowerment: Business capacity building Coefficients**

Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
		B		Beta		
1	(Constant)	4.03	.029	.000	140.97	.000
	Business training	.12	.013	.409	8.97	.000
2	(Constant)	3.93	.044		89.94	.000
	Business training	.14	.015	.499	9.32	.000
	Group Funding	.21	.066	.167	3.11	.002
3	(Constant)	3.88	.044		87.52	.000
	Business training	.19	.020	.684	9.65	.000
	Group Funding	.15	.066	.124	2.30	.022
	Business training*Funding	-.12	.030	-.273	-3.90	.000

a. Dependent Variable: Individual empowerment

The model one in table 4.27 indicate that business capacity building predict significantly ( $\beta_2 = .12$ ,  $p < 0.001$ ) individual member's socio economic empowerment, with the introduction of moderating variable (group funding) in model two, both business capacity building and group funding are significant effect ( $\beta_2 = .14$ ,  $p < 0.001$ ,  $\beta_{2z} = 0.21$ ,  $p = 0.002$ ) are significant predictor of individual member's socio economic empowerment. When the interaction term (group funding\* Business capacity building) was introduced as shown in the model three, business capacity building and group funding significantly influenced individual socio economic empowerment though negatively but significantly ( $\beta_{2z} = -.12$ ,  $p < 0.001$ ).

#### **4.8.2: Discussion on Moderating Effect of Group Funding on the relationship between Business Capacity Building and Individual Member's Socio Economic Empowerment.**

The results of effects of business capacity building indicate a significant relationship on business capacity building and individual member's socio economic empowerment. In this study business capacity building had a negative effect, the findings are supported by the negative mean gap index after business capacity building which could have been due to mistargeting of beneficiaries, lack of target training or training unable to meet the changing visions and aspirations of the youth. These findings are corroborated by the findings from Works of Field, Jayachandran, and Pande (2010), who found out that upper caste Hindu women who took the training were 19 percentage points more likely to report income increase, whereas the training had no effect on lower caste Hindu women or on Muslim women.

In addition, a study by (Nourse, 2013), youth savings group members in rural Zambia who undertook financial literacy or business skills training reported a wealth of new skills that helped them start new businesses, diversify existing ones, and – although it was difficult to attribute the effects(that was the Increase of profits generated by their businesses) to specific training. Many youth said business skills training had served as a good complement to savings and credit, because it made suggestions and stimulated them to think of their own ways to put their accumulated lump sums to use.

#### **4.8.3: Moderating Effects of Group Funding on relationship between Participation in Group Activities and Individual Socio Economic Empowerment**

To test whether group funding moderate the relationship between participation in group activities and individual socio economic empowerment, a moderated multiple regression model was used:

$$Y = \beta_0 + \beta_3X_3 + \beta_zZ + \beta_{3z}X_3Z + \varepsilon$$

**Table 4.28: Moderating effects of group funding on relationship between Participation in Group activities and individual socioeconomic empowerment: Model validity.**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.92	1	19.91	60.81	.000 <sup>b</sup>
	Residual	131.02	400	.33		
	Total	150.94	401			
2	Regression	20.02	2	10.01	30.51	.000 <sup>c</sup>
	Residual	130.91	399	.33		
	Total	150.93	401			
3	Regression	25.08	3	8.36	26.44	.000 <sup>d</sup>
	Residual	125.86	398	.32		
	Total	150.93	401			

*a. Dependent Variable: Individual empowerment*

*b. Predictors: (Constant), Participation index*

*c. Predictors: (Constant), Participation index, Group Funding*

*d. Predictors: (Constant), Participation index, Group Funding, Participation\*Funding*

The results in table 4.28 on model one shows that the F statistics as significant ( $F_{(1,400)} = 60.81, p < 0.001$ ) and valid, indicating that there is a significant influence between business capacity building and individual socio economic empowerment. When funding was introduced as a moderating variable in model two, the F statistics remained significant ( $F_{(2,399)} = 30.51, p < 0.001$ ) and the model remained valid. This is an indication that there is a significant influence of group funding on the relationship between participation in group activities, group funding on the individual member's socio economic empowerment. When interaction term (group funding\* Participation in group activities) is added in model two, the new model three shows that the F- statistic is significant ( $F_{(3,398)} = 26.44, p < 0.001$ ) and the model is valid, indicating that there is significant influence among participation in group activities, group funding, the interaction term (group\* participation in group activities) on individual member's socio economic empowerment in Kenya.

**Table 4.29: Moderating effects of group funding on Participation in group activities and individual socioeconomic empowerment: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	Sig. F Change
1	.36 <sup>a</sup>	.132	.130	.57	.13	60.81	.000
2	.36 <sup>b</sup>	.133	.128	.57	.001	.32	.572
3	.41 <sup>c</sup>	.166	.160	.56	.03	16.00	.000

a. Predictors: (Constant), Participation index b. Predictors: (Constant), Participation index, Group Funding c. Predictors: (Constant), Participation index, Group Funding, Participation\*Funding

The R<sup>2</sup> in model one in table 4.29 shows that 13.2% of the total variations in the individual socio economic empowerment of individuals in funded youth groups in Kenya can be explained by participation in group activities .The adjusted R<sup>2</sup> shows that when the constant is excluded from the study; participation in group activities explains 13.0 % of the total variation in individual member’s socio - economic empowerment. The R = 0.36 and p < 0.001 in the table indicate a positive and significant influence of participation in group activities on individual socio economic empowerment and standard error of estimate (.57) how mean deviation of the predictor variable from the line of the best fit.

**Table 4.30: Moderating Effects of Group Funding on Participation in Group Activities and Individual Socioeconomic Empowerment**

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.72	.04		85.51	.000
	Participation index	.15	.019	.36	7.80	.000
2	(Constant)	3.75	.06		63.44	.000
	Participation index	.15	.020	.36	7.51	.000
3	Group Funding	-.03	.06	-.03	-.57	.5
	(Constant)	3.54	.06		45.91	.000
	Participation index	.25	.03	.60	7.86	.000
	Group Funding	.26	.09	.21	2.77	.006
	Participation*Funding	-.16	.04	-.35	-4.00	.000

a. Dependent Variable: Individual empowerment

Model one in table 4.30 indicate that Participation in group activities is significant predictor of individual socio economic empowerment ( $\beta_3 = .15$ ,  $p < 0.001$ ), with the introduction of moderating variable (group funding) in model two, participation in group activities had positive and significant effect ( $\beta_3 = .15$ ,  $P < 0.001$ ) while group funding had negative and insignificant effect ( $\beta_{3z} = -.03$ ,  $p = 0.5$ ) on influence individual socio economic empowerment and thus group funding being not predictors of individual socio economic empowerment. When the interaction term (group funding\* participation in group activities) was introduced as shown in the model three, participation in group activities and group funding influenced individual socio economic empowerment negatively though significantly ( $\beta_{3z} = -.16$ ,  $p < 0.001$ ).

#### **4.8.4: Discussion on Moderating Effect of Group Funding among Participation in Group Activities and Individual Member's Socio Economic Empowerment.**

The findings on the effect of group funding on participation in group activities and individual socio economic empowerment relationship, indicate that group funding has a negative effects and insignificant moderator of participation in group activities and individual socio economic empowerment though we find participation in group activities has a positive effect and significant influence. It is further noted from the finding that interactions between participation in group activities, group funding and individual socio economic empowerment the negative effect become more and significant. Implying that repayment pressure from other group members and family members discourage those not meet the schedules of repayment and thus low participation level in group activities. These findings are corroborated by studies by Kabeer (1998) point out that the empowering influence of micro finance is not always associated with improvement in women's lives and credit as a debt for household constitutes a risky strategy. Hulmes (2000) admits that the overriding concern with repayment rates put further pressure on groups to exclude those likely to experience greatest problems. Additionally, a study by Itzshaky and York (2000) suggest that the relationship between participant in SHG and subsequent empowerment can be erratic, although the former can be an antecedent of the latter.

SHG are generally composed of poor families and there is greater evidence of social empowerment rather than significant and consistent economic impact and sometimes financial skills of group members have not developed as planned.

#### 4.8.5: Moderating Effects of Group Funding on Group Support System and Individual Socio Economic Empowerment

To test whether group funding moderate the relationship between participation in group activities and individual socio economic empowerment, a moderated multiple regression model was used:

$$Y = \beta_0 + \beta_4X_4 + \beta_zZ + \beta_{4z}X_4Z + \varepsilon$$

**Table4.31: Moderating Effects of Group Funding on Group Support System and Individual Socioeconomic Empowerment: Model Validity**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.34	1	17.34	51.79	.000 <sup>b</sup>
	Residual	133.60	399	.34		
	Total	150.94	400			
2	Regression	17.59	2	8.80	26.26	.000 <sup>c</sup>
	Residual	133.35	398	.34		
	Total	150.94	400			
3	Regression	24.91	3	8.30	26.16	.000 <sup>d</sup>
	Residual	126.03	397	.32		
	Total	150.94	400			

*a. Dependent Variable: Individual empowerment*

*b. Predictors: (Constant), Group support system*

*c. Predictors: (Constant), Group support system, Group Funding*

*d. Predictors: (Constant), Group support system, Group Funding, Group support system\*Funding*

The results in table 4.31 on model one shows that the F statistics is significant ( $F_{(1,399)} = 51.79, p < 0.001$ ) was it is valid indicating that there is a significant influence between group support system and individual socio economic empowerment. When funding was introduced as a moderating variable in model two, its F statistics remained significant ( $F_{(2,398)} = 26.26, p < 0.001$ ) and valid, indicating a significant influence among group support system, group funding on the individual member's socio economic empowerment. When interaction term (group funding\* Group support system) was added in model two, the new model three F- statistic was significant ( $F_{(3,397)} = 26.16, p < 0.001$ ) and remained valid indicating that there is

influence among participation in group activities, group funding, the interaction term (group funding\* group support system) on individual member's socio economic empowerment in Kenya.

**Table 4.32: Moderating Effects of Group Funding on Group Support System and Individual Socioeconomic Empowerment: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	Sig. F Change
1	.34 <sup>a</sup>	.115	.113	.58	.115	51.79	.000
2	.34 <sup>b</sup>	.117	.112	.58	.002	.76	.384
3	.41 <sup>c</sup>	.165	.159	.56	.048	23.05	.000

a. Predictors: (Constant), Group support system

b. Predictors: (Constant), Group support system, Group Funding

c. Predictors: (Constant), Group support system, Group Funding, Group support system\*Funding

The R<sup>2</sup> in model one in table 4.32 shows that 11.5% of the total variations in the individual socio economic empowerment of individuals in funded youth groups in Kenya can be explained by Group support system .The adjusted R<sup>2</sup> shows that when the constant is excluded from the study; group support system account for 11.3 % of the total variation in individual member's socio - economic empowerment. The R = 0.34 and p < 0.001 in the table indicate a significant positive influence of participation in group activities on individual socio economic empowerment and standard error of estimate (.58) how mean deviation of the predictor variable from the line of the best fit.

The second model introduced group funding into the relationship between business capacity building and individual socio economic empowerment in funded groups in Kenya. The slight change in R<sup>2</sup> from 11.5 % to 11.7% implies that group funding insignificantly (p = 0.38). influence the relationship between Group support system and individual socio economic empowerment by 0.7% The third model shows the relationship among group support system, group funding, the interaction term (group funding\* Group support system) and individual socio economic empowerment in funded groups. The results indicated that with the introduction of the interaction term, the R<sup>2</sup> significantly improved (p < 0.001) by 4.8% from 11.7 % to 16.5 % implying that group funding is a significant moderator of the relationship between

group support system and individual socio economic empowerment in Kenya

**Table 4.33: Moderating Effects of Group Funding on Group Support System and Individual Socioeconomic Empowerment: Regression weights**

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.75	.04	.000	86.32	.000
	Group support system	.16	.02	.339	7.20	.000
2	(Constant)	3.71	.07		57.46	.000
	Group support system	.17	.024	.36	7.03	.000
	Group Funding	.05	.06	.04	.87	.384
3	(Constant)	3.50	.08		46.03	.000
	Group support system	.28	.03	.57	8.56	.000
	Group Funding	.39	.09	.31	4.20	.000
	Group support system*Funding	-.23	.05	-.36	-4.80	.000

*a. Dependent Variable: Individual socio economic empowerment*

the results in model one in table 4.33 indicate that group support system is significant predictor of individual socio economic empowerment ( $\beta_4 = .16$ ,  $p < 0.001$ ), with the introduction of moderating variable (group funding) in model two, the group support system remained positive and significant ( $\beta_4 = .17$ ,  $p < 0.001$ ) while the moderator (group funding) was negative and insignificantly ( $\beta_{4z} = -.054$ ,  $p = 0.57$ ) in its influence on the relationship among group support system and individual member's socio economic empowerment and not a predictor of individual socio economic empowerment. When the interaction term (group funding\* group support system) was introduced as shown in the model three, Group support system and group funding influenced individual socio economic empowerment negatively but significantly ( $\beta_{4z} = -.23$ ,  $p < 0.001$ ).

#### **4.8.6: Discussion on Moderating Effect of Group Funding among Group Support System and Individual Member's Socio Economic Empowerment.**

The study findings on group support system indicate a positive and significant effect of group support system and individual member's socio economic empowerment. Similar results are seen when group funding and group support system are combined.

However, introduction of interaction term, group support system results to a negative and significant influence on individual member's socio economic empowerment. These findings are supported by study results by Hulmes (2000) point out that the empowering influence of micro finance is not always associated with improvement in women's lives and credit as a debt for household constitutes a risky strategy. Hulmes (2000) admits that the overriding concern with repayment rates put further pressure on groups to exclude those likely to experience greatest problems.

Another critique of microfinance is that microfinance loans have varying effects on microenterprise profits and may be used for consumption outside of the business. A study in Zambia revealed that the second loan to borrowers had a significantly positive impact on business profits whereas the first loan had no impact (Copestake J., Bhalotra, S. & Johnson, S., 2001). Some borrowers were made worse off, particularly among the 50 percent who left the program after receiving only one loan (Copestake J., Bhalotra, S. & Johnson, S., 2001).

#### **4.9: Moderation Effect of group funding: Overall Model**

A moderated multiple regression model (MNR) was to test the moderation effect of group funding in the relationship between independent variable of group funding and individual socio economic empowerment by funded youth groups in Kenya. The independent variables; access to credit, business capacity building, participation in group activities and group support system were tested in a combination and findings presented in tables 4.34, 4.35 and 4.36. The following MNR model was used;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_{iz}Z + \beta_{iz}X_iZ + \varepsilon$$

Where: Y = individual member's socio economic empowerment,  $\beta_0$  = constant,  $\beta_i$  = coefficient of independent variable  $X_i$  where  $i = (1, 2, 3, 4)$  = independent variables (access to credit, business capacity building, participation in group activities and group support system), Z= moderating variable (group funding) in youth groups,  $X_iZ$ = interaction term,  $\varepsilon$  = error term.

**Table 4.34: Moderation Effect of Group Funding in All Variables: Model Validity**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48.30	4	12.08	48.40	.000 <sup>b</sup>
	Residual	96.30	386	.25		
	Total	144.60	390			
2	Regression	54.37	5	10.87	46.40	.000 <sup>c</sup>
	Residual	90.23	385	.23		
	Total	144.60	390			
3	Regression	55.73	9	6.19	26.55	.000 <sup>d</sup>
	Residual	88.86	381	.23		
	Total	144.60	390			

a. Dependent Variable: Individual *socio economic* empowerment: b. Predictors: (Constant), Group support system, Business training, Access to credit, Participation index. Predictors: (Constant), Group support system, Business training, Access to credit, Participation index, Group Funding. Predictors: (Constant), Group support system, Business training, Access to credit, Participation index, Group Funding, Group support system\*Funding, Business training\*Funding, Access to credit\*Funding, Participation\*Funding.

Results in table 4.34 on model one shows that the F-statistic is significant ( $F_{(4,386)} = 48.40, p < 0.001$ ) and it is valid for further analysis. When group funding is introduced in youth group as moderating variable in model two, its F statistics is significant ( $F_{(5,385)} = 46.40, p < 0.001$ ) and the model is valid. When the interaction term ( $X_iZ$ ) was introduced, to give rise to model three, we find, its F- statistics as significant ( $F_{(9,381)} = 26.55, p < 0.001$ ) and model remaining valid. This means that there is significant relationship between all the independent predictor variables of the study, group funding, interaction term ( $X_iZ$ ) on the individual socio economic empowerment of funded youth groups.

**Table 4. 35: Moderation Effects of Group Funding: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	Sig. F Change
1	.58 <sup>a</sup>	.33	.33	.50	.33	48.40	.000
2	.61 <sup>b</sup>	.38	.37	.48	.04	25.90	.000
3	.62 <sup>c</sup>	.39	.37	.48	.01	1.46	.21

*a. Predictors: (Constant), Group support system, Business training, Access to credit, Participation index*

*b. Predictors: (Constant), Group support system, Business training, Access to credit, Participation index, Group Funding*

*c. Predictors: (Constant), Group support system, Business training, Access to credit, Participation index, Group Funding, Group support system\*Funding, Business training\*Funding, Access to credit\*Funding, Participation\*Funding*

Results in Table 4.35 indicate that the study variables are predictor and explain 33% of the total variations in individual socio economic empowerment in funded youth groups. When group funding, as moderator, was introduced into the model the R<sup>2</sup> improved by 5% to 38% meaning that group funding significantly improved model (R = .61, p < 0.01). Adding the interaction term (X<sub>iz</sub>Z) in the model three slightly improved it where R<sup>2</sup> moved from 38% to 39% though insignificantly (R = .62, p = .21). This led to the conclusion that (Z) group funding is not a significant moderator of the influence among the relationship between the study variables; access to credit, business capacity building, participation in group activities and group support system and individual socio economic empowerment in Kenya.

**Table 4.36: Moderation Effect of Group Funding: Regression Weights**

.Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.58	.05	.000	67.55	.000
	Access to credit	.14	.03	.000	5.46	.000
	Business training	.10	.01	.37	8.21	.000
	Participation index	.11	.02	.26	4.72	.000
	Group support system	.006	.03	.01	.20	.84
2	(Constant)	3.40	.06		53.86	.000
	Access to credit	.13	.03	.23	5.24	.000
	Business training	.14	.01	.49	9.88	.000
	Participation index	.12	.02	.28	5.23	.000
	Group support system	.03	.03	.06	1.00	.32
	Group Funding	.31	.06	.25	5.09	.000
3	(Constant)	3.32	.08		41.69	.000
	Access to credit	.19	.04	.32	4.86	.000
	Business training	.12	.02	.43	5.88	.000
	Participation index	.08	.04	.19	1.89	.06
	Group support system	.07	.05	.14	1.47	.14
	Group Funding	.47	.11	.38	4.47	.000
	Access to credit*Funding	-.11	.05	-.19	-2.01	.05
	Business training*Funding	.01	.03	.02	.20	.84
	Participation*Funding	.05	.05	.11	1.03	.31
	Group support system*Funding	-.07	.06	-.11	-1.15	.23

a. Dependent Variable: Individual socio economic empowerment

The model in table 4.36 shows that constant; access to credit; business capacity building; participation in group activities and group support system are significant ( $\beta_0 = 3.58$ ,  $p < 0.001$ ,  $\beta_1 = .14$ ,  $p < 0.001$ ,  $\beta_2 = .10$ ,  $p < 0.001$ ,  $\beta_3 = .11$ ,  $p < 0.001$ ,  $\beta_4 = .006$ ,  $p = 0.84$ ) in a combined MNR before moderation is performed. When group funding was introduced all other variables are significant except group support system that was insignificant ( $\beta_4 = .03$ ,  $p = 0.32$ ). When the interaction term was added in new model three, access to credit\* group had negative but significant ( $\beta_{1z} = -.11$ ,  $p < 0.001$ ) influence on individual socio economic empowerment while business capacity building\* group funding effects was positive and significant ( $\beta_{2z} = .006$ ,  $p < 0.001$ ). The other study variable interactions, participation in group activities\* group funding and group support system\* group funding were insignificant ( $\beta_{3z} = .05$ ,  $p = .31$ ,  $\beta_{4z} = -.07$ ,  $p = .23$ ). The study has established that

there is a insignificant moderating effect on interaction relationship between group funding and the following study variables had namely business capacity building, participation in group activities and group support system except access to credit in their influence on individual socio economic empowerment in youth group in Kenya. The study further found out that group funding significantly moderate the influence of funded groups on individual member's socio economic empowerment on access to credit and business capacity building but adversely affect the group dynamics in as far as access to credit, business capacity building , participation in group activities and individual socio economic empowerment process in youth groups in Kenya.

#### **4.9.1: Discussions on the overall moderation effects on groups funding on study variables**

It is apparent from the results findings in table 4.36 that the group funding and other study variables have significant effect on all the study variables and individual member's socio economic empowerment. However; introduction of group funding present a different scenario as indicated by the results that group funding significant moderator and thus influencing individual member's socio economic empowerment, but, its interaction with access to credit results to a negative but significant effect ( $\beta_{1z} = - .11, p = 0.05$ ). The study variables, business capacity building, participation in group activities and group support system indicated a positive but insignificant effect. This means youth group performance processes are affected negatively after the introduction of external factor that is funding.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### **5.1: Introduction the results of all empirical studies.**

From the analysis above, the following are the discussions, conclusion and recommendations based on the objectives of the study. First, focus is on the summary of the findings and hypotheses confirmation in relationship to achievement of the research objectives. Furthermore, policy and further study recommendations which should be of interest to both management and policy makers are covered. Lastly, Suggestions for further studies are made as a way of filling the gaps identified in the study.

#### **5.2: Summary of the Findings**

Earlier research notwithstanding the difficulty of finding credible impact research on Youth funding and different definitions of empowerment concept in this area; the finding provide mixed results of the influence of Youth group funding on individual members socio-economic empowerment. The study sought to establish the influence of Youth group funding on individual members socio economic empowerment in Kenya. The discussion is organized under the objective of the study.

##### **5.2.1: Specific objective 1: To determine whether access to credit determine individual member's Socio economic empowerment in youth funded groups in Embu County.**

The study sought to determine the relationship between access to credit and individual member's socio economic empowerment. This was done by evaluating whether there was statistically significant mean difference in individual socio economic empowerment after accessing credit in youth groups. The findings showed a significant positive influence of access credit on individual member's socio economic empowerment in a youth group. The results shows that individuals joined various groups mainly to save and to access credit as indicated by the majority of individual (57.4%), and a few joined to feel connected. In additionally, findings indicated that individual indicated that their status raised and sense of trust increased after joining groups; were able to pay school fees and buy household items and

improve sources of water an indication of improved wellbeing of individual members of the funded groups.

The findings also show that individual in youth groups were able to access more credit than their counterpart in non – funded groups. However, group funding as well as group funding\* and access to credit interactions appeared to negatively affect attainment of individual socio economic empowerment. This finding is supported by perception by respondents that the loans left them worse off. The findings further indicate individual in funded groups had higher access to credit before joining the groups funded groups than the non-funded individuals. This implies that the Youth fund give fund to groups whose members were already accessing credit meaning mistargeting of the beneficiaries. The finding are collaborated by Khandker's data, Morduch (1998) found that the income effect was due to mistargeting of the microfinance programme and that the perceived increase in incomes was due solely to those already above the poverty line who had managed to access the programme.

Overall, individuals' socio economic empowerment in non-funded were better off in their empowerment levels than the funded. This finding are consistent with assertion by care research (2012) which pointed out that in some entrepreneurial projects some Youth may find themselves trapped in debts because their business did not do well.

**5.2.2: Specific objective 2: To determine whether business capacity building determine individual socio economic empowerment in a funded youth group in Embu County.**

The study sought to determine the relationship between 11 business capacity building and individual member's socio economic empowerment in a funded youth groups. The findings showed a positive relationship between business training and individual socio economic empowerment. On individual perception on influence of business capacity building; Generally, the results shows that business capacity building variable had negative mean difference (gap index), implying that individual in non-funded groups performed better in socio economic empowerment than in funded groups. This is due the fact that individual who were funded were better off in terms

of business skills level as compared to non-funded individual. However, the individual in non-funded tended to acquire more in socio economic empowerment after business capacity building indicated by negative mean gap index between.

The findings further, shows that business capacity building has a positive relationship with increased individual member's socio economic empowerment. However, when group funding is introduced it relationship between business capacity building and individual member's individual member's socio economic empowerment negative. This findings could be explained by the assertions by respondents that training they attended was mainly on entrepreneurship and perception of training on business management and loan application processes. This findings are corroborated by the study in Tanzania and Mali (Care, 2012) that the training did not address adequately the young entrepreneurs mindset in addition which further went to say that training in business creation to young people is beneficial and but not enough to create a sustainable enterprise or an indicator of despondency among Youth who had lost interest or confidence in the training due to inadequate training packages and support services. The Study alludes to changing aspirations and visions of young people as evolving ,thus specific factors for progress in Youth empowerment will differ contextually and across different groups and therefore need to have tailored training. The results further support the assertion that it is difficult to assert that training expenditure enhances future performance due to interventions providing general business skills to a mixed group of subsistence and growth-oriented entrepreneurs over a relatively short period of time who given the chance, they would prefer to be employed. Providing training to such individuals may be somewhat of a lost cause, resulting in little or no improvements in business performance over time.

**5.2.3: Specific objective 3: To ascertain whether Participation in Groups activities determine individual's socio economic empowerment in a funded Youth group in Embu County.**

The study sought to determine the relationship between participation in group activities and individual member's socio economic empowerment in a funded youth

group. The results showed that participation in group activities improved individual socio economic empowerment. The findings are as follows; 69.8% of the funded individual youth agreed that participation in group activities increased their self – confidence, public speaking skills, leadership skills, decision making abilities among peer, family and in groups after participation in funded groups’ activities. The results further indicate that there was significant difference (gap index) between individuals before and after participation in groups for funded and non-funded after joining youth groups, usually, in favor of the non-funded. Finding indicates a positive relationship between participation in group activities and individual socio economic empowerment. However, with the introduction of group funding, the individual socio economic empowerment is influenced negatively by the interactions basically because the pressure from friends and group rules and regulation that are main reasons that influence individual repayment success. This may affect individual level of participation and may results to exclusion.

The results indicate a relationship between group norms, ties and regulation and honesty and improved loan repayment and need to acquire other loan as deriving force to repaying their loans .This means that the overarching drive of saving and access to credit that is determined by honesty (social capital) and group norms are critical in group performance the overall individual achievement of individual socio economic empowerment and not pressure from government officers.

**5.2.4: Specific objective 4: To assess whether group support system determine individual Socio economic empowerment in funded groups in Embu County.**

The study sought to assess the relationship between group support system and individual member’s socio-economic empowerment in a funded youth group. The results show significant positive correlation between group support system and individual socio economic empowerment. The findings shows that 59.3% of individuals in funded groups were able to develop networks, increased access to credit, increased sense of trust, developed sense of being valued and lifestyle improved to a healthy one by avoiding drugs and risky behavior as some of the

positive perceptions. The finding additionally, shows that there is significant mean difference between funded and non-funded individual in relation to their socio economic empowerment after joining groups.

One of the most outstanding finding was an indication by 47.8% of individual in funded youth groups' perception that repayment left them worse off economically. The research findings further allude to the relationship of the funded Youth groups being able to facilitate the formation of social capital, where young people are able to learn and share experience and Long-term association among themselves and to acquire leadership skills. It gives the members new opportunities for achieving, increasing self-esteem, contributing to the community and acquiring a sense of purpose in addition to working together for a common purpose. In funded group, group norms, group interaction/participation enable Youth to establish individual identities as well as facilitate collective identity as a group. This finding was collaborated by higher means for individual members after participation in group activities for funded and non-funded.

In addition to peer support, the study found that joint group participation, especially in income generating projects, provided opportunity for Youth to learn new or increase their skills like leadership skills, whilst developing trust, respect, and deriving an increased income. Whilst self-help groups are formed primarily to provide a mechanism to access credit and provide a regime for savings for the poor, they invariably serve other useful purposes. These purposes include the potential development and expansion of social capital notions of trust which is shown by 68.4% who indicted that sense of trust among peer increased after joining funded groups; bonding and networks as indicated by 59.3% after joining funded groups; 66.6% of the respondents indicated that their lifestyle improved to that of healthy living and avoiding drugs and risky behaviour. This possibly provide the foundation for positive collective action by the group on a range of other issues of interest to the community political participation like increase access to clean and safe water.

Another important finding from the study is groups provide members with an opportunity to share experiences and adopt healthy lifestyle living and avoiding

drugs and other risky behavior after joining groups.

The findings too had some worrying aspect such as group funding negatively influenced group support systems dynamics. There was low access of loans by youth individual in the groups from the Bank, This is because, access to credit through Youth fund was meant to enable linkage to other financial intermediaries to help meet high demand for capital to expand enterprises .On the same length ,finding of the study shows that the loans acquired was spent in various purpose like paying hospital bills and college and school fees rather than investment in business definitely affecting the repayment and group performance and eventually empowerment of members. This is supported by research finding in Nepal India that the poor spend loan on food, clothing and school fees, while the better off spend on savings, investing in business and buying items for household in short while the poor are surviving the better of are investing in their future.

Finally, the findings reveals uneven relationship between Youth participation in funded groups and their economic empowerment as found in the quantitative research. There was no significant difference in socio-economic empowerment between individual in YEDF funded individual and non YEDF after accessing credit implying that both groups possibly access almost similar amount of credit from their respective groups. On business training the funded individual showed higher increase in socio economic empowerment compared to non-funded individuals, as for participation in group activities the non-funded seemed to gain more in socio economic empowerment than the funded individual. Group support system had significant difference in socio economic empowerment between the non-funded and funded individual, which indicate the individual in funded groups experienced more empowerment.

These findings also raise serious questions about the impact of group funding in funded Youth groups on individual socio economic empowerment. Introduction of groups funding influenced individual socio economic empowerment negatively, though in itself influenced individual socio economic empowerment positively.

Generally, respondents reported increase in assets, control over life situations like developing healthy lifestyles by avoiding risky behavior and drug abuse among other aspects of socio-economic empowerment their perception on business capacity building did not increase in terms of skills, knowing bank processes, feeling valued etc. Uniquely, the asset value for non-funded seemed to increase more from 2009 to 2012 compared to the funded.

#### **5.2.5: The moderating effects of group funding on the relationship between access to credit and individual socio economic empowerment**

The fifth objective of the study was to establish the moderating effect of the access to credit and individual socio economic empowerment in youth groups. The moderating effect was tested under four hypotheses as follows

**H<sub>05a</sub>:** There is no significant moderating effect of group funding on relationship between access to credit and individual member's socio economic empowerment in funded groups in Kenya.

The results revealed that group funding was a predictor since it showed a positive statistically significant influence on individual socio economic empowerment introduction of group funding yielded significant results.

**H<sub>05b</sub>:** There is no significant moderating effect of group funding on relationship between business capacity building and individual member's socio economic empowerment in funded groups in Kenya.

The results confirmed that the interaction effect was significant, implying that group funding moderates relationship between business capacity building and individual socio economic empowerment in funded youth groups in Kenya.

**H<sub>05c</sub> :** There is no significant moderating effect of group funding on relationship participation in group activities and individual member's socio economic empowerment in funded groups in Kenya.

The results indicate that participation is a predictor, but did not moderate the relationship between participation and individual socio economic empowerment

**H<sub>05d</sub> :** There is no significant moderating effect of group funding on Group support system and individual member's socio economic empowerment in funded

groups in Kenya

The results group funding significantly affected the relationship between group support system and individual socio economic empowerment negatively.

The results revealed that group funding moderated the relationship in joint model. The moderating effect on the joint relationship between group funding and individual socio economic empowerment in funded youth groups in Kenya. The results were significant for all the study variable showing that there is significant interaction between access to credit, business capacity building, participation in group activities and group support system and individual socio economic empowerment in funded youth groups.

### **5.3: Conclusion of the study**

**Specific Objective 1: To determine whether access to credit determine individual member's Socio economic empowerment in youth funded groups in Embu County.**

Based on the findings of the study, it can be concluded that access to credit enhance significantly determine individual member's socio economic empowerment. The study results also reveal that when funding is introduced in groups the effects on individual members socio economic empowerment is negative and is group funding is not a significant predictor of individual socio economic empowerment. This is indicated by individual in non- funded groups performing better in their empowerment levels. The empirical study shows that the impact of access to funded members was positive though lower compared to non-funded ie control group and the variation was not significant. The results were almost the same in sampled indicating that access to credit is critical factor of socio economic empowerment but showing no differences between male and females. But there was mean differences between before and after accessing credit for both non funded and funded though not statistically significant.

In general, Group funding and saving enabled individual to have increased assets that can provide household stability, the capacity to weather changes such as the loss

of a job or household income, triggered by business cycles, restructuring, or a family crisis. They also can help to develop other assets, (spillover effects) for instance, building a business that generates revenues and employs others or equity in a home that can be invested in further education. Buildup of assets provides a head start for the next generation.

**Specific Objective 2: To determine whether business capacity building determine individual Socio economic empowerment in a funded youth group in Embu County.**

Based on the findings, it can be concluded that business capacity building in youth groups had a negative but with a significant effect on the relationship between business capacity building and individual member's socioeconomic empowerment. The results also revealed that business capacity building is a positive predictor of individuals' socio economic empowerment. The rises questions on how, kind and delivery mode of the YEDF training packages. The study results, however, shows gains in members of the youth groups after business capacity building with non-funded seemingly doing better in individual socio-economic empowerment. This is evidenced by development of leadership skills knowing bank processes and acquiring skills and self-control from many conversations on a variety of topics relevant to the well-being of the community in which they live and working together. This is because, group offer opportunity for encouragement and support initiative along with mutual assistance. In addition, groups provide members with opportunity to improve one's economic situation by taking risk in investment for the future and behavior change. Group's efforts results to increased incomes from business investment and improved family and community status through enhanced self – concept and self-esteem. However, introduction of group funding from Youth fund had a negative impact to individual members.

In nutshell, individual members of youth group are able to derive the following benefits (economic indicators) from group funding as alluded to by the research model of positive Youth development and the asset building community theory in as far as asset development are concerned and influence to Youth development.

**Specific objective 3: To ascertain whether Participation in Groups activities determine individual socio economic empowerment in a funded Youth group in Embu County.**

Based on the study findings, it can be concluded that participation in group activities and group funding interactions, results to a negative effects on the relationship between participation and individual member's socio economic empowerment, though it is worth noting that both funding in groups and participation in group activities enhance and are positive predictors of individual member's socio economic empowerment. The evidence of individual member's socio economic empowerment is seen when member of the groups have a shared commitment to a shared vision and community action among group members. The evidence of individual socio economic empowerment is on increased individual assets and building of community assets that can contribute to broader social well-being. Participation in group activities may create stronger families and communities for the next generation.

**Specific objective 4: To assess whether group supports system determine individual socio economic empowerment in funded groups in Embu County.**

From the findings, the study concludes that group support system enhance individual members socio economic empowerment but when group funding is introduced , it appears to negatively affect the relationship between group support system and individual member's socio economic empowerment. This is evidenced from the finding that individual from non-funded had higher mean index that the funded ones .The only worry here how group funding was introduced since group funding itself has a significant effect on individual member's socio economic empowerment. All in all the study shows gains in individual socio economic empowerment as evidenced in by interview of group and members that being members of a funded group significantly increased individual socioeconomic empowerment by providing support that increase access and development of assets, Asset are hope. They provide a sense of security, control, confidence, and a belief that one can take advantage of opportunities. They can provide an incentive to reduce risky behavior by learning new transferable skills. Assets engender a desire and ability to look toward to the

future, make plans, and take an interest in additional steps toward independence. Assets support action on behalf of oneself and the next generation. However, by introducing group funding from Youth fund the results indicate negative influence to individual socio-economic empowerment.

## **5.4: Recommendations**

### **5.4.1: Increasing access to credit strategy**

The government should develop a strategy to use local microfinance institutions, local banks and NGO/ SACCOs in credit provision together with simple financial support services to existing Youth groups to improve on their empowerment on continues basis. This should involve evaluation of the regulation of micro- financial institutions and structures to ensure access to loans capital to the deserving youth growth entrepreneurial. The regulation should aim in addition to youth enterprise growth from micro to macro status.

### **5.4.2: Business capacity building strategy**

The government should develop business training that will support groups by providing more sophisticated and targeted training that meet the evolving needs and visions of the Youth with the aim of linking them into Youth association as a way of developing social capital among the Youth for individual and collective action.

### **5.4.3: Group Support system and Participation strategy**

There is need of strengthening youth groups and their network linked for increased collaborations and support systems to enhance the social capital. Bank linkage in a more comprehensive empowerment and sustainability framework or an integrated and participatory model based upon livelihoods development. Necessary adjustments would have to be made for particular regional, social and poverty contexts. As shown from the research findings most of the individual join group to access credit and for savings. The government should develop system that have standard model template for groups that will help funded groups grow into village banking. This is best done by having group template for new group to enable tracking savings and credit among groups with a view of growing them into village banking groups thus increase access to credit and development of social capital.

### **5.5: Areas of further research**

1. The study recommends a further research on why interaction of group funding and access to credit, business capacity building, participation in group activities and group support system has a negative influence on individual member's socio economic empowerment.
2. Group funding is intended for better Youth socioeconomic empowerment in terms of access to credit but from the study, group funding may led to the squeezing out or exclude the very poor individual youth from accessing credit or business training opportunities to negate the whole purpose of government funding initiative. This study recommends further research on who accesses the services available in youth groups functioning.
3. Some group members in this study indicated to be indebted and increasing stress when trying to repay loan thus leading to disempowerment. Research to verify in support or falsify these propositions is recommended.

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## APPENDICES

### APPENDIX 1 QUESTIONNAIRE

Kindly fill in the following questionnaire.

Information obtained will be used for the purposes of academic study only and will be handed with highest level of confidentiality. Your cooperation will be highly appreciated.

#### PART A: GENERAL INFORMATION

1. Please indicate the name of your constituency\_\_\_\_\_
2. Please tick the appropriate gender: Male, ( ) Female, ( )
3. Please indicate your age bracket:  
18 yrs and below, ( ) 18 - 24yrs, ( ) 25 - 29yrs, ( ) 30 - 35yrs, ( )
4. Please indicate your marital status: Married ( ) Single, ( ) Divorced ( ) Engaged ( )
5. Kindly indicate your academic /educational level attained; STD. 8 and below ( ), Form 4 ( ), Secondary Education ( ). Secondary Drop out ( ).

#### PART B.

1. Please indicate whether you are a member of a Youth Group; Yes ( ) No ( )  
(b)If yes please indicate the name of your group\_\_\_\_\_
- (c) When did you join the group (year)?  
\_\_\_\_\_
2. Tick appropriately the reasons for joining the group: To save ( ), Solve common community problems (e.g. water problems) ( ), Raise status in the society ( ), Access credit ( ), raise income for a startup business ( ), to repay debts ( ), to feel connected with other Youths ( ).  
(b) Other reasons of joining the group, specify  
\_\_\_\_\_

3. Indicate by writing down the economic activities (main) you carry out in your group or as individual.

i. \_\_\_\_\_

ii. \_\_\_\_\_

iii. \_\_\_\_\_

(b) Do the activities carried out above give you some income? Yes ( ) No ( )

(c) Do you carry out any income earning activity as an individual to earn your living?

Yes ( ) No ( )

4. What is the source of your fund used to finance those activities above?

Loan from Youth fund ( ) Bank Loan ( ) Grant e.g. NACC ( ) Group savings ( )

Personal savings ( ) Family members ( )

Other source of finance specify \_\_\_\_\_

5. In question (4) above, If your source of finance is a loan, how much did you get?

\_\_\_\_\_

(b) How was the loan acquired? Used collateral from family as guarantee ( ), Assets ( )

Group guarantee support ( ), Family member guaranteed ( )

Other method used to acquire loan, specify \_\_\_\_\_

6. Indicate the current loan repayment status

Complete ( ) Half way ( ) Not repaid ( ) Struggling to repay ( )

7. How would you attribute your ability to repay the loan (tick as many you think can be attributed to repayment).

Strong group ties, norms and honesty, ( ), Pressure from family members, ( )

Pressure from government officials (e.g. chief, Youth fund officials) ( ), Rules

and

Regulations governing group and loan conduct ( ),

Need to finish and acquire new loan ( )

8. a) If given a chance, would join the same group? Yes ( ) No ( )

b) If yes, do you think group has succeed in creating supportive environment to enable

Members improve their welfare or achieve members' objectives: Yes ( ) No ( )

c) Who forms the majority of social friends?

Group members ( ): old school mates ( ): village mates ( ): networks of friends made from Business associates ( ): contacts made from group activities ( )

9. Please give the value of your assets (household) acquired since you (year) joined the group in the table below.

Assets name - e.g bicycle, panga, motorcycle or land, mobile phone etc	2007 Value	2008 Value	2009 Value	2010 Value	2011 Value	2012 Value	2013 Value	2014 Value
	Ksh							

(b) In your perception or opinion, has your assets been increasing? Yes ( ) No ( )

(c) If yes, what would attribute to increase in your assets to? Group Support ( )  
Support

from family ( ) ,your own efforts( ).

10(a). Do you have a savings account? Yes ( ) No ( )

b) When did open that bank account ..... (Indicate the year)

c) Do you normally save? If yes, please indicate on average your monthly savings in shillings since 2006 to date in the table below

2007	2009	2010	2011	2012	2013	2014	2013

11) How often do you meet in your group? Weekly, ( ) Monthly ( ), after two weeks, ( )

when need arises. ( )

12. If you are a member of the group, what is the main agenda of the group meeting?

Loan disbursement ( ), Collection of savings ( ), Discussions and review of project ( ) Education and training done ( ), discuss Community needs e.g. Advocacy on HIV, Gender issues, any other community developmental issue ( ).

13(a) Have you been participating in any training on entrepreneurial or on business management? Yes ( ) No ( )

(b) If yes, how many times have you been trained as a group or individually?

As a Group \_\_\_\_\_ as an individual \_\_\_\_\_

14. Who conducted the training for those who have attended training?

Youth ( ), Ministry ( ), NGO ( ) Peer Tots

(other Youths or trained group members) ( )

16. (a) Please indicate the areas of the training attended: Entrepreneurship ( ), Group dynamic ( ), Book keeping ( ). Loan application ( ) Business management ( ), HIV/Aids ( )

Others? Specify.....

16 (b) In your opinion was the training important in as far as your goal of joining the group is concerned Yes ( ) No ( )

17 a) if you are a group member, please indicate the role you play in group

Group leader e.g. chair, secretary etc ( ); committee member ( );

active member; just a Member ( )

b) Does the group you belong to carry out community development programs, tick appropriately-  
Campaigns against drug and substance abuse ( ), Campaigns against HIV; Nutrition awareness ( ) water issues ( ) Insecurity issues ( ) Political issues e.g. campaigns ( )

c) Tick the issues you liked most when you participated in group or community activity

Developed solidarity among us ( ) provided me with opportunity to lead e.g. involved in

Organizing ( ) I felt connected to the community ( ); raised political awareness ( ) improved community service e.g. water supply ( ); improved my self-confidence ( )

**PART B (1)( b) Please indicate the main water source for your domestic use in the table below**

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Dam									
Stream(fetching)									
Well/spring									
Piped water									
Harvested rain water									

**PART B (1)**

Access to microfinance, Business capacity building, and participation and group support systems increases participants’ economic empowerment. How would you rate the level of your personal empowerment based on the various aspect socio-economic empowerment below (before and after joining the group).**Before** is the period before the date you joined the group (before 2010) while **after** is period after the date you joined the group (2010 to 2013). **Using the scale: (Strongly Agree (SA), Agree (A), Neutral, Disagree (D), strongly Disagree (SD)).**Tick appropriately boxes below

			SA	A	N	D	SD
17 a	Assets number or its value Level has increased	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
17a	Saving levels has been increasing	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
17a	Access to Credit levels increased	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
17a	Household assets like motorcycle, property etc. have improved or increased	Before	<input type="checkbox"/>				
		after	<input type="checkbox"/>				
17a	Income levels improved after getting involved in funded groups activities	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
	Loan management repayment confidence improved to starting up business ventures	Before	<input type="checkbox"/>				
17a		After	<input type="checkbox"/>				

17a	Helped Open savings account	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
17a	Loan repayment left me in worse off economically	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				

17b	Business capacity building has increased my skills in handling problems and enabled me start up a small business	After	<input type="checkbox"/>				
		Before	<input type="checkbox"/>				
17b	Participation in funded group /community activities enabled me know bank processes e.g. opening account, or borrowing a loan.	After	<input type="checkbox"/>				
		Before	<input type="checkbox"/>				
17c	Participation in groups community programs, advocacy has enabled me to develop leadership skills,	After	<input type="checkbox"/>				
		Before	<input type="checkbox"/>				

17c	Participation in community development	After	<input type="checkbox"/>				
	community projects through groups and increased political participation e.g. agent of political parties, campaigners etc	Before	<input type="checkbox"/>				
17b	Skills acquired during business capacity building programs and sharing with other members increased my self-esteem, efficacy and helped to develop self-control some life situations and being myself.	After	<input type="checkbox"/>				
		before	<input type="checkbox"/>				
17d	Increase sense of belonging ie we feeling	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
17d	Increase self confidence, esteem and efficacy	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
17c	Developed speaking in public abilities	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
17c	Acquire leadership skills – members of NYC/local leader ,football club etc	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
17d	Feeling of being in control of ones life	Before	<input type="checkbox"/>				

		After	<input type="checkbox"/>				
17d	Increase sense of trust among peers ( feeling sense of security and longing ie we help each other in case of a problem	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
17c	Feeling or being valued by fellow youths and members of family and community	After	<input type="checkbox"/>				
		Before	<input type="checkbox"/>				
17c	Sharing of experience among members and increased interactions with government officers is empowering and one feel confident to start things on my own (able to seek for information from government officials to help in planning my projects)	Before	<input type="checkbox"/>				
		After	<input type="checkbox"/>				
17d	My lifestyle behavior is healthy living, no drug abuse, and does not get involved in risky behavior e.g does not engage in unsafe sex.	<b>Before</b>	<input type="checkbox"/>				
		After	<input type="checkbox"/>				

18. How would you rate generally your personal empowerment level? (In terms of outlook to life i.e. being Positive about life and hopeful for a better life)  
Empowered ( ) moderately empowered ( ) not empowered ( ).

19. Are you optimistic of a bright future? Yes ( ) No ( )

20. What would you think as some of the problems affecting your group performance in achieving members empowerment; delayed fund ( ) inadequate funds ( )

misappropriation of fund by group official ( ). Lack of skills management of group leader ( ), Conflict among leaders ( ) Jack of mandate for products ( )

21. How would you rate the overall performance of your group in improvement of the members and community welfare? E.g. in advocacy in HIV/ AID or contribution to community development; Excellent ( ), good ( ), fair ( ), poor ( ), Very poor ( ).

22. What suggestion would make given a chance to improve your group capabilities or functions? Increase members savings ( ) increase group advocacy role in community e.g. HIV; increased funding/credit ( ), more Training of groups leaders and members ( ) start group fund events ( ). Trade fair to link Youth enterprise with major /big enterprises ( )

**APPENDIX 3**  
**Multicollialarity: Coefficients<sup>a</sup>**

Model		Sig.	Collinearity Statistics	
			Tolerance	VIF
1	(Constant)	.000		
	Access to credit	.000	.863	1.158
	Business training	.000	.875	1.143
	Participation index	.000	.561	1.781
	Group support system	.838	.518	1.930
2	(Constant)	.000		
	Access to credit	.000	.858	1.165
	Business training	.000	.665	1.504
	Participation index	.000	.558	1.791
	Group support system	.316	.505	1.979
	Group Funding	.000	.658	1.519
3	(Constant)	.000		
	Access to credit	.000	.364	2.744
	Business training	.000	.300	3.331
	Participation index	.059	.161	6.223
	Group support system	.143	.184	5.428
	Group Funding	.000	.220	4.540
	Access to credit*Funding	.045	.178	5.632
	Business training*Funding	.838	.310	3.224
	Participation*Funding	.305	.135	7.432
	Group support system*Funding	.249	.196	5.105

**APPENDIX 4:  
HYPOTHESIS TESTING WITH APPROPRIATE TEST STATISTIC**

<b>Research Problem</b>	<b>Objectives</b>	<b>Test statistic</b>	<b>Null Hypothesis</b>
1) Is there any significant difference in individual socio economic empowerment between individuals and funded and non funded groups accessing credit?	Determine whether the rate of individual socio economic empowerment differ between funded and non funded groups after accessing credit	$t = \frac{\bar{x}_1 - \bar{x}_2}{S_D \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}$	<p>There is no mean difference in individual socio economic empowerment of funded and non funded groups after accessing credit</p> <p><math>H_o: \mu_1 - \mu_2 = 0</math></p>
2) Is there any significant difference in socio economic empowerment between individuals and funded and non funded groups after Business Capacity Building?	Determine whether the rate of individual socio economic empowerment differs between funded and non funded groups after Business Capacity Building?	$t = \frac{\bar{x}_1 - \bar{x}_2}{S_D \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}$	<p>There is no mean difference in individual socio economic empowerment of funded and non funded groups after</p> <p><math>H_o: \mu_1 - \mu_2 = 0</math></p>

<p>3) Is there any significant difference in socio economic empowerment between individuals and non-funded and non-funded groups after Participation in Activities?</p>	<p>Determine whether the rates of individual socio economic empowerment differ between funded and non-funded groups after Participation in group activities?</p>	$t = \frac{\bar{x}_1 - \bar{x}_2}{S_D \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}$	<p>There is no mean difference in individual socio economic empowerment of funded and non-funded groups after</p> <p><math>H_o: \mu_1 - \mu_2 = 0</math></p>
<p>4) Is there any significant difference in socio economic empowerment between individuals and non-funded and non-funded groups after group support system?</p>	<p>Determine whether the rate of individual socio economic empowerment differs between funded and non-funded groups after group support system?</p>	$t = \frac{\bar{x}_1 - \bar{x}_2}{S_D \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}$	<p>There is no mean difference in individual socio economic empowerment of funded and non-funded groups after</p> <p><math>H_o: [\mu]_1 - [\mu]_2 = 0</math></p>

**APPENDIX 5:  
LETTER OF INTRODUCTION**

Dear sir/ madam,

I am a student at Jomo Kenyatta University of agriculture and technology studying for PhD in business administration course. I will be carrying out research on the topic-**Determinants of individual member's socio economic empowerment of funded youth groups in Embu County- Kenya.**

The study aims at determining the influence of Youth group funding to individual members empowerment to enable provide empirical data and recommendations to various factors involved in Youth empowerment initiatives for purpose of improving and enhancing the program.

The purpose of this letter is to request you to respond to the attached questionnaire. The information given will be used for academic purposes and will be treated with uttermost confidentiality. Finally, the report findings can be sent on request. Thanks in advance for your time and cooperation.

**Sincerely**

**Mbae Franklin    PhD student**

**Supervisors**

**Prof. Elegwa Mukulu and Prof. John Kihoro**