THE ROLE OF YOUTH ENTERPRISE DEVELOPMENT FUND ON GROWTH OF MICRO AND SMALL ENTERPRISES (MSEs) AT CONSTITUENCY LEVEL IN MALAWI

MASTER OF PUBLIC ADMINISTRATION AND MANAGEMENT THESIS

MUSANDIDE MISSINJO

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MASTER OF PUBLIC ADMINISTRATION AND MANAGEMENT THESIS

by

MUSANDIDE MISSINJO

B.Com (Arts)-University of Malawi; ACCA

Submitted to the department of Political and Administrative Studies, faculty of Social Science, University of Malawi, in partial fulfillment of the requirements for the degree of Master of Public Administration and Management

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DECLARATION

I declare that the thesis hereby submitted and the work contained in it has not been previously submitted for a degree or diploma at any other higher education institution. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made.

Musandide Missinjo

Full Legal Name

Signature

Date

CERTIFICATE OF APPROVAL

We, the undersigned, certify that we have read and hereby recommend for acceptance by the University of Malawi a thesis titled '*The Role of Youth Enterprise Development Fund on Growth of Micro and Small Enterprises (MSEs) at Constituency Level in Malawi*.'

Signature:_________________________________Date:_________________________

Mphatso Boti Phiri, PhD (Senior Lecturer)

Main supervisor

Signature:_________________________________Date:_________________________

Dan Banik, PhD (Professor)

Co-Supervisor

DEDICATION.

To my mother, Mrs. Tionane Gogonabanda Missinjo, who has been my source of inspiration.

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ABSTRACT

This study investigated the barriers that prevent the Micro and Small Enterprises (MSEs) start-up and hamper their potential growth in Malawi. The study further analysed the role of Youth Enterprise Development Fund (YEDF) on the growth of MSEs in Mwanza, Lilongwe Rural and Karonga districts. The study contributes to knowledge and literature of the YEDF on the growth of MSEs in Malawi. The study also provides a framework to policy makers on good administration and management of the Youth Enterprise Development Fund. Using both quantitative and qualitative approach the study findings indicate that the Fund has a long way to go to achieve MSEs growth. The study reveals that there has been little contribution of the fund to youth enterprises' growth. Among other recommendations, the study the need to intensify awareness of the fund, entrepreneurial training to the youth and access to markets.

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LIST OF ACRONYMS, ABBREVIATIONS AND SYMBOLS

ADC	Area Development Committee
AGOA	African Growth and Opportunity Act
BDS	Business Development Services
COVID 19	Corona Virus Disease 2019
DDPS	District Development Planning Officer
ECORET	Ecological Research Initiatives
FGD	Focus Group Discussions
FINCA	Foundation for International Community Assistance
GoM	Government of Malawi
KII	Key Informants Interview
MAMN	Malawi Microfinance Network
MARDEF	Malawi Rural Development Fund
MEDF	Malawi Development Fund Limited
MP	Member of Parliament
MSE	Micro and Small Enterprises
NABW	National Association of Business Women
NGO	Non-Governmental Organizations
PPMCC	Pearson Product Moment Correlation Coefficient
OECD	Organization of Economic Cooperation and Development
SPSS	Statistical Package for Social Sciences
UNDP	United Nations Development Programme
VDC	Village Development Committee
YEDF	Youth Enterprise Development Fund

DEFINITIONS

Youth Participation

This is the process of engaging young people in the institutions and decisions that affect their lives (Chechoway, 2011)

Youth Engagement

The active, empowered, and intentional partnership with youth as stakeholders, problem solvers, and change agents in their communities. (Youth Leadership Institute 2009, p. 13)

Entrepreneurship

Entrepreneurship is defined as an activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organising, markets, processes and raw materials through organising efforts that previously had not existed (Venkataraman, 1997; Shane & Venkataraman, 2000).

Entrepreneurial marketing

Entrepreneurial marketing is the marketing process common among entrepreneurs and small business owners that encompasses innovation, identification of a common market, interactive marketing methods and informal information gathering (Carter, 2006).

CHAPTER ONE

INTRODUCTION AND BACKGROUND.

1.1 Introduction

The study investigated the barriers that prevent the Micro and Small Enterprises (MSEs) start-up and hamper their potential growth in Malawi. The study further examined the role of Youth Enterprise Development Fund (YEDF) on the growth of MSEs in Mwanza, Lilongwe Rural and Karonga districts. The study contributes to knowledge and literature of the YEDF on the growth of MSEs in Malawi. The study also provides a framework to policy makers on good administration and management of the Youth Enterprise Development Fund. This chapter contains the research questions that have to be answered in this study. The chapter also contains the significance of the study. Finally, the chapter contains the structure of the study. Chapter 2 reviews the role of MSEs in employment generation and economic growth, Chapter 3 discusses research design and strategy on how data was collected and analysed. Chapter 4 outlines the findings of the study. Chapter 5 contains conclusions and recommendations.

1.2 Study background

MSEs are increasingly seen as playing an important role in the economies of many countries. Thus, governments throughout the world focus on the development of the MSE sector to promote economic growth (Olawe & Garwe, 2010). MSEs currently evolve in complex business environments, characterized by globalization, the internationalization of markets and the need for greater efficiency, effectiveness and competitiveness based on innovation and knowledge (Mateey & Anastasov, 2010).

MSEs face many barriers and prevent their start-up or growth and hamper their potential. They have less access to markets and procurement because of lack of information and existing opportunities or discouraging complicated procedures (OECD, 2012).

Microfinance has been one of the strategies for poverty alleviation in developing countries. Following the success of the Grameen Bank in Bangladesh, the microfinance revolution has stormed the developing countries today (Cordeiro, 2019). In Malawi, micro credit programmes predate the colonial era and focused mainly on supporting smallholder farmers towards farming enterprises. However, with the international revolution in the use of micro credit in the promotion of non-farm activities, Malawi started piloting micro finance schemes in the late 1980s. Thus, during the one-party political system, access to financial services by the poor was rather limited. The proliferation of micro credit scheme or microfinance institutions began after the democratic process in 1994. Today, Malawi has several governmental and non-governmental organizations offering financial services to the poor. Most of these institutions operate localised and targeted programmes, and very few are operating at a national scale. Microfinance institutions in Malawi are largely unregulated and their programmes are not coordinated and accessibility to their services is not universal to the poor. With improvements in the policy environment, the Malawi Microfinance Network (MAMN) has been established as a formal association of microfinance institutions with the objective of developing, promoting, coordinating and regulating micro finance activities among member institutions (Chirwa, 2002).

While positive developments have taken place in the micro finance sector in the post democratic era, the existing institutions are far from satisfying the demand for such services and lack of financial resources will remain a major constraint in the expansion of micro and small business enterprises in Malawi (Chirwa, 2002). In addition, the existing micro finance institutions are grossly wanting in terms of human, physical and financial resources to enable them operate national programmes. More so the financial performance of microfinance institutions and their impact on poverty reduction are not adequately documented and known in Malawi, although the increase in micro credit programmes has been remarkable (Chirwa, 2002).

One of the public microfinance institutions which the government of Malawi initiated with the goal to alleviate poverty is the Malawi Enterprise Development Fund (MEDF). One of the Components in the MEDF is the Youth Enterprise Development Fund

(YEDF), which is one of the Government of Malawi's innovations in combating the challenge of poverty and youth employment. The Government's interest in promoting entrepreneurship has various motivations. While seen as a means of combating unemployment and poverty, the promotion of entrepreneurship is perceived to yield additional benefits such as raising the degree of competition in a given market, fueling the drive for new economic opportunities and helping to meet the challenges of rapid change in a globalizing economy (Kathleen, 2008). This study examines the YEDF contribution to the growth of youth enterprises in Malawi. In order to do this, the study analyses the youth enterprises at constituency level in Mwanza Central constituency in Mwanza District, Lilongwe East Constituency in Lilongwe District and Karonga Central Constituency in Karonga District. These districts were choses due to the varying experiences of youths in the districts. Mwanza Central in the southern region grows tangerines, Lilongwe Rural West because of its very high agricultural activities with proximity to the Capital City where marketing and transportation of products are an advantage to the youths, and Karonga Central because while it is fast growing and with a lot of business activities taking place, it is also along Lake Malawi and its proximity to Tanzanian markets where marketing of their products internationally would be ideal.

1.3 The Malawi Development Fund (MEDF)

In order to continue promoting public microfinance systems in Malawi, the Government of Malawi in 2005 introduced the Malawi Rural Development Fund (MARDEF) that was later changed to Malawi Development Fund Limited (MEDF). There are two types of loans in the MEDF, namely, the Malawi Rural Development Fund that provides loans to women and the youth, and the Youth Enterprise Development Fund that solely focuses on providing loans to the youth (Mbaluko, 2014).

The Youth Enterprise Development Fund was initiated to enable many poor and jobless young Malawians who struggle to access loans from money lending institutions to start small scale businesses. YEDF is a revolving development fund programme targeting Malawians aged from 18 through 35. It is an initiative aimed at eradicating extreme poverty and register remarkable social-economic development. The key objective of the fund is to provide the youth with sustainable technical, entrepreneurial and financial skills to operate commercial ventures in an effective and efficient manner. Funds for YEDF come from the Government of Malawi (Mbaluko, 2014).

Malawi has a list of licensed microfinance institutions. These are categorized into Microcredit agencies, Non-deposit taking micro-finance institutions and Deposit Taking Microfinace Institutions. Some of the Microcredit agencies include Busines Financial Solutions, SAILE financial services, Umunthu Microfinance, Greenroot Finance, Moyowathu Financial Services. TEECs, DF Agency, Getbucks Malawi, National Association of Business Women (NABW), FEDOMA Microfinance project, Fountain Microfinance, Citizen Microfinance, EPIK Finance Ltd, Ecological Research Initiatives Ltd (ECORET), Green Gold Finance Ltd, Pamodzi Finiserve Ltd, Wealthnet Finance Ltd, and Community Finance Ltd. Examples of Non-deposit taking microfinance institutions in Malawi include Pride Malawi, Greenwing Capital Financial Services, Microloan Foundation, CUMO Microfinance, Blue Financial Services, Easy Loans, Select Financial Services, Vision Fund Malawi, and Malawi Enterprise Development Fund (MEDF). There is only one Deposit taking microfinance institution and this is Foundation for International Community Assistance (FINCA) Ltd (Reserve Bank of Malawi, 2016)

1.4 Problem Statement

In line with the Malawi Growth and Development Strategy, the Malawi government has chosen to support start-up and growth of youth enterprises. Government's policy towards MSEs is one important factor into consideration when looking at the opportunities MSEs have for growth (Gatt, 2012). However, despite the significance associated with these firms and the numerous policy initiatives introduced by African governments during the past decade to accelerate the growth and survival of MSEs in the African region, the performance and growth of MSEs is disappointing (Atsede et al. 2008).

The Government of Malawi conceived the idea of institutional financing to provide young people with access to finance self-employment activities and entrepreneurial skills development as a way of addressing unemployment and poverty which essentially are youth problems through YEDF concept (GoM, 2010). The Fund's objective is to provide on-lending to the youth enterprises, attract and facilitate investment in micro, small and medium oriented commercial infrastructure that is beneficial to youth enterprises, support youth oriented micro, small and medium enterprises to develop linkages with large enterprises and facilitate marketing of products and services of youth enterprises both in domestic and international markets. The Fund also provides Business Development Services to youth enterprises (Mbaluko, 2014). However, it remains unknown, the extent to which these initiatives have succeeded in addressing the funding and support challenges faced by youth MSEs. At the meantime there a general outcry of youth unemployment and poverty.

Even with strategies for accelerated youth development in Malawi in place, it is apparent that economic development of the youth has been slower than expected, leading to prolonged gross socio-economic disparities between the youth and the rest of the population (Mbaluko, 2014).

Whereas the underlying premise is that employment can be achieved by enhancing access to financial resources, entrepreneurship policies should focus on growth of the youth enterprises too. This implies that the existing mechanisms of planning and managing of youth enterprises is either inadequate or inappropriate (Kemunto, 2014). Thus, the question which arises is what is the problem and what needs to be done to improve the development and performance of youth enterprises that will in the end result in MSEs growth. Herein lies the thrust of this study. This study therefore seeks to scrutinize the role of YEDF on MSEs growth in the three constituencies of Mwanza, Lilongwe and Karonga districts. This is with the view of suggesting appropriate remedial measures on how to address the inadequacies noted on the same in order to meet the challenge of improving the performance of youth enterprise development fund and thereby lead to enterprise growth for the present and future needs. This study therefore seeks to analyse the contribution of YEDF on Growth of Micro and Small Enterprises in Mwanza Central in the southern region that grows tangerines, Lilongwe Rural West because of its very high agricultural activities with proximity to the Capital City where marketing and transportation of products are an advantage to the youths, and Karonga Central because while it is fast growing and with a lot of business activities taking place, it is also along

Lake Malawi and its proximity to Tanzanian markets where marketing of their products internationally would be ideal.

1.5 Key Research Questions

1.5.1 Main Research Question

What is the role of Youth Enterprise Development Fund on growth of MSEs in Malawi?

1.5.2 Specific Research Questions: -

1. To what extent does the level of awareness of the youth towards the availability of the fund influence growth of MSEs?

2. To what extent does YEDF provide on-lending to youth MSEs?

3. To what extent does YEDF promote marketing of products and services of Youth MSEs locally and internationally?

4/ To what extent does YEDF provide Business Development Services to youth MSEs?

1.6 Main Objective

The aim of this study is to analyse the role of Youth Enterprise Development Fund on growth of youth MSEs in Mwanza Central Constituency in Mwanza district, Lilongwe East Constituency in Lilongwe district and Karonga Central Constituency in Karonga district.

1.6.1 Specific Objectives

- To assess the level of awareness of the youth towards the availability of the fund influence growth of youth enterprises.
- To edetermine-3 how YEDF provide on-lending to youth MSEs.
- To examine* the extent to which YEDF promote marketing of products and services on youth enterprises both locally and internationally.

- To establish the extent to which YEDF provide Business Develop Services to youth enterprises.

1.7 Significance of the Study.

The successful establishment of MSEs and their subsequent evolution and growth has long been a source of interest for researchers, governments and policy makers because MSEs are -increasingly important to the growth of economy. In response, governments have introduced a variety of policies including the provision of advice, to facilitate formation of new firms and to offer support to MSEs to aid their survival and foster improved rates of growth (Robson & Bennet, 2001)

This research therefore contributes to the interventions aimed at reducing youth unemployment rates in Malawi through development of youth owned enterprises. It will help in the identification of areas of weaknesses in the operations of YEDF and seek ways of eliminating or reducing them so as to maximize the benefits to Malawian youth. Research findings can be used by other researchers and academicians for literature review. Policy makers can use the findings as reference for policy guidelines on management of Youth Enterprise Development Fund. This study will contribute to literature by addressing the areas of weakness as regards government efforts to empower the youth since the inception of Youth Enterprise Development Fund in 2010 and suggest remedial measures plus give areas of further study.

1.8 Chapter Outline

Chapter one outlines the definition of youth MSEs. The chapter contains the research questions that have to be answered in this study. In this chapter, objectives of the study are clearly outlined. The chapter also contains the significance of the study, as well as the scope and limitations of the study. The chapter also contains the structure of the study. In this structure, chapter two has outlined the various schools of thought on what constitutes YEDF and youth. Chapter three has outlined the research design and methodology used for purposes of completing the study. It has also described in detail, research design, target population, sample, sampling procedure and data collection instruments. Chapter four contains data analysis, presentation, interpretation and discussion while chapter five provides a summary of findings, conclusions and recommendations. This is followed by the references and appendices sections.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the role of MSEs in employment generation and economic growth. It also examines the level of awareness of the youth towards the availability of the Youth Enterprise Development Fund. The chapter furthermore examines the cost of finance, facilitation of products locally and internationally, and provision of Business Development Services on MSEs growth.

2.2 MSEs and employment generation and Economic growth

Small business sector is a major source of net job creation (Schreyer, 2009). MSEs have a propensity to employ more labour intensive production processes than large enterprises. Consequently, they contribute significantly to the provision of productive employment opportunities, generation of income and equality and the reduction of poverty (Kongolo, 2010).

Ayada (2011) is of the view that the major advantage of the sector is its employment potential at low capital cost. The labour intensity of the MSE sector is higher than that of large enterprises. In recognition of this fact, the Kenyan government established YEDF in the year 2006 with the sole purpose of reducing unemployment among the youth who account for over 61% of 9 the unemployed in the country (YEDF, 2011).

In a study in South Africa, (Kongolo, 2010) concluded that the MSE sector creates the majority of that country’s net new employments. Micro and Small and enterprises play an important role in the development of a nation’s economy and creating employment for rural urban growing labour force (Ndumana, 2013). MSEs have been considered as the engine of economic growth and for promoting equitable development (Ayada, 2011). MSEs contribute to the economic development in various ways; by creating employment for rural and urban growing labour force, providing desirable sustainability and innovation in the economy as a whole (Kongolo, 2010).

Kongolo (2010) argues that MSEs contribute over 55 % of GDP and over 65 % of total employment in high income countries. MSEs and informal enterprises account for over 60 % of GDP and over 70 % of total employment in low income countries (Kongolo, 2010).

2.3 Youth Participation and Engagement

The majority of the world's youth live in developing countries where development constraints pose additional challenges to youth due to their limited access to resources, education and training, health care, employment and broader socio-economic development opportunities (Lin 2012). Today, 62% of the world's youth live in Asia, whereas the second largest proportion (17%) lives in Africa. Projections show that while the proportion of youth living in Asia is expected to decline to 53% by the middle of the twenty-first century, those in Africa are likely to rise significantly to 29%. In Sub-Saharan and North Africa, around 40% of the population is under 15, and nearly 70 percent is under 30 (Lin 2012). Based on the Malawi Growth and Development Strategy (2006-2011), the youth of 10-29 of Malawi represents 40% of the total population.

Magolowondo and Nyirenda (2000) argue that the minimal participation of young people in socio-economic and political development has been compounded by their lack of knowledge and empowerment. In general, it would be said that youths are marginalized. Marginalisation is associated with deeply rooted tendencies to defer to age in 'gerontocratic' societies (Harris 2004), leaving young people outside circles of power, or lacking in 'voice' (te Lintelo 2011). Most young people lack necessary leadership and managerial skills. This is not only a waste for individual young people. Youths are seen as the key determining factor for a society's future.

In its 2007 World Development report, the World Bank suggested that developing countries which invest in better education, healthcare, and job training for their record numbers of young people aged 12-24 could take advantage of their "demographic dividend" to accelerate economic growth and sharply reduce poverty. Experience shows that engaging youth in neighborhood, community and national development yields an opportunity to harness their energy, enthusiasm, skills, and innovative ideas to increase economic growth, foster social stability, improve civic participation, and ensure healthier, more productive citizens.

It is due to the ballooning unemployment levels that youth MSEs are proving to be very fundamental to a nation's development. These youth enterprises have start-up services and finance to help young people to start their own business.

2.4 The Influencing factors of YEDF on growth of MSEs

Some of the governments in Africa have introduced the Youth Enterprise Development Fund as a solution or tool for poverty alleviation through provision of loans to the youth in order to support their MSEs.

2.4.1 The level of awareness of the youth towards the availability of the fund

Chant (2009, p. 164) argues that poverty of information is as important as poverty of income, meaning that although opportunities for income access and generation may be available, inefficient and ineffective communication networks may render the investments not worthwhile. In South Africa for instance, Low awareness of the support available to young entrepreneurs constrained youth enterprise development and self-employment promotion, (Republic of South Africa, 2013).

According to (Bruton et al. 2000) entrepreneurship awareness is created through entrepreneurship training which promote career purposes and provide skills and training for business creation and development. Entrepreneurship training can play a major role in changing attitudes of young people and providing them with skills that will enable them to start and manage small enterprises at some point in their lives.

2.4.1.1 Collateral requirement and access to finance

One loan feature of YEDF Fund is that it does not require collateral. Kihimbo et al (2012) define collateral as the assets that are pledged by a borrower to a lender as security for the payment of debt. Collateral requirement is seen as an obstacle to MSEs growth. Lack of collateral is ranked as obstacle number two from lack of finance. The lack of collateral is probably the most widely cited obstacle encountered by MSEs accessing finance. The enterprise may be unable to provide sufficient collateral because it is too new or is not firmly enough established (Olawale & Garwe, 2010). Lending to MSEs is seen as high risk business since most of these enterprises lack collateral. The problem does not appear to be lack of funds but rather how to make them accessible to MSEs, (Kihimbo et al, 2012). There are institutions such as banks and non-bank financial institutions that are willing to provide funds to MSEs, but are not able to meet the requirements of these financial institutions. Chief among these requirements is the issue of collateral, which most MSEs cannot provide (Ackah & Vulvor, 2011).

The demand for collateral by banks and other financial institutions stifles the growth of MSEs, (Kunateh, 2009). Lending to MSEs is more likely to be based on collateral than is the case for loans for large firms. This may lead to situations in which lending is not based on expected return but rather upon access to collateral. Many MSEs lacking access to 'good collateral' suffer from credit rationing (Ndumana, 2013).

Flesing (2006) argues that collateral matters because of three essential features of formal credit markets. First, borrowers face requirements for collateral in the formal financial sector of most countries, regardless of the size of the economy. He postulates that loans secured by collateral have more favourable terms than unsecured loans do, for any given borrower or size of the loan. A borrower able to offer collateral can obtain a larger loan relative to the borrower's income, with a larger payment period and a lower interest rate. Conversely, a borrower who cannot provide the type of assets lenders require as collateral often gets worse loan terms than an otherwise similar borrower who can do so, or gets no loan at all. Secondly, he argues that in most low and middle income countries, most firms receive none of the benefits of collateral despite having a wide array of productive assets because their assets cannot serve as collateral. This limitation arises entirely from the legal framework for secured transactions. He concluded that secured loans are the most common 12 loans in the formal financial sector. In low and middle income countries, between 70% and 80% of firms applying for a loan are required to pledge some form of collateral.

2.4.2 Cost of finance

Asymmetric information between bank lenders and borrowers, together with agency problems related to the appropriate use of borrowed funds, lead to well-known phenomena of credit rationing and higher interest charged to small businesses as compared to large firms, (Ventura & Zecchini ,2009). Credit constraints constitute one of the main obstacles to growth of SMEs. Financial barriers, which affect MSEs, include the high cost of credit and relatively high bank charges, (Bukvic & Batlett, 2001).

Bukvic & Bartlett (2001) argue that information asymmetries between lenders and borrowers make it hard for banks to determine the real value of a project, and lead to credit rationing. The high risk of credit to MSEs with information asymmetry may explain the relatively high interest rates charged to MSE borrowers. Loans conditions encompass many dimensions among which the most important are the spread between the banks and other financial intermediaries, cost of funds and interest levels, the commissions, the differences between the amount granted and those demanded by the enterprises, the level of collateral required, the duration of the loan and processing delays, (OECD, 2009).

Cost of finance has been rallied as one of the constraints to MSE growth. Various empirical studies done all over the world attest to this. Ahiawodzi and Adade (2012) in a study on access to credit and growth of MSEs in Ho Municipality of Ghana concluded that one barrier to MSEs growth is high borrowing cost and rigidities in interest rates. Beck, (2007) in a study found that the cost of finance was rated by over 35% of MSEs as a major growth constraint in a sample of 71 MSEs.. An increase in interest rates means that companies often have to devote more resources paying interests on their existing debts, which lowers the amount available for investment. Obamuyi (2009) studied the relationship between interest rates and economic growth in Nigeria. The study revealed that lending rate has a significant effect on economic growth. Bader & Malawi (2010) in a study tested the hypothesis that the real interest rate has negative impact on Jordanian economy. The results were found to support the hypothesis. In a group survey of MSEs in a Pacific Island country, Sharma & Gounder (2011), found that their growth is constrained by banks' interest rates, fees and charges and collateral requirements. In s survey in Tanzania, Oreku (2010), also came to the conclusion that higher interest rates in public microfinance are affecting the growth of MSEs.

2.4.2.1 Group project approach to financing

A group is made up of a number of people or things gathered, placed or working together or naturally associated (Maina, 2010). Conventional lending to the poor has traditionally been considered infeasible as a result of riskiness of loans that are not secured with adequate collateral. In developing countries, this risk is exacerbated by lack of sound legal infrastructure and credit scoring mechanisms. In such circumstances, joint liability institutions, which lend to groups of people and where the entire group is considered responsible for default by any one member have had some success in lending to the poor (Bhole & Ogden, 2009).

A Group's model basic philosophy lies in the fact that shortcomings and weaknesses at the individual level are overcome by collective responsibility and security afforded by the formation of a group of such individuals. The collective coming together of individual members is used for a number of purposes e.g. educating, awareness building and bargaining power (Bhole & Ogden, 2009).

Forsyth (2010) contends that groups are often more effective than individual in accomplishing tasks, devising solutions to problems and achieving innovative goals because a group possesses more talent, skills and ideas and that there is strength in unity. On benefits of groups, (Maina, 2010) indicates that groups attract donors for support and that private sector companies are keen to train and support organized groups. Through groups, collective marketing increases product volumes thus increasing chances of attracting more buyers. Proper saving schemes by groups also enable members to reduce mismanagement of funds, both for groups and individuals.

Groups are also full of challenges like poor group leadership skills, lack of business focus or orientation, personal differences among group members, group politics and external politics etc, (Maina, 2010). Group investment in our society seems not to work. Group thinking is the single biggest killer of investment group's drive (Wameyo, 2011)

2.4.3 Marketing of products and services

Marketing is one of the biggest problems MSEs face in their business operations. It is recognized as one of the most important activities and essential elements to survival and growth of enterprises (Pandya, 2012).

Reijoen, (2010) posits that there are four perceptions by marketers in MSEs. These are: marketing as a philosophy, marketing as a strategy, marketing as tactics/ methods and marketing as market intelligence. Marketing as a philosophy postulates that marketing a firm aims to achieve competitive advantage by satisfying its customers more effectively and efficiently than its competitors and thus long-term profitability. Marketing is regarded as a process that brings the firm in constant and direct contact with its customers. MSEs tend to follow some form of self-directed informal customer- centric philosophies because small firms tend to be interpersonal in their contact with primary customers and tend to invest in personal relationships with specific customers and other players in the market network. This is natural because of the nature, simple structure, limited scope and resources of small firms as well as the high level of customer contact by employees. Marketing as a strategy sees marketing in small firms as being dependant on several factors. These include the situation, nature, types of products and services, as well as quality of management. Marketing as tactics/methods argue that marketing is peripheral to MSE requirements and that it is only used when there is a need for growth and profits. Marketing as market intelligence includes generating market intelligence concerning present and future needs of customers, disseminating this information through an organization and responding to this intelligence.

A precept of the marketing concept contends that a business achieves success by determining and satisfying the needs, wants and aspirations of target markets. However, MSEs lack resources to compete head to head with large rivals, it is questioned whether MSEs formally practice marketing at all, even though the marketing function contribute positively to small business success and the ability to think strategically. Although marketing activities in MSEs may be different, marketing departments are still critical to firms' success. Many firms carry out business via highly informal, unstructured, reactive mechanisms, whereas others develop, overtime, a proactive and skill approach where innovation and identification of opportunities give them a competitive advantage (Walsh & Lipinski, 2009).

In this time of global recession, MSEs are exceptionally proactive in keeping sales up. Entrepreneurs are able to control and discover key revenue streams and make the right decisions. Marketing as an activity is therefore very central to the success of not only MSEs but any other business venture. Maina, (2010) postulates that marketing is an activity that involves finding out the customers' wants, choosing the products or services to satisfy these wants, pricing the products that the customers want and selling the products in order to make profit. Tripathi & Siddiqui (2012) contend that business growth and performance has been associated with innovation in marketing orientation both for MSEs and large organizations. MSEs that survive are amongst the most innovative and market oriented. Accordingly, the absence of current marketing practices and activities in majority of small and medium enterprises has led to concerns about the potential consequences of this apparent lack of engagement with innovation in marketing for the business success of MSEs.

In their research, Cacciolatti (2011) indicate that MSEs that make good use of structured marketing information presented a higher probability of growth. Scheers (2011) found that lack of marketing skills of MSEs contribute to high business failure in South Africa. The study concluded that lack of marketing skills has a negative impact on success of small business.

In a research in Ghana, Mahmoud (2011) concluded that the higher the level of market orientation, the greater the level of performance in Ghanaian firms. Marketing an MSE determines in the long term whether the business will succeed or go under. The assumption is, if potential customers are not aware of your products or services, no one will do business with you. However, MSEs face marketing limitations due to limited resources like finance, time and marketing knowledge, shortage of exclusive marketing techniques and limitation in market influence (Pandya, 2012).

Small business deliberations involve informal, unplanned activities that heavily rely on the intuition and energy of owner/ manager to make things happen (Mahmoud, 2011). It appears that when compared to other functions of their business MSEs owners have a problem with marketing. They appear to give marketing a low priority, often regarding marketing as something large firms do (Maina, 2010).

Businesses must recognize that marketing is business development. Effective marketing is all about recognition and complete understanding of your target market and the environment of your potential customers. What businesses need to do is to achieve better marketing results by using direct response offers to promote and build their customers. MSEs face marketing challenges which include finding new clients and customers, using engaging marketing messages that generate results and implementing business oriented marketing systems (Zulunga, 2013). Mahmoud (2011) concluded that the higher the level of marker orientation, the greater the performance of Ghanaian SMEs.

2.4.4 Provision of Business Development Services (BDS)

Access to capital alone is not enough for MSEs success. Financing needs to be accompanied by Business Development Services that provides entrepreneurs and businesses with knowledge and tools that they need to compete. In Kenya, quality BDS are costly and out of reach to many small businesses (KIM, 2013).

Word Bank Group posits that Business Development Services (BDS) include training, consultancy and advisory services, marketing assistance, information, technology development and transfer, and business linkage promotion. BDS includes both operational and strategic business services. Operational services are those needed for day to day operations such as information and communication, management of accounts and tax records, and compliance with labour laws and other regulations. Strategic services, on the other hand, are used by the enterprise to address medium and long-term issues in order to improve the performance of enterprise, its access to markets and its ability to compete (World Bank Group, 2001)

Kabahanga (2013) contends that BDS are an important ingredient to business growth and competitiveness. BDS play a very important form of support for the development of MSEs by providing a range of business advice, information and support to the sector, as well as stimulating sustainable MSE development by improving the general business environment. They are generally viewed as a mechanism for addressing market failures which are particularly evident in transition economies such as lack of information which can act as a barrier to foster economic development and growth in a particular geographical area (UNDP, 2004).

The main objectives of BDS are the provision of non- financial services e.g. accounting and legal advice to MSEs at affordable costs, supplementing the role of financial services, supporting MSEs in their promotion, development and sustainable growth and facilitating MSEs' development of competitive advantage. Accordingly, one of the best BDS for promoting growth oriented MSEs is through the concept of incubation. A business and technology incubator is defined as an organization that develops, provides and maintains controlled conditions to assist in the cultivation of new growth oriented or innovation driven enterprises. An incubator provides office space and business equipment, business plan development, technical support, financial management business training and mentoring and coaching. Incubators facilitate business creation and assist entrepreneurs until their 19 'graduation' when they have capacity to 'survive' in the external competitive environment. Incubators provide local, on-spot diagnosis and treatment of business problems in addition to facilitating access to capital (UNDP, 2004). The largely known type of BDS provided by YEDF is training of loan recipients.

2.4.4.1 Training of youth entrepreneurs

Most academic and development policy discussions about micro-entrepreneurs focus on credit constraints, and assume that subject to these constraints, the entrepreneurs manage their businesses optimally. Yet self-employed poor rarely have any formal training in business skills (Karlan & Vildiva, 2010). CMF Team, (2010) argue that microfinance clients often lack entrepreneurial and financial management skills and often fail to run their businesses effectively and even face difficulties repaying their loans. Sievers & Vandenberg (2007) posit that access to both financial and Business Development Services (BDS) can aid the growth of micro and small enterprises.

Entrepreneurship training and provisions of appropriate Business Development Services are key to the Fund's achievement of its mandate. Besides ensuring that the youth have adequate skills, it also assists them in identifying and tapping into business opportunities, while embracing modern business techniques (Maina, 2010).

Okpara (2011) in a study in Nigeria found that lack of management skills is a major constraint for business. The majority of owners surveyed indicated that they had little or no management skills or experience before starting their businesses. They also indicated that this lack of basic business management skills affected and still affects their businesses in terms of growth. In respect to the management problem, the study recommended that management workshops and seminars be organized in order to provide owners with fundamental skills in management such as accounting, marketing and record keeping that they needed to manage their businesses on daily basis. These essential skills would enhance the overall success of the venture. Michael et al (2009), in a study are of the conclusion that there is need to be trained in area relevant to the business carried. Their survey clearly shows that managers with relevant training run successful businesses compared to untrained counterparts.

2.5 Challenges facing the youth entrepreneurs

Llisterri et al (2006), pointed out that access to finance/seed capital is often cited as one of the biggest barriers affecting youth enterprise startups. Youths tend to have less savings, lack business experience, lack collateral and title deeds which are often required in debt financing. Easing the collateral and legal requirements on youth entrepreneurs and improving access to various types of finance micro, equity, venture and credit guarantee schemes are important factors in improving the access to finance for young entrepreneurs.

Chigunta (2002) has pointed out that one of the challenges faced by youth enterprises is related to limited prospects for value addition. This is especially true for those in poor counties characterized by low value local markets. Since the youth tend to lack access to information on product and input markets, it is imperative that they are provided with enough information on these markets and better still be linked to global value chains. For example, the Kenyan government has committed to support youth run enterprises through deliberate policy of buying their goods and services. Through this initiative, the government has planned to acquire at least 10% of its procurement needs from youth enterprises (Kenya Youth Enterprise Development Fund status report, 2011). Other existing opportunities like the African Growth and Opportunity Act (AGOA) are being explored more to link the youth to international markets.

The World Bank Youth Report (2003) reports that many youths in developing countries rely on personal savings, friends and family for start-up capital and expansion. Without such finances they have limited chances of starting and maintaining their own businesses. Indeed, a study carried out by Chigunta et. al (2005) in Zambia, suggested that the majority of potential youth entrepreneurs (72.4%) cited lack of capital as the major reason as to why they were not self-employed. Ayodele (2006) also identified inadequate capital aa one of the principal factors hindering entrepreneurship in Nigeria.

To curb the economic development challenges that young people face, most African countries have come up with special credit programmes to promote credit access and usage amongst the youth. These economic youth enterprises are generally for young people that are unemployed and those unable to raise all the finances to start-up a business from other sources such as banks, local finance providers, friends and family.

Malawi, like many developing countries, has not successfully implemented programmes that promote and sustain secure and healthy lives, higher standards of living including an environment of quality, and access to education and employment. It has been pointed out that Malawian youths are minimally participating in Malawi’s socio-political matters. Most career guidance programmes in Malawi suffer from poor funding, under-qualified instructors, and lack of access to timely and relevant labour market information. Magolowondo and Nyirenda (2000) argue that the minimal participation of young people in socio-economic and political development has been compounded by their lack of knowledge and empowerment. In general, it would be said that the youth are marginalized. Marginalisation is associated with deeply rooted tendencies to defer to age in ‘gerontocratic’ societies (Harris 2004), leaving young people outside circles of power, or lacking in ‘voice’ (te Lintelo 2011). Most young people lack necessary leadership and managerial skills. This is not only a waste for individual young people. Youths are seen as the key determining factor for a society’s future. This expectation however is counterbalanced by the particularly acute marginalization they suffer through lack of opportunities to access education and training.

Societies need the contribution of the ideas, enthusiasm and fresh insights which young people bring to resolving problems and facing challenges. It is indeed a fact that youth issues are inextricably linked to core social, political, economic and cultural concerns such as working life, poverty and precariousness, housing, health, education, family, welfare, citizenship and social cohesion.

2.6 Theoretical Framework

The research will utilize both business and public policy theories. The research will first discuss some public policy theories.

2.6.1 Public Policy Theories

Elite Theory

This is a public policy theory. This model posits that, contrary to the belief that pluralism has in-built mechanism for ensuring equity in the share of power and influence in society, in reality public policy is by and large the mirror image of the ruling elite's interest. Vilfredo Pareto argues that persons of ability actively seek to confirm and aggrandise their social position (Obi. Et al., 2008) The elite group is divided into governing and non-governing ones. These few that possess unique qualities such as skills, material wealth, cunning and intelligence have the rights to supreme leadership, while the bulk of the population (masses) is destined to be ruled. Thus, social classes are formed (Obi et al, 2008). The theory will be applied to show that if the youth are provided with skills, material wealth, cunning and intelligence, they have the rights to supreme leadership.

Group Theory

According to the group theory of politics as explained by Anyebe, 2018, public policy is the product of the group struggle. What may be called public policy is the equilibrium reached in this group struggle at any given moment, and it represents a balance which the contending factions or groups constantly strive to win in their favour. Many public polices do reflect the activities of groups (Anderson, 1997). This theory, therefore, attempts to analyse how each of the various groups in a society tries to influence public policy to its advantage at the policy formulation level. In other words, the central practice of this model is that interaction among groups is a critical ingredient in politics (Anyebe, 2018).

2.6.2 Business Theories

Many models have been established in an attempt to explain the growth of MSEs. These models are many and varied. However, not a single theory has adequately offered an explanation why some enterprises grow and others fail. This study will concentrate on three widely acclaimed theories that attempt to offer an explanation on the framework of enterprises growth, which have been discussed below

The stochastic models

The stochastic models are the earliest. They are also referred to as random models. These models assume that there are too many factors affecting growth and that no specific factors have been used to explain growth. The growth of firms can be assumed to be perfectly random and cannot be predicted using any group of variables. They assume that growth is independent of any other factors. The static theories of small business growth propose that the size of the firm is determined by efficient allocation of given resources including entrepreneurial resources. The proponents posit that the observed firm size is the efficient size, in the sense that long run costs are minimized at that point. Growth follows from the assumption of profit-maximizing behavior and from the shape of the cost functions. A firm will grow until it reached the size where long run marginal costs equal price, which is assessed as the optimum size of the firm. Kihlstrom & Laffon (1979), being proponents of this theory, proposed that the major determinants of business growth is the differing taste for risk among individuals. They assume that production technology is risky and that entrepreneurs who have the ability to take risks in the face of uncertainty will produce more output. Firm size is therefore limited by entrepreneurs' willingness to take risks.

Static theories

In Static theories, Lucas (1978) equates the firm with the entrepreneur or manager and he assumes that a firm's output is a function of managerial ability as well as capital and labour. Lucas postulates that managers with higher abilities will have lower marginal costs and therefore will produce larger outputs. Therefore, firm expansion will be limited due to decreasing effectiveness of the manager as the scale of the firm increases. An implication of the Lucas model is that, for a small business to grow, the small business owner must be willing and able to relinquish many day to day control functions and delegate the tasks to an enlarged specialized management team. The variation in levels of business acumen is the major determinant of business growth. This theory has also a good application on the MSEs since as for the MSE to succeed there is need for a good entrepreneur or manager, and availability of capital and labour.

The theory of stages development

The theory of stages development is widely acclaimed. The theory postulates that a firm growth undergoes various stages. Churchill & Lewis (1983) argue that growth is part of natural evolution of a firm. They identified five stages of growth: existence, survival, success, take-off and maturity. In each stage of development, a different set of factors is critical to the firm's survival and success. Growth thresholds may exist as obstacles to the transition from one stage to another. A business must overcome these obstacles to survive and grow. The stage models face a lot of criticism. It is argued that it puts much emphasis on internal factors putting less focus on external factors. Stage models are also critiqued because few have been applied in longitudinal studies, which are needed to clearly understand the process of growth. They also assume that all firms grow through the same stages and in the same sequence. The theory of stages development is relevant to the research or study as the MSEs undergo different stages of development. Therefore, understanding this theory would help in the research.

2.7. Conceptual Framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation. It's a tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny. It helps the research to explain the relationship among interlinked concepts such as the dependent and independent variables (Kombo & Tromp, 2006). In this study, the researcher seeks to establish the relationship between individual, group and system factors and growth of youth enterprises. Figure 2.1 below shows diagrammatic representation of the relationship between the dependent and independent variables.

A framework for this study was adopted and modified from Wennekers & Thurik (1999) framework which incorporates awareness of youths, YEDF cost of finance, youth MSEs market products and services and provision of business development services. They argue that there is not usually a direct link between entrepreneurship and economic growth but these could be assessed by the growth of enterprises and socio economic factors (Figure 2.1).

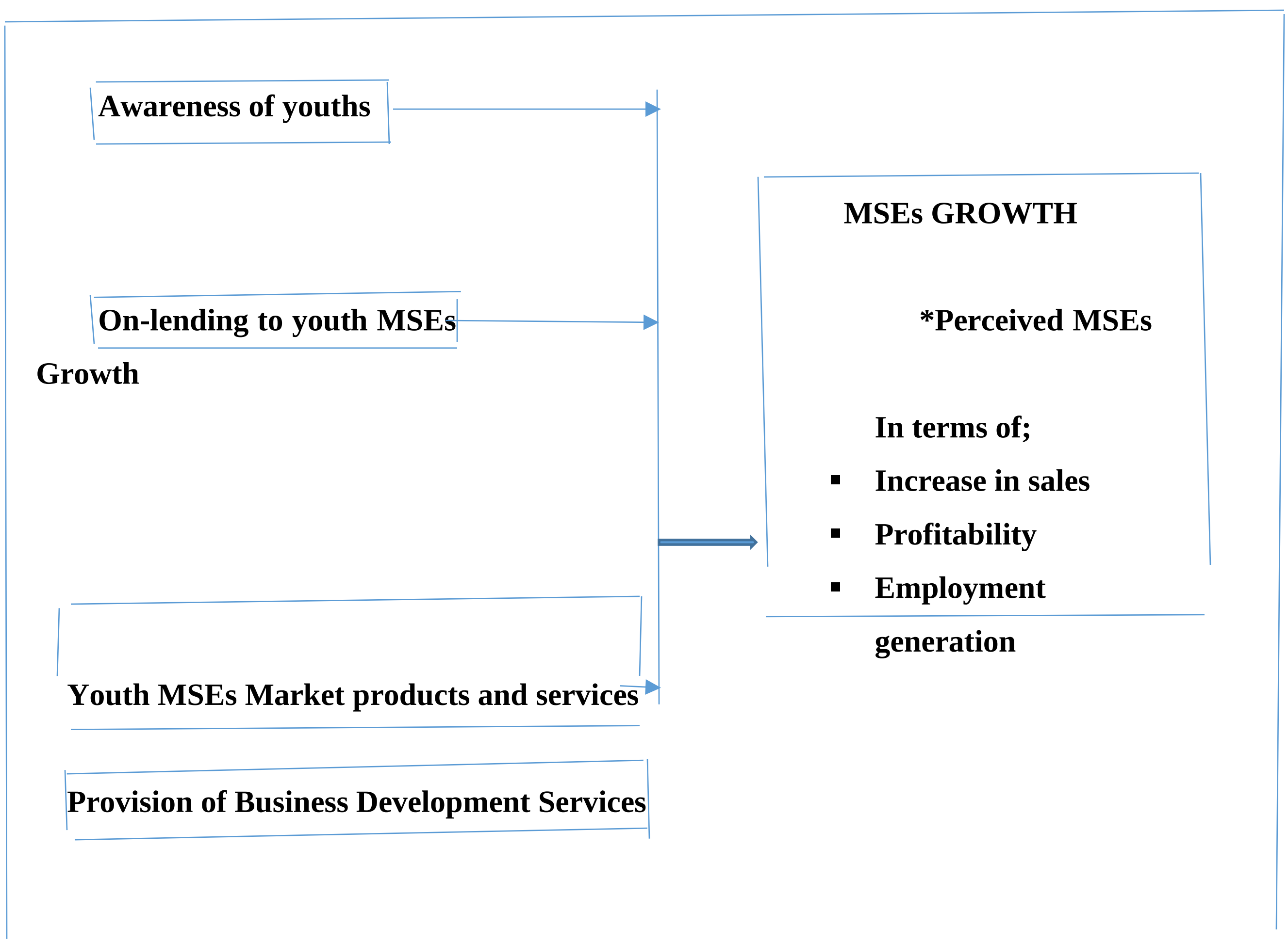

Figure 2.1: Conceptual Framework of the role of YEDF factors on MSEs growth as adopted from Wennekers and Thurik (1999)

INDEPENDENT VARIABLES DEPENDENT VARIABLES

The independent variables for this study are factors influencing growth of youth enterprises and they are as follows:

Awareness of the youth towards availability of the fund

Awareness of the youth towards the availability of the fund which has been gauged through availability of information through which the youth can get to know about the fund. This may be through the media or by word of mouth. In addition, number of trainings if any, which are provided by the management of the fund, will be investigated.

On-lending to youth MSEs

Access to finance provides growth opportunities for a business. The creation, survival and growth are often hampered by access to finance. When the MSEs access finance, sales and profitability increase since they are able to market their products, diversify and even expand the enterprises. With expansion comes increased employment.

Promotion of youth MSEs market their products and services

Marketing is recognized as one of the most important activities and essential elements to survival and growth of enterprises. Effective marketing leads to increased sales and hence profitability. YEDF facilitates youth enterprises to market their products and services in domestic and international markets. Due to increased sales and profitability arising from effective marketing, the youth enterprises register growth.

Provision of Business Development Services

The main objectives of BDS are the provision of non-financial services e.g. accounting and legal advice to MSEs, supplementing the role of financial services, supporting MSEs in their promotion, development and sustainable growth and supporting MSEs development of competitive advantage. These interventions enable the business to improve on profitability hence growth. YEDF is also involved in mentorship, coaching and entrepreneurship training. This creates employment directly to the youth who undergo such programmes and start new or improve on their existing enterprises.

2.8 Empirical Studies

There are a number of empirical studies done in Malawi and outside Malawi.

In a study about YEDF and growth of MSEs at constituency level in Kenya, Langat et al. (2012) concluded that increasing awareness of YEDF, its objectives and loan feature among the youth will have effect on the growth of small enterprises. This indicates that the Fund has a role in growth of MSEs. However, the study does not delve into the extent to which YEDF plays in MSEs' growth.

In a study about an analysis of challenges facing YEDF in NyaribariChache Constituency, Ameya et al. (2011), sought to find out the extent to which YEDF is a preferred source of finance for youth enterprises, factors influencing youth entrepreneurs' utilization of YEDF and challenges facing YEDF. They concluded that YEDF is a highly preferred source of funds. They also concluded that flexible collateral and low interest rate remains a great attraction to most applicants. However, they found that YEDF was yet to make an impact in society compared to other devolved funds.

In a study titled 'A study on youth and women entrepreneurs preparedness in Kenya: a case of YEDF in Kenya, Sogwe et al. (2011) found that the majority of the entrepreneurs indicated that they need both advice and money. This explains why one in every three new businesses fails within the first six months. On market and technology; respondents were assessed on technology orientation, market status, market prospects and customer orientation. Majority (98 %) scored 0 – 25 % on market and technology, an indication that entrepreneurs are not well prepared in market and technology and yet they operate in a business environment that is technologically advanced. The study concluded that entrepreneurial preparedness is low among the entrepreneurs who benefitted from both youth and women Fund. The researchers recommended that it is crucial for enterprise funders need to assess the entrepreneurs on business readiness gaps.

In a study in Gatundu South District, Kenya, Kanyari & Namusonge (2013) aimed to determine the various interventions that influence youth entrepreneurs towards YEDF and their role towards attracting the youth toward YEDF. The study concluded that provision of entrepreneurship training to sensitize and inculcate the youth is crucial in identifying emerging business talents. The study also concluded that provision of continuous and relevant Business Development Services to youth entrepreneurs is key to the success of enterprise development initiatives in creating long term employment. The researchers recommended 22 that the Fund should invest in more public sensitization and education on its operations and progress since its inception.

Okoth, et al. (2013) researched on effect of the YEDF on youth enterprises in Kenya. The study in Siaya County, Kenya, focused on the activities of the Ministry of Culture and Social Services in registration of youth groups, YEDF officers and Financial Institutions (FIs) in the management and disbursement of the Fund to the youth entrepreneurs. The study found out that the youth need to be sensitized on youth group formation and registration in order to benefit from the Fund. The number of successful applicants remained at 50 % which indicated that accessing YEDF loan was still a challenge to young people. The study recommended that, to improve on the viability of the youth enterprises, there is need for the government to market the youth products, engage youth in entrepreneurship training before and after accessing the loan.

In a study titled 'Sustainable Youth Employment Programmes in Kenya: The Case of YEDF', Gudda & Ngoze (2009) sought to establish the impact of YEDF and evaluate the current status of its outcome three years since inception. The study found that YEDF board has made tremendous progress in implementation of its mandate. The research indicated that various interventions have been established by YEDF such as disbursement of funds through C-Yes, Youth Enterprise Scheme, through intermediaries, entrepreneurship training or Business Development Services, youth employment scheme abroad, markets and market linkages support and commercial infrastructure. The study however recommends that there is need for better mechanisms for monitoring these interventions by implementers and other parties in order to have a wide impact on enterprise creation and sustainable employment for the youth throughout the country.

Another study of interest is the one done by Mbaluko (2014) on the "Impact of the Youth Development Fund of Malawi: The case of Karonga District." The main objective of the study was to find out how the YEDF has fared since it was launched and implemented to address the economic challenges of the youth. Amongst the pertinent issues in the study include; the quality of YEDF services, the logistical arrangements of YEDF, the challenges that the programme is facing and YEDF performance in tackling youth's unemployment and poverty. The research shows that political influence and inadequate capacity building skills in business management are some of the major reasons for the low payment of the YEDF loans. The leaders and members in most groups had no prior experience and capacity for running a business. The challenges have negatively affected the revolving nature of the fund.

2.9 Overview of Literature

There is a body of literature that seeks to bring to the fore the challenges the Fund faces and why majority of the youth are increasingly turning to the Fund to finance their entrepreneurial activities (Ameya et al. 2011). Other studies concentrate on the structure of the fund that makes it a preferred source of finance (Kanyari & Namusonge 2013). Majority of studies done also explore government policy programmes geared towards the support and funding of youth enterprises through YEDF (Sogwe et al. 2011). However, the extent to which these initiatives have succeeded in addressing the funding and challenges faced by youth MSEs remains unknown. Though there has been some studies outside Malawi on the influence or impact of Youth Enterprise Development Fund on the growth of enterprises, it is clear from literature that the only study that has been carried out so far in Malawi, looked at the Impact of Youth Development Fund and not specifically assessing its contribution to the growth of youth enterprises in the country (Mbaluko, 2014). This study therefore seeks to fill the gap by focusing on the contribution of Youth Enterprise Development Fund on growth of youth micro and small enterprises in Malawi.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was used in the study. The chapter first of all outlines the research design, the target population, sampling technique, sample size and data collection methods that the researcher used. The researcher also looked at the validity and reliability of the data collection methods by conducting pilot interviews as a pre-test to the interview questions in the interview guide. Operationalisation of variables that were used in the study have also been presented in this chapter.

3.2 The Research Design

The researcher used both qualitative and quantitative research. The researcher used qualitative research in order to get expressive information not expressed in quantitative data about values, beliefs, motivations and feelings that is the basis for behaviours and express trends in thought and opinions, and unearth the problem more (Blanche, Durrhein, & Painter, 2006). The researcher also used quantitative research so that it quantifies the problem in order to generate numerical data or data that can be transformed into usable statistics (Blanche et al., 2006). It was used to quantify opinions, attitudes, behaviours, and other defined variables – and at the same time generalize results from a bigger sample population.

3.2.1 Quantitative Research

Th e researcher used the quantitative survey design in this study. Survey design gives a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population (Creswell, 2003). From sample results that are gotten, the researcher is able to generalize or make claims about the population understudy. The findings of the studies are then generalized as the participants are drawn using statistical analyses (Van der Riet & Durrheim, 2006). The quantitative method gave the perceptions of the people towards the role of Youth Enterprise Development Fund (YEDF) on growth of micro and small enterprises. A pre-tested semi-structured questionnaire was developed for this research and later administered to the respondents to get this data.

3.2.2 Qualitative Research

The researcher collected qualitative data in order to assess the feelings of the people, that is attitudes, experiences, and behaviours that are linked or associated with the role Youth Enterprise Development Fund on growth of youth enterprises (Stevens, 2003).

The qualitative methods singled out specific individuals that have specific information on the effect of Youth Enterprise Development Fund (YEDF) on growth of micro and small enterprises. These are people that were very close or familiar with the subject matter. The researcher employed Key Informant Interviews (KII) and Focus Group Discussions (FGDs) in order to generate this data.

For the purposes of addressing the research question and objectives of this research, there were a number of strategies or designs that were employed as follows:

3.2.3 Triangulation

Noting from the research design above, this research used a multi-method approach to establish triangulation validity and reliability in the research design. The researcher used general questionnaire, KII and Focus Group Discussion in correcting the data. Multiple methods allow a better understanding of research questions and as the result, findings can be trusted. Triangulation enables the researcher to establish the validity of a particular finding by examining whether different sources provide similar or convergent information.

The validity of the instruments were ensured by making sure that the questions posed to the interviewee were relevant to the research questions of the study. Pilot interviews were conducted as a pre-test to the interview questions in the interview guide. The pilot interviews provide crews, ideas and approaches not foreseen prior to the pilot exercise.

Reliability were ensured by first conducting interviews with a few individuals in a pilot phase. The problems that were identified were eliminated. The researcher made sure that the same questions were asked to each and every interviewee. Reliability and validity are used to evaluate the quality of the research.

The researcher used Cronbach's alpha to test its reliability. Saunders et al. (2007) defines Cronbach's alpha as a measure of internal consistency, assessing how closely related a set of items are as a group. In technical terms, Cronbach's alpha is not a statistical test but is a coefficient of reliability (or consistency) (Saunders, Lewis & Thornhill, 2007).

Cronbach's alpha can be expressed as a function of the number of test items and the average inter-correlation among the items. The researcher shows below the formula for the standardized Cronbach's alpha (Saunders, et al., 2007):

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

Here N is equal to the number of items, c-bar is the average inter-item covariance among items and v-bar equals the average variance.

If the number of items is increased, Cronbach's alpha also increases. Also, if the average inter-item correlation is low, alpha will be low. As the average inter-item correlation increases, Cronbach's alpha increases too while holding the number of items constant.

Where Perceived Enterprise Growth is the dependent variable, and the independent variables are the awareness of youth independent variable, cost of finance independent variable, facilitation of Market of services and products independent variable and provision of YEDF Business development services independent variable.

In order to analyse the data, the study used both qualitative and quantitative techniques. After receiving the filled questionnaires from the respondents, the responses were edited, classified, coded and tabulated. Quantitative data was analysed using Statistical Package for Social Sciences (SPSS) version 22.22. Data was presented in tables and charts for easy understanding. The researcher did content analysis on qualitative issues to generalize the results.

A multivariate regression model was employed to determine the relative importance of each of the four variables in relation to the study.

The regression model was as follows:

$$Y= \beta 0+ \beta 1X1+\beta 2X2+ \beta 3X3 + \beta 4X4 +\alpha$$

Where Y is the dependent variable (Perceived Enterprise Growth), β0 is the regression coefficient, β1, β2, β3 and β4 are the slopes of the regression equation, X1 is the awareness of youth independent variable, X2 is On-lending to youth MSEs independent variable, X3 is Market of services and products independent variable and X4 is the YEDF Business Development Services independent variable, while α is an error term normally distributed about a mean of 0. The α is assumed to be 0 for the purposes of computation.

3.3 Study Site and Target Population

The study was conducted in three districts of Mwanza in the Southern region, Lilongwe in the Central Region, and Karonga in the Northern region of Malawi. The study was conducted in Mwanza central constituency in Mwanza District, Lilongwe East constituency in Lilongwe district and Karonga Central Constituency in Karonga district. The population interest were the youths between the age of 18 and 35 years within the two constituencies. The case was interested with this population because this is the acceptable age bracket for YEDF beneficiaries in Malawi. The interest is on those involved in small enterprise activities that benefited from YEDF.

A random sample was selected from the beneficiaries of YEDF loans from 2010 and from youths who were interested in applying for YEDF loans or training programmes in the district. A list of youths were obtained from the District Youth Affairs offices. The sample allowed the researcher to make generalization about populations.

A sample of 210 youth were sampled purposefully in all the 3 constituencies of the 3 districts understudy. This is 70 youth from each of the 3 constituencies under study. These were identified either as individuals or from their loan groups. These are the people that were administered with the general questionnaire.

Data collection consisted of surveys, observations and interviews with the youth. Initially, a questionnaire was administered to the youth to get their views on the role of YEDF on growth of youth enterprises.

The researcher also got views from the District Youth Officers, MEDF officers, Members of Parliament, Chiefs, Councillors, Representatives of Non-Governmental Organizations from the 3 districts under study. Multiple interviews were carried out with participants in -order to provide more in-depth data collection and opportunities to follow-up.

A qualitative and quantitative evaluation was utilized for this research project leveraging subjective methods such as interviews and observations to collect substantive and relevant data. Such a combined qualitative and quantitative approach is valuable due the varying experiences youths of Mwanza, Lilongwe and Karonga have had with the fund. A careful content and thematic analysis was done upon collecting qualitative data derived from the said interviews.

3.4 Sample Size, Sampling Techniques, Data Collection Techniques and Tools

According to Bryman & Bell (2015) a sample is a set of representative elements drawn from the population. Probability sampling was used in selecting the participants quantitative study and non-probability sampling methods for the qualitative study during this study.

According to Cohen, Manion and Keith, (2000), a sample size of 30 is considered by many to be the minimum number of cases if the study would like to use the data for statistical analysis. Audience Dialogue (2006) in Madziakapita (2008) states that a sample of 100 and 200 is recommended and considered as a rule of the thumb when one has no previous experience of surveys and no available survey data on the same. In this study, a sample size of 210 was used.

Qualitative research had two Focus Group Discussions targeting two Youth Loan Groups in each and3 every constituency understudy and 20 KII which included ADC and VDC executive members, key personnel from government departments at the district council such as District Commissioners and DPDs, District Youth Officers, District MEDF officers, NGOs working in the area, selected members of political parties, Chiefs, Members of Parliaments and Councillors as well. These 20 KII were from each of the constituency/district understudy.

In this study, primary data was collected by the researcher. The researcher started the process of data collection by reviewing relevant literature on decentralisation and participation of citizens, the YEDF and enterprise growth. In the process, primary data was collected to find the information that answered the research objectives. Mouto6n (2001) defines primary data as data which may be collected using different methodologies.

Interviews were done with different categories of people using questionnaires, focus group discussions (FGDs) and Key Informants Interviews (KII) guides in order to collect this information.

The researcher used three techniques to collect primary data and these are: Questionnaires, Focus Group Discussions (FDGs) and Key Informant Interviews.

3.4.1 Questionnaire

A questionnaire technique was used in Household Survey. The researcher used experienced enumerators to make sure that the process of administering the questionnaire was done on a specific time and make sure that no ethical considerations were compromised.

As per the requirements, the questionnaire that was used was developed in English and was also translated in Chichewa and Tumbuka that were the target area’s local and common languages. This was done so because the researcher thought this was easy for them to give more information on the role of Youth Enterprise Development Fund on growth of youth enterprises.

To be certain that the translated questionnaire was able to capture the right and needed information and at the same time, would not mislead the people, the questionnaires was pre-tested. This exercise enabled the researcher collect data that was reliable. Ten questionnaires in each of the 3 districts were amalgamated and summarized to avoid misleading the participants and thereby producing more errors. Necessary amendments to the questionnaires were made. This exercise therefore helped to improve quality of data collected and ensured that right information relevant to the study was collected and used (Ngigi, 2015).

3.4.2 Focus Group Discussion

In this study, Focus Group Discussions were used. These were employed in order for the researcher to appreciate and understand the issue understudy at a deeper level. Two FGDs were targeted by the researcher in each of the constituencies understudy. These were the Youth Loan Groups in the areas of study and the youth clubs were deliberately selected to represent the development committees available at the local level in the area. A total of eight members with four boys and four girls from Youth Clubs in each of the three constituencies were invited at one place where open-ended questions were asked. There were a number of issues that were discussed, and these included assessing their knowledge on prominence, functions or duties, access, and implementation of the YEDF in the area as regards to the role of YEDF on youth enterprise growth. It also assessed the knowledge of the ADC members on YEDF and MSEs growth and how they are linked to the ADCs if any.

3.4.3 Key-Informant Interviews

Key-Informant Interviews were also conducted in this study by the researcher. twenty in-depth interviews with ADC and VDC executive members, key personnel from government departments at the district council, NGOs working in the area, selected members of political parties, Chiefs, Members of Parliament and Councillors were done. The researcher targeted these key people because of their individual personal histories, perspectives, and experiences in the implementation of YEDF and its effect on youth enterprise growth. The researcher developed semi-structured questionnaires in order to interact with the key informants. This allowed them give out the needed information with ease. Key and important issues came out in the discussions including assessing their personal knowledge on the role of YEDF on youth enterprise growth in the district. A document review was done to get some insights of the activities, challenges and successes on the implementation of YEDF and its effect on youth enterprise growth.

3.5 Data Analysis

The researcher analysed quantitative data using Statistical Package for Social Scientists (SPSS) computer software program version 20.22. SPSS was chose due to its complexity in statistical tests as built in features, interpretation of results is relatively easy and easily and quickly displays data tables. Data was entered using CSPro version 6.1. Percentages, charts, frequency and counts were used to explain descriptive statistics during analysis. Correlation was used to assess the relationship between variables. Graphs were done using Kobo.

Data was reduced using qualitative data management and analysis. Berg (2001) states that qualitative data needs to be reduced and transformed in order to make it more readily accessible, understandable and at the same time draw out various themes and patterns. Data reduction acknowledges the voluminous nature of qualitative data in the raw (Berg, 2001).

The researcher did a quantity analysis. Content analysis was used to analyse qualitative data. The researcher and the enumerators analysed the content of the responses from the discussions and the interviews. Later the researcher drew common categories and themes. The results complemented the quantitative data.

Interviews were taped where possible and were transcribed from the tape before analysis by the researcher. Pictures and videos were taken and used.

3.6 Ethical Considerations

Ethical considerations were done before and after data collection because every member participating in the research has rights to be respected.

The researcher made certain that its results do not place the participant at risk of criminal or civil liability, nor damaging to the participants' financial standing, employability, or reputation (Berg, 2001, p.8). The researcher made it possible that only analysed and interpreted information be released for public consumption. Names and details of individuals of individuals were strictly secured by giving people freedom write or not write their names and those questionnaires baring names being kept private and confidential.

The researcher developed an informed consent form for participants to sign before they engage in the research. It was clarified in the form that participants' rights were protected during data collection.

The study informed participants of the research and had the right to participate or not. The anonymity and confidentiality of each participant was kept to avoid revealing the identity of individuals without their consent.

Lastly, Language or words that are biased against persons because of gender, sexual orientation, racial or ethical group, disability, or age were not used in the researcher's write-up.

3.7 Scope of the Study

The study is designed and limited to three constituencies out of the 193 constituencies in Malawi and the study is designed to examine the role of Youth Enterprise Development Fund to growth of youth enterprises in Malawi. In order to achieve this objective, questionnaires were sent to the relevant stakeholders. The study limits itself to the constituents and stakeholders of YEDF in the areas of study. 210 youth owning different youth enterprises were interviewed.

3.8 Limitations of the Study

The researcher faced a number of limitations to carry out this research. One of the limitations was that the study focused on three out of the 28 districts of Malawi. The other limitation was that the size of the sample was small. To overcome this limitation, the researcher took a comprehensive study of the three constituencies.

Financial limitation was a major limitation. Due to the expensive nature of research, the researcher incurred costs to facilitate travelling from one place to another, stationary expenses, typing and printing expenses and binding expenses. To mitigate this challenge, the researcher budgeted for all expenses so as to facilitate the research.

Time factor was also another limitation that was also accelerated by theCOVID-19 pandemic which rendered the researcher helpless as some of the activities were suspended. Another contributing factor to time was the demanding nature of research, collecting, interpreting and analyzing data which was a time consuming affair. To handle these challenges, the researcher sought for a time off from his employer during which he comfortably collected and analyzed data. On the COVID-19 pandemic, college management gave the researcher some time extention of six months.

3.9 Chapter summary

The researcher discussed research design and strategy in this chapter by looking at on both qualitative and quantitative research. The study further discussed the analytical framework used. Study site and target population have also been discussed before looking at the sample size and sampling techniques. The researcher made mention of the data source and data collection as well. Data management and analysis is discussed. Lastly the study looked at ethical considerations of the study. The next chapter is results and findings.

CHAPTER FOUR
FINDINGS AND ANALYSIS

4.1 Introduction

This chapter presents the study findings which have been discussed in line with the study objective themes and sub-thematic areas. The study aimed at establishing the role of Youth Enterprise Development Fund on growth of micro and small enterprises in Malawi. The independent variables of the study included: Awareness of the youth towards the availability of the fund, On-Lending procedures of YEDF, Facilitation of youth MSEs market products and services and provision of business development services. The dependent variable was growth of MSEs. The findings were presented based on the study research objectives. The study sought to address the following research questions: To what extent does the level of awareness of the youth towards the availability of the fund influence growth of youth enterprises? To what extent does YEDF provide on lending to youth MSEs? To what extent does YEDF promote marketing of products and services of youth MSEs locally and internationally? and To what extent does YEDF provide business development services to youth SMEs?

4.2 Questionnaire return rate

Target respondents were the members of youth groups in one constituency of each of the districts. Of Mwanza, Lilongwe and Karonga in the Southern, Central and Northern region of Malawi respectively. Out of 210 questionnaires distributed to the respondents 199 were completely filled, the incomplete questionnaires were omitted. It is out of these questionnaires' responses that the presentation of the general information and other analysis was done. An overall response rate of 94.7% was realized which was higher than 70% that is recommended by Mugenda and Mugenda (2003) who assert that more than 70% response rate is very good to proceed with data analysis.

4.3 Demographic characteristics of respondents

Personal information of the respondents was based on age, gender and highest level of education of the respondents. These demographic characteristics are further explored to determine if they play a role on YEDF towards the growth of MSEs.

4.3.1 Distribution of Respondents by Age

Age was one of the major determinants in the study so as to be able to know the age group of the respondents and also be able to know whether it had any effect on the role of YEDF on the growth of MSEs. Results obtained from the respondents are presented in Table 4.1.

Table: 4.1: Distribution of Respondents by Age

Age range	**Frequency** (f)	**Percentage** (%)
18-23	124	64.25
24-29	54	27.98
30-35	15	7.77
	193	**100**

Results of analyzed data revealed that over half of the respondents 64.25% were aged between 18 and 23 years, 27.980% were between 24 and 29 years. The least 7.77% were those between 30 and 35 years. It can be concluded that youths in their mid and late twenties represented the largest proportion largely because most of them had completed colleges and were beginning to establish themselves. The implication of this finding is that the majority of the youths involved in the entrepreneurship are aged between 24 to 29 years who might have completed college or university education and now engaged in entrepreneurship due to lack of formal employment opportunity.

4.3.2 Distribution of respondents by Gender

The researcher also sought to investigate on the gender of the respondents so as to be able to determine whether the disbursed funds were accessible to both gender. Results obtained from the respondents are presented in Figure 4.1 below.

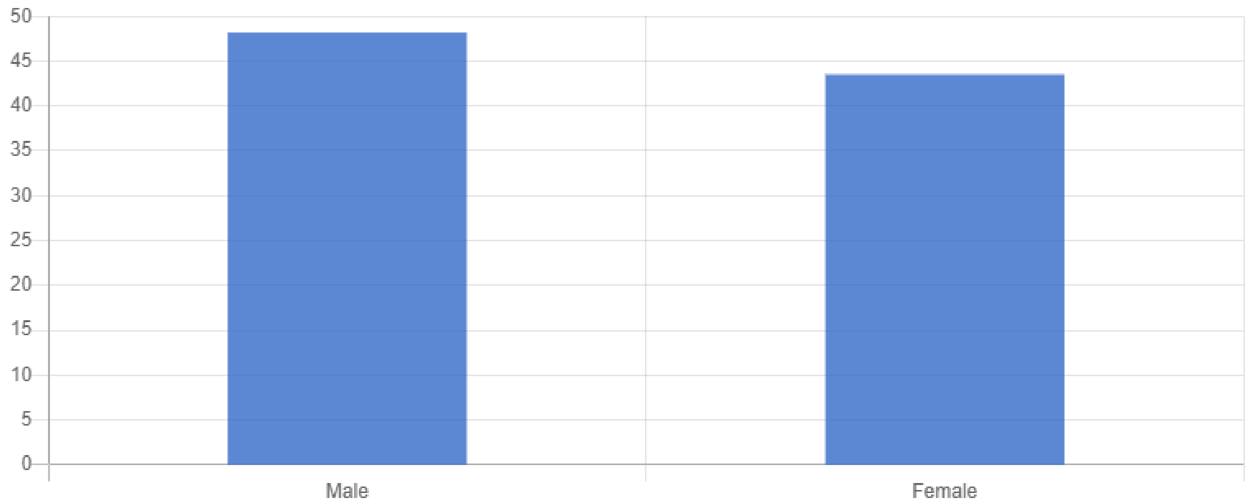

Figure 4.1: Distribution of respondents by gender.

The results show that 48.19% were male, while 43.52% were female. This result points out equity issues despite the fact that the government has put a lot of emphasis on the gender
equality therefore to deal with this more effort should be put in place to carry out sensitization so as to enable more women to access the fund. The results agree with the study of Njoki (2013) who found that 79.3% who were aware of YEDF were male and 20.7% were not aware of YEDF were female.

4.3.3 Distribution of Education Level

The respondents were asked to tick their level of education provided in the questionnaire. This was important as it could give a pointer to whether education levels had any influence on the awareness of the youth towards the availability of the fund influence growth of youth enterprises. The levels provided were primary education, secondary education, Certificate, Diploma and undergraduate and above. Results obtained from the respondents are shown in Table 4.2 below.

Table 4.2: Distribution of respondents by education level

Education level	**Frequency** (f)	**Percentage** (%)
Secondary	83	43.01
Primary	73	37.82
Certificate	18	9.33
Undergraduate and above	3	1.55
Di.ploma	2	1.04
	179	**92.75**

The results in Table 4.2 above show that 43.01% had attained secondary education level, 37.1% were had attained primary education level, 9.33% were certificate holders, 1.55 % were undergraduates and 1.04 % had diplomas. These results indicate that most of the youth had completed secondary and had acquired certificates and diplomas in different fields. Results reveal that those youths who had completed secondary level with certificates or diplomas stood higher chances of accessing the youth fund. This shows low education level may inhibit the youth from accessing the fund due lack of exposure.

4.3.4 Disbursement of Youth Enterprise Development Fund

The researcher sought to find out whether the respondents had ever applied for the fund and to further determine whether they had succeeded in securing the fund. Results obtained from the respondents are presented in Table 4.3 below.

Table 4.3: Distribution of responses on disbursement of Youth Enterprise Development Fun

Characteristics	Frequency (f)	Percentage (%)
Have you ever applied for the Youth Enterprise Development Fund either individually or as a group		
No	114	59.07
Yes	70	36.27
	184	**95.34**
If yes above, were you successful in securing the funds		
No	43	22.28
Yes	26	13.47
	69	**35.75**
How would you rate your likelihood of success in securing the Funds		
Neutral	21	10.88
Likely	6	3.11
Very unlikely	4	2.07
Unlikely	3	1.55
	34	**17.61**

Results obtained from the respondents indicate that 70 (36.27%) of the respondents had at one time applied for the Youth Enterprise Development Fund either individually or as a group. This revealed that some of the respondents had put efforts to secure the funds.

Out of those who had applied 13.47% of all the respondents had succeeded in securing the fund.. This implies that the success rate in accessing the fund in the study area is very low, and there is need to increase these figures.

To further establish their rate of success in getting the funds from those that had secured the funds, 3.11% of the respondents indicated that it was likely to be successful whereas 10.88% were neutral and 2.07% indicated that it was very unlikely and 1.55% indicated that it was unlikely to get the funds once you make an application to the management of the fund.

4.4 Awareness of the Youth toward the Availability of the Fund

In an attempt to gauge the awareness of the availability of the fund, the researcher asked the respondents if they were aware of the fund and whether they had received any form of sensitization or trainings from the government. These have been discussed in the subsequent sub-themes:

4.4.1 Availability of Information about the fund

The researcher further investigated whether availability of information about the fund influenced the disbursement of the fund. Table 4.4. below presents the results obtained from the respondents.

Table 4.4: Distribution of responses on awareness of the youth towards disbursement of the fund

Characteristics	Frequency (f)	Percentage (%)
Do you have any knowledge of the existence and intentions of YEDF?		
No	164	84.97
Yes	21	10.88
	185	**95.85**

As to whether the respondents had any knowledge on the existence and intention of the youth fund, 84.97% said that they were not aware of it whereas 10.88% said that they were aware of the youth fund and its intention for the youth. These results indicate that majority of the youth in the study area were not aware of the YEDF and therefore its level of disbursement may have been hindered by lack of awareness. The findings of this study are in disagreement with the findings of the study by Njoki (2013) who found that the respondents were aware of the disbursement of YEDF (90.8%).

With respect to prevalent low knowledge and awareness on YEDF among the community members and fund managers, a key informant observed the following effects:

"Low knowledge of YEDF details has resulted into poor performance of YEDF to attact more youths and thereby affecting growth of MSEs." **(District Development Officer).**

4.4.2 Trainings organized by the fund organization

The researcher further investigated on whether trainings organized by the fund organization influenced the disbursement of the fund. Results obtained are tabulated in Table 4.5.

Table 4.5: Distribution of responses on Trainings organized by the fund organization

Characteristics	**Frequency** (f)	**Percentage** (%)
Are you aware of the trainings organized by the management of the fund?		
No	127	65.8
Yes	57	29.53
	184	**95.33**

If yes, to what extent do you think trainings create awareness to the youth on availability of the fund?		
Very large extent	31	17.1
Large extent	19	11.4
Moderate extent	4	3.11
Very low extent	3	2.59
	57	**34.2**

As to whether the respondents were aware of any trainings organized by the management of the youth, 65.8% were not aware of such trainings whereas 29,53% were aware of such trainings that had been organized by the management of the youth fund. These results indicate that most of the respondents were not aware of the trainings conducted by the management of the youth fund.

To further assess the extent to which the trainings conducted by the fund management had created awareness on the youth fund, 17.1% of the respondents said that the trainings had facilitated to a very large extent, 11.4% said it had created awareness to a large extent, 3.11% said to a moderate extent and 2.59% thought that trainings by management had created awareness of the fund to a very low extent. From the results, it can be concluded that trainings by the management of the youth fund had to a large extent created awareness on disbursement of the fund. Thus, the numbers of such trainings should be increased to promote greater disbursement of the fund.

From the results obtained, youths still need to be sensitized on youth group formation and registration in order to benefit more from the fund. To improve on the viability of the youth enterprises, there is need for the Government to aggressively market the youth products, engage the youth entrepreneurship training before and after obtaining the loans and to provide necessary market information to the youth so as to gain competitive advantage in their areas of operation. The research shows that YEDF officers have not provided adequate guidance on YEDF activities to the youth. The study found out that despite the fact that YEDF could be a preferred source of funding among the youths, accessing it remained a great challenge. Most youth have not been properly informed on how this fund can be accessed. The study concludes that increasing awareness of youth fund, its objectives and loan features among the youths will have an effect on the growth of small enterprises. This would yield results as more youths will apply for the loans and also utilize the loans prudently in order to repay. As pointed out by Amenya *et al* (2011) most of the youth are not properly informed about the loans which make it a challenge in accessing. There is need to provide the youth with adequate information on youth fund objectives and loan features.

In addition, the fund has not been able to address gender imbalances evident from relatively low numbers of female respondents. These findings concurred with findings by Odera (2013) and Njoki (2013) that most youths were not aware of the various government initiatives to promote youths and small enterprise.

With reference to the trainings provided to the youth, one of the members in one of the focus group discussions said:

“There has never been any proper training that is provided by the funders.” **(Member of the YEDF beneficiary)**

4. 5 On-Lending to youth MSEs

The researcher also sought to investigate if on-lending procedures have an impact to the growth of sales of the respondents thereby leading to the growth of SMEs.

4.5.1 Influence of lending formalities and procedures on the disbursement of the fund

The researcher first sought to find out if lending procedures and formalities had an impact on the disbursement of the fund or loan thereby impacting on the growth of the MSEs. The Results obtained from the respondents are presented in figure 4.2 below.

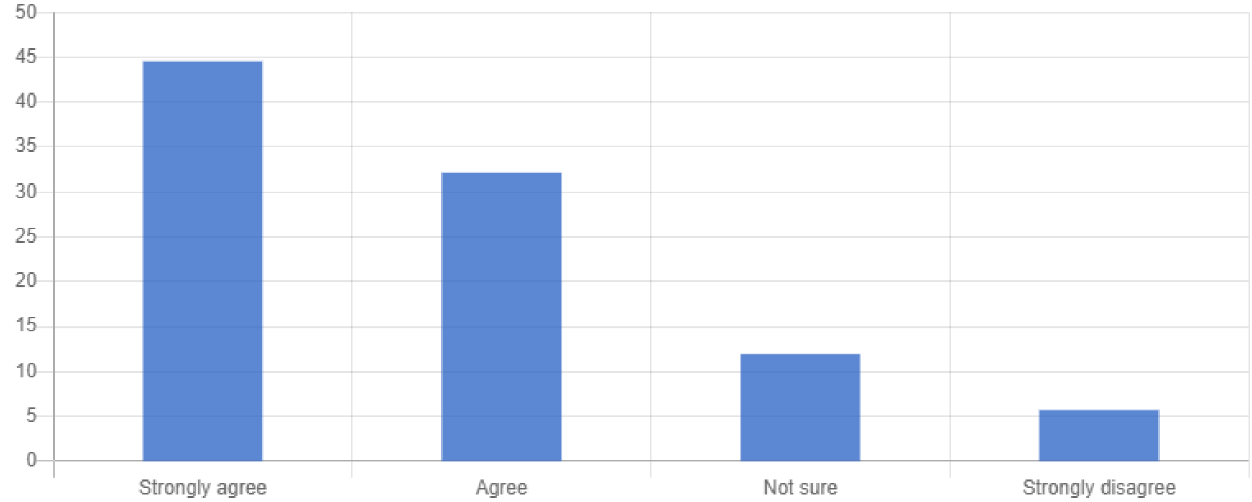

Figure 4.2: Application formalities and procedures influence disbursement of the fund

As Figure 4.2 above indicates, 44.56% of the respondents strongly agree that application procedures and formalities influence disbursement of the fund, 32.12% of the respondents agree, 5.7% strongly disagree and 11.92% of the respondent were not sure. The results show that the respondents feel that the lending formalities and procedures have an influence on the disbursement of the fund whereby the management of the fund need to look at it in order to improve the operations of the fund. The results concur with the findings of Kamau (2010).

With reference to the application formalities and procedures, one of the youth members responded;

"The procedures are a challenge and sometimes political and affects youths accessing the funds." **(Youth Member from one of the districts under study)**

4.5.2 Duration to process the applications influence disbursement of YEDF

The researcher sought to find out if duration to process the application had an impact on the disbursement of the fund or loan thereby impacting on the growth of the MSEs. The Results obtained from the respondents are presented in figure 4.3 below.

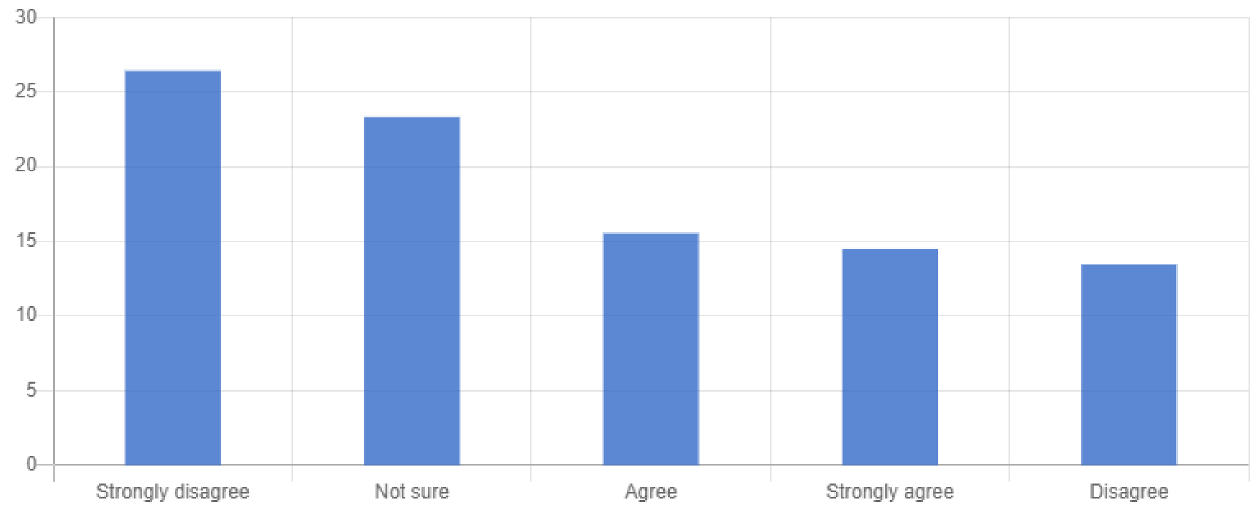

Figure 4.3 Duration to process the application influence the disbursement of YEDF

Figure 4.3 above shows the results of the responses of the respondents. The figure shows that majority of the respondents disagree with the statement that duration taken for the application to be processed influence disbursement of the YEDF. 26.42% strongly disagree and 13.47% disagree. The findings in the figure also indicate that 15.54% agree and 14.51% strongly disagree. 23.32% were not sure. The findings of this study agree to the findings of the study by Kamau, (2010).

With respect to the duration of the application influencing the disbursement of YEDF, one of the key informants indicated that:

"The duration period has nothing to affect the influence of the disbursement but I do believe that there if favouratism". **(Key informant, Chief)**

4.5.3 Nature of repayment rules and conditions influence the disbursement of YEDF

The researcher sought to find out the nature of repayment rules and conditions influence disbursement of YEDF thereby impacting on the growth of the MSEs. The Results obtained from the respondents are presented in figure 4.4 below.

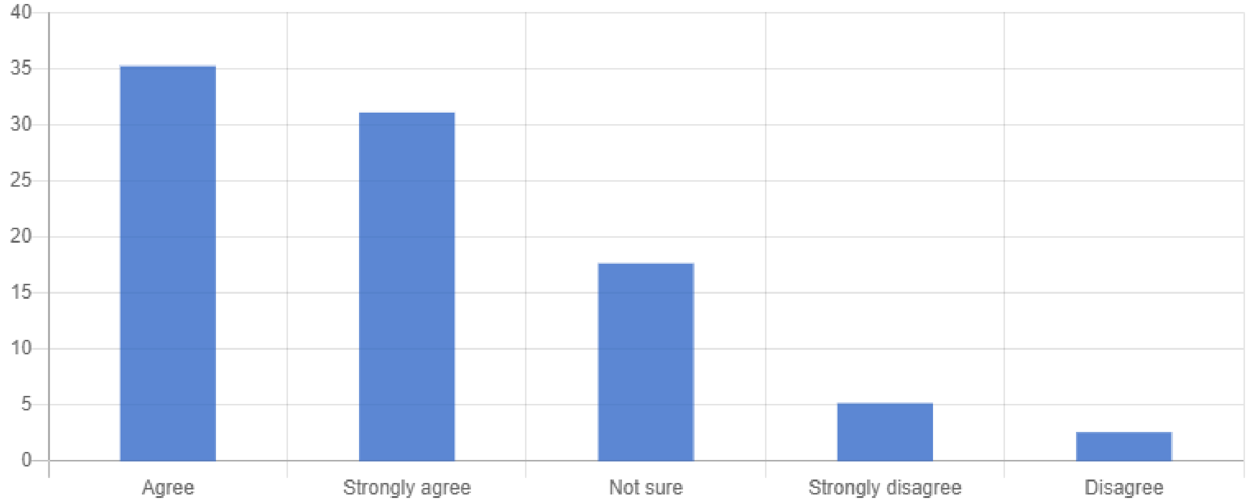

Figure 4.4 Nature of repayment rules and conditions influence disbursement of YEDF

Figure 4.4 above gives the results of the of the nature of repayment rules and conditions of YEDF and their influence on the YEDF disbursement. 35.23% of the respondents agree to the fact that the nature of repayment rules and conditions influence disbursement of YEDF. 31.09% strongly agree. 5.18% and 2.59% of the respondents strongly disagree and disagree respectively. 17.62% of the respondents were not sure. The results indicate that there is need for the management of the fund to critically look at the nature of repayment rules and conditions and make them favourable to the borrowers that is the youth. This is in agreement with the findings of Kamau, (2010).

With respect to the repayment rules and conditions influencing disbursement of YEDF, one of the youth said

“The rules and conditions are punitive and hence repayment is initiated before even we start making profits and hence we just pay back the same money we got” **(Youth member, a beneficiary of YEDF)**

4.5.4 YEDF loan and increase on sales

The researcher also looked at the influence of the loan on the increase on sales. The reslus are shown on Figure 4.5 below.

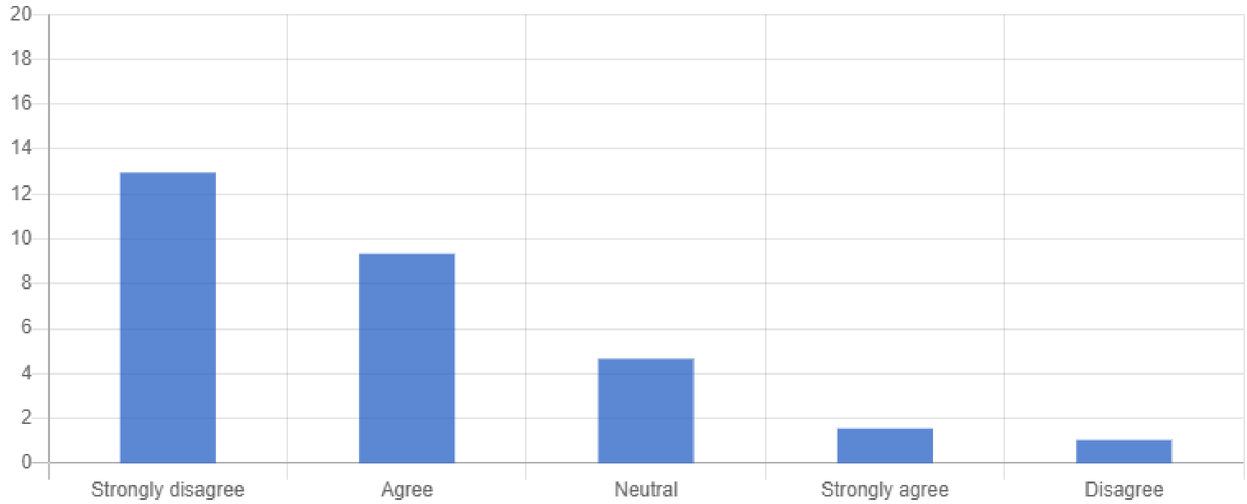

Figure 4.5: Business sales have gone up as a result of YEDF loan

As Figure 4.5 above indicates, majority of the respondents were in agreement that YEDF loan influenced positively on the sales of the MSEs. 12.95% strongly agree and 9.33% agree. 4.66% were neutral whereby 1.55% and 1.04% strongly disagree and disagree respectively. The results of the study are in concurrence with those cited by Omondi (2013) from a survey done by National Social and Economic Council (NESC), which indicated that MSEs significantly improve on sales once assured of steady financing. These are also in agreement with the findings of the study by Kamau, (2010).

4.5.5 MSEs profitability as a result of YEDF loan

The study also sought the influence of YEDF loan on MSEs profitability. The results have been indicated in Figure 4.6 below.

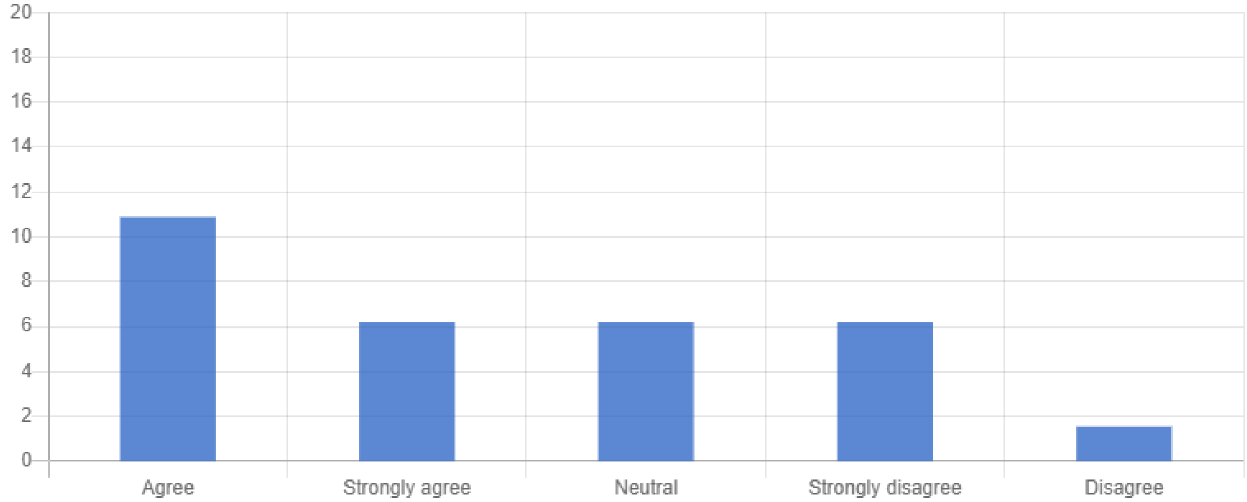

Figure 4.6: The business is now making good profit as a result of YEDF loan

On whether YEDF loan to the MSEs leads to profitability, only 1.55% disagreed and 6.22% strongly disagreed while 6.22% were neutral. A total of 6.22 % agreed while 10.88 % strongly agreed as indicated in the figure above. This shows that although a good percentage of the respondents were neutral in their response to whether YEDF loan leads to sales increase, profitability was noted to improve after the enterprises accessed the loan. These results agree with that of European Central Bank (2013) who in a survey found that access to finance by small enterprises reported significant changes to the profitability of the enterprises.

4.5.6 Interest rate of YEDF

The researcher also looked at the interest rates of the YEDF. The results shown in the figure 4.7 below explains the findings.

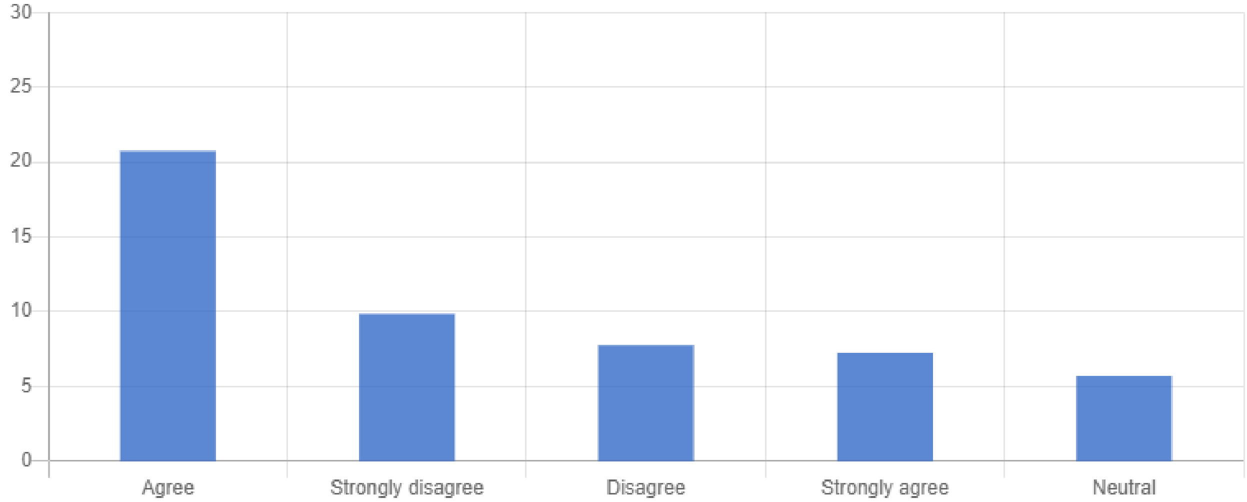

Figure 4.7: Interest rates of YEDF is not high

Figure 4.7 above answers the question on how respondents look at YEDF interest rates. From the responses of the respondents, majority of the respondents agree that the interest rates are not high. 20.73% of the respondents agreed to the statement and 7,27% of the respondents strongly agreed to the statement. 9.84% strongly disagree and 7,77% disagree while 5.7% were neutral. The results then show that YEDF interest rates are not high.

With respect to the interest rates of the YEDF, one of the youth beneficiary of YEDF in a Focus Group Discussion indicated:

"The interest rate is fine but the repayment period pauses a challenge." **(Youth Member in a Focus Group Discussion)**

4.5.7 YEDF loan and employment generation

The researcher sought to establish whether on-lending to youth MSEs led to employment creation. The respondents' responses were analyzed as indicated in the table below.

Table 4.6: YEDF loan and employment generation

Characteristic	Frequency (f)	Percentage (%)
Strongly disagree	32	16.58
Strongly agree	12	6.22
Agree	10	5.18
Neutral	6	3.11
Disagree	6	3.11
	66	**34.2**

From the analysed data, as indicated by Table 4.6 above, the researcher revealed that majority of the respondents strongly disagreed, consisting of 16.58% and 3.11% % disagreed. 3.11% were neutral as to whether the enterprises were able to generate more jobs. 5,18 % agreed that as a result of on-lending to the enterprises, there was a rise in the number of jobs created. Also 6.22% strongly agreed. The study findings agree with that of Gudda & Ngoze (2009) who also noted that there is not much impact by YEDF in sustainable employment for the youth throughout the country.

4.5.8 Individual loan versus group loan

Then the researcher sought to know whether the youth were in preference of individual loans or group loans. This was so to assess the preference of the respondent as regards to growth and profitability and also risk in repayment. The responses are as analysed in Figure 4.8 below

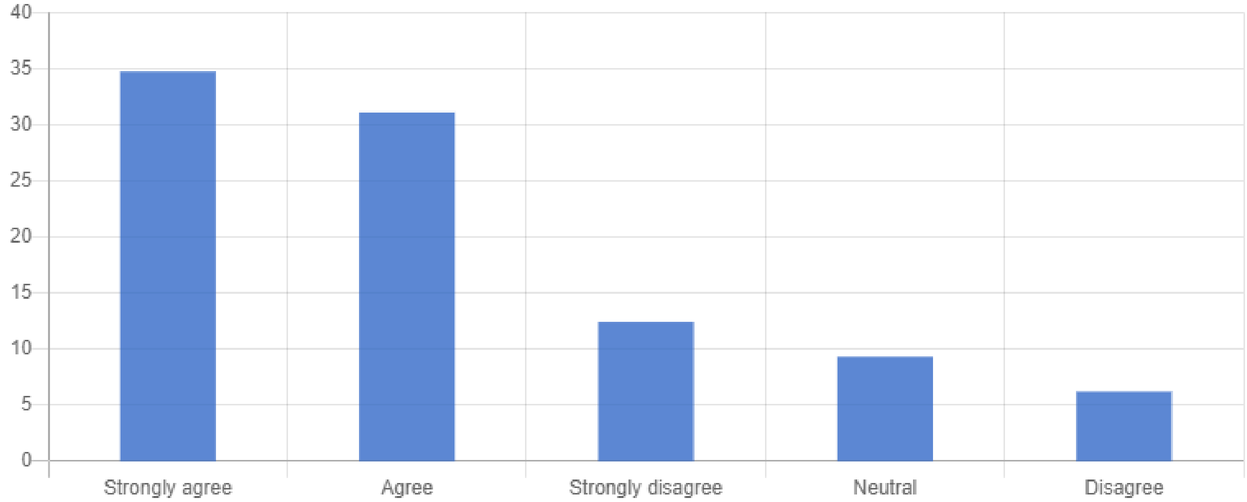

Figure 4.8: Individual loan versus group loan

As Figure 4.8 above indicates, 6.22 % of the respondents agreed they preferred a group loan than individual loans and 12.44% strongly supported group loan. 9.33 % were neutral in their comment. The majority of the respondents were in support of individual loans. 31.09 % and 34.72 % agreed and strongly agreed, respectively. The findings are consistent with those of Wameyo (2011) who also noted that group investment in our society seems not to work. He opined that group thinking is the single biggest killer of investment group's drive. However, the findings depart from that of Attanasio et al. (2011) who established that there is a higher uptake in group lending than individual lending.

With reference to individual loans versus group loans, one of the key informants indicated

"Group loans are better than individual loans as they are easy to follow up and repayment is not a challenge. Individuals easily change business and sometimes disappear." **(YEDF Officer).**

4.5.9 Number of times the MSEs have been able to access loans from YEDF

The researcher sought to know whether the youth enterprises had been able to access more loans apart from the initial one. YEDF has adopted the concept of on-lending whereby the enterprises should qualify for a loan after paying off the previous one.

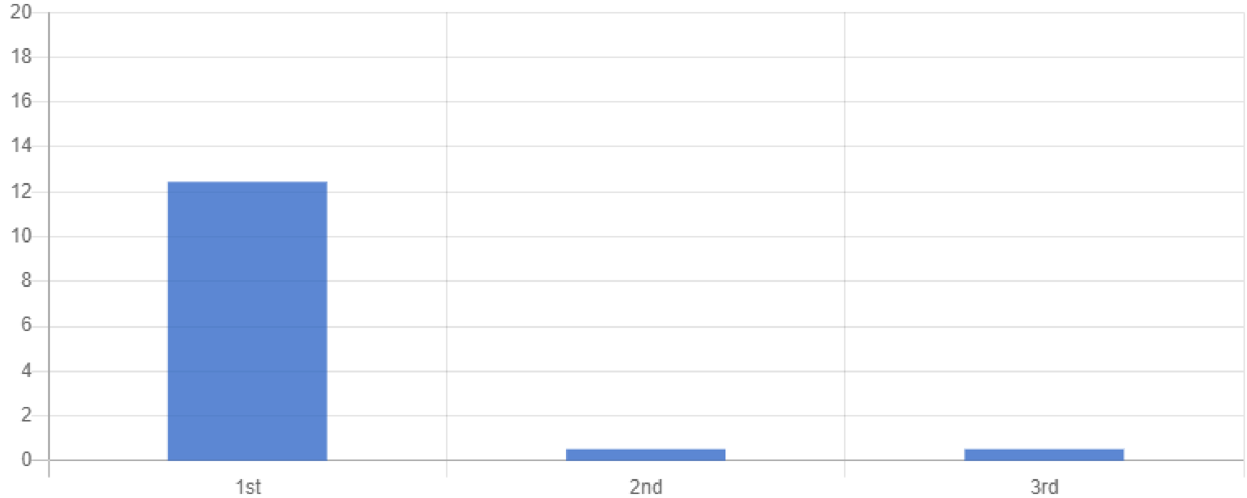

Figure 4.9: The number of loans MSEs have been able to access

The study found that majority of the enterprises indicated by 12.44% % had only been able to access the initial loan. This is despite the fact that they had been in operation for some time. 0.52 % of the enterprises had indicated that they had accessed a second loan while only 0.52 % had been able to secure a third loan. This is not in line with the concept of on-lending adopted by the Fund. The findings agree with those of Okoth et al (2013) who also established that the number of successful applicants remained at 50 % which indicated that accessing YEDF loan was still a challenge to young people.

4.6 Marketing of products and services

The study sought to establish the role of marketing of products and services from youth enterprises by YEDF on growth of youth MSEs. Marketing is central to an enterprise growth hence the need for the researcher to know whether YEDF had successfully marketed youth MSEs and whether that marketing had brought about growth of the enterprises as envisaged in the conceptual framework.

4.6.1 Whether YEDF had helped market the products /services of the MSEs

The researcher sought to establish whether YEDF had helped the youth enterprises market their products or services. The findings are as indicated in figure 4.10 below.

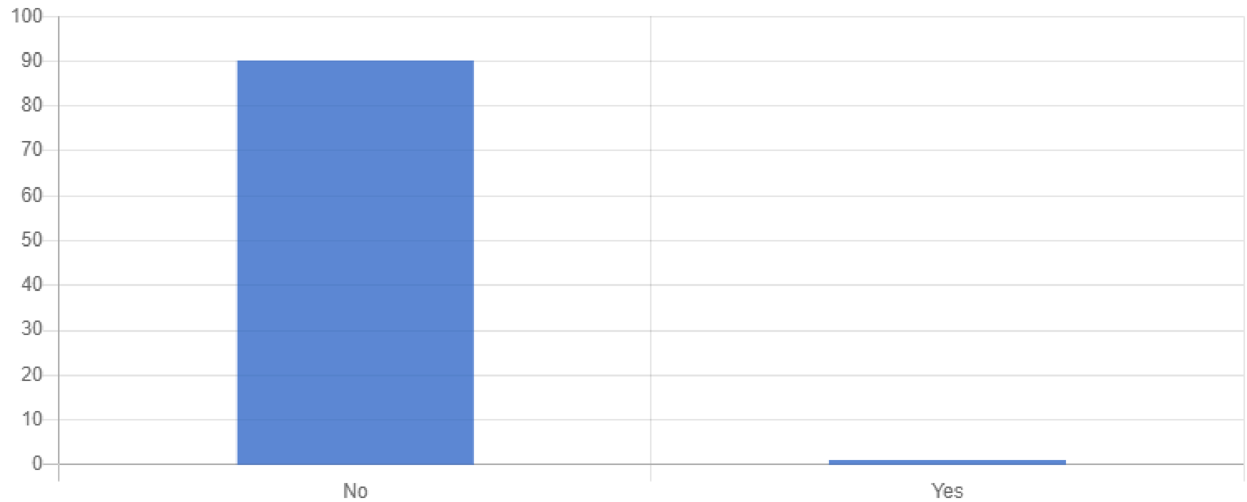

Figure 4.10: Whether YEDF had helped markets/services of MSEs

Figure 4.10 above indicates that 90.16 % of the respondents indicated that YEDF had not helped them market their products and services. 1.04 % response level indicated that YEDF had helped them market their products and services. Though YEDF in its objectives aims at marketing youth enterprises products and services, it was evident from the study that the Fund faired dismally in that area. A lot more needs to be done to realize this objective. The findings are consistent with that of Gudda & Ngoze who established that although various interventions have been established by YEDF, such as marketing of products and services of youth enterprises, there is need for better mechanisms for monitoring these interventions. Okoth et al. (2013) also established that marketing of youth products and services had not been put to the fore. They recommended that, to improve on the viability of youth enterprises, there is need for the government to market youth products and services.

With respect to whether YEDF had helped markets/ services of MSEs, one of the YEDF beneficiaries indicated:

"We have never been assisted at all and have never heard of someone being assisted. This is a big challenge. We struggle to find markets hence sell our commodities at a very cheap prize." **(YEDF Beneficiary)**

4.6.2 Whether YEDF had trained the youth on how to market products and services

The study sought to establish whether YEDF had trained youth MSEs on how to market their products and services. The findings were analyzed as illustrated in the figure below.

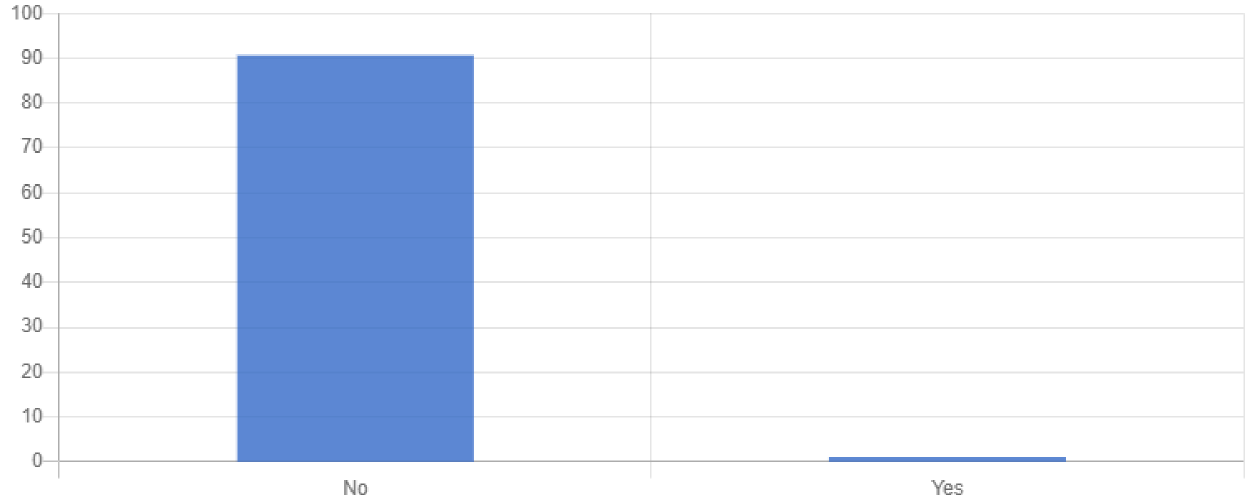

Figure 4.11: Whether YEDF had trained the youth on how to market their products/services

From figure 4.11, the study established that 1.04 % had been trained on how to market their products and services. The majority, (90.67 %) had not been trained by YEDF. The Fund needs to intensify training the youth on how to market their products and services as only a very small and almost negligible number had been trained. The findings agree with that of Sogwe et al. (2011), who in their study assessed market status, market prospects and customer orientation among the youth who had accessed YEDF. The majority (98 %) scored 0 – 25 % on market and technology, an indication that they were not well prepared in marketing their products and services.

4.6.3 Youth participation in any market fair organized by YEDF

The researcher sought to know whether the youth enterprises had participated in any market fair organized by YEDF. The findings are shown in figure 4.12 below.

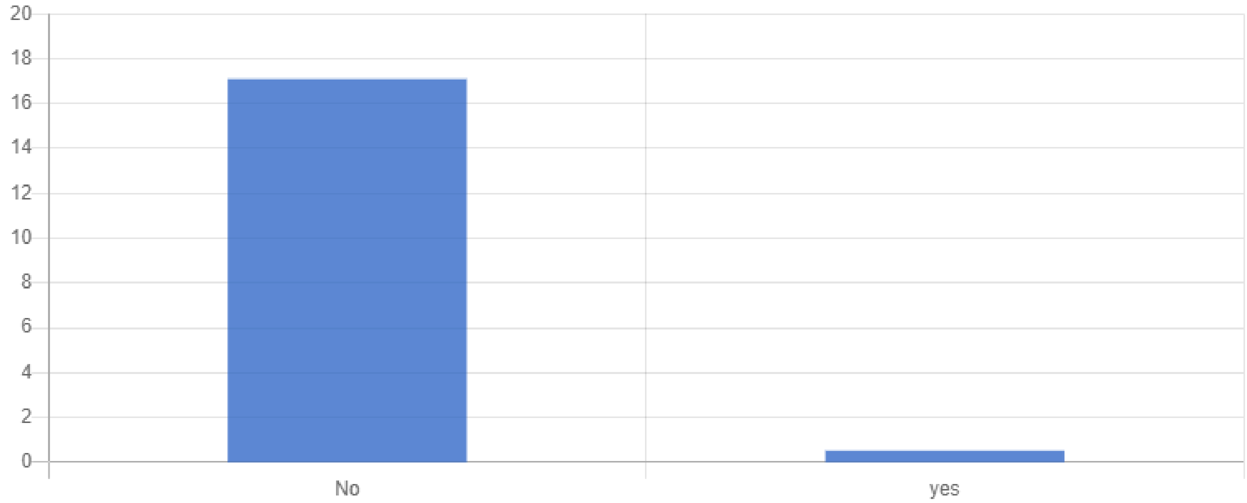

Figure 4.12: Youth/MSEs participation in any market fair

Figure 4.12 above indicates that 94.3% of the respondents had not participated in a trade fair organized by YEDF whereby 1.04% of the respondents indicate that they participated. This clearly indicates that there is need for management of the fund to organize fairs in order to increase sales and profitability.

With respect to youth participation in any market fair, one of the YEDF beneficiary responded

"We have never participated in any market fair" **(YEDF Beneficiary)**

4.6.4 Increase in sales of business or profit as the result of trade fairs organized by YEDF

The researcher sought to know whether profitability of the youth enterprises improved as a result of attending trade fairs organized by YEDF. Market fairs were designed to expose the youth enterprise to potential customers and in the long run improve on profitability of the youth enterprises. The study sought to establish whether this was the case. The findings of the study are as in figure 4.13 below.

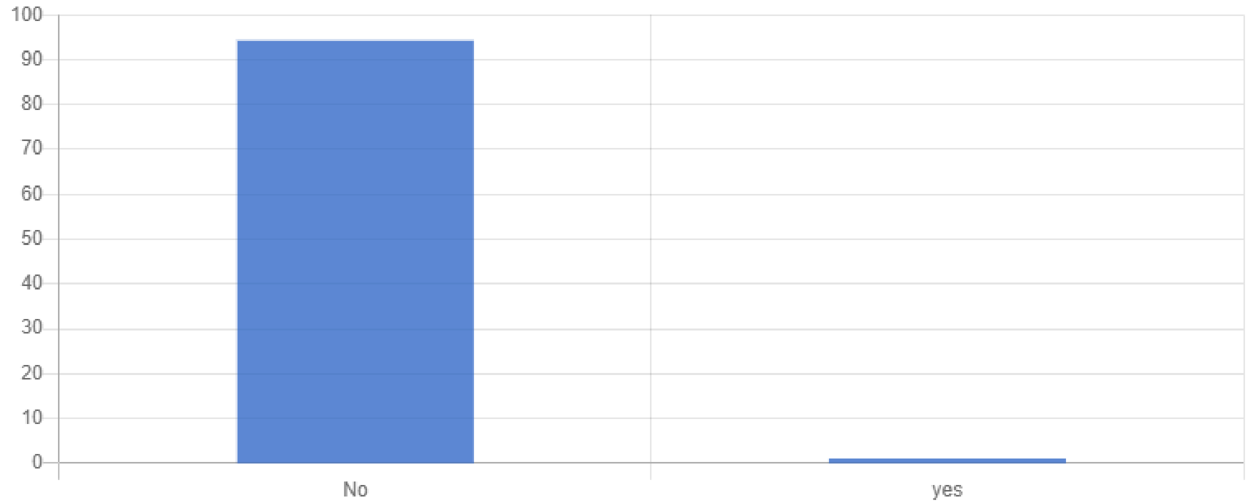

Figure 4.13: Increase in sales of business or profit as the result of fairs organized by YEDF

Figure 4.13 above indicates that 1.04% of the respondents increased profitability of their enterprises as a result of attending trade fairs organized by YEDF. 94.3 % of the respondents indicated no increased profitability. This indicated that the trade fairs organized by YEDF (if any were organized) had little impact on the profitability of the youth enterprises. These findings depart from that of Mahmoud (2011) who concluded that the higher the level of market orientation, the greater the performance of Ghanaian MSEs. Also, Cacciolatti (2011) established that MSEs that make good use of structured marketing information presented a higher profitability growth.

4.6.5 Whether more needs to be done by YEDF with respect to marketing

The study sought to establish whether the respondents felt that a lot more needed to be done by YEDF in respect to marketing of their products and services. The findings were analysed as indicated in figure 4.i4 below.

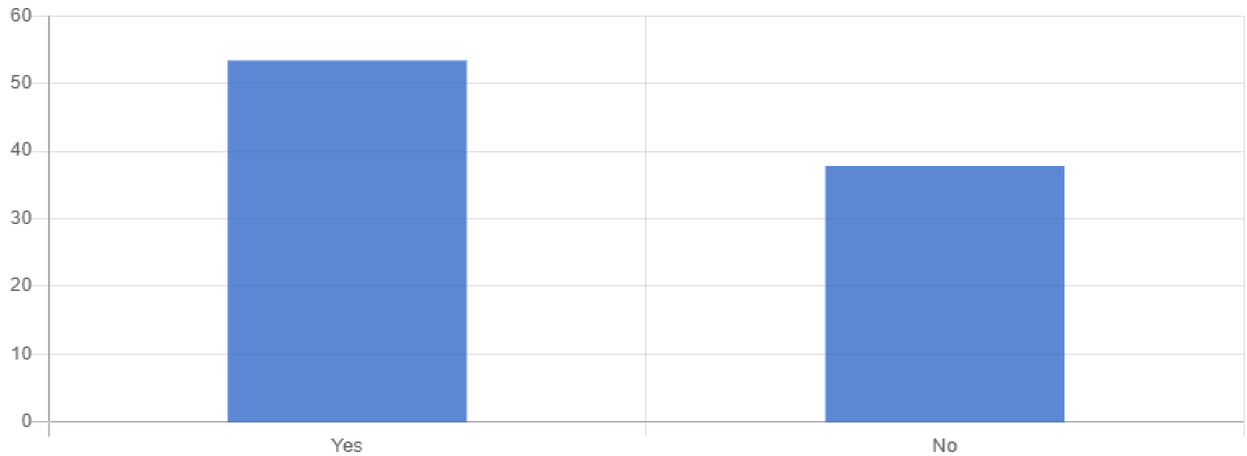

Figure 4.14: Whether more needs to be done by YEDF with respect to marketing

The study found out that a lot needed to be done by YEDF to market products and services of youth MSEs. This was informed by a Yes response rate of 53.37 %. 37.82 % of the respondents were satisfied with the effort made by YEDF to market their products and services. The findings agree with that of Okoth et al. (2013) who also noted that there is need for government to market the youth products and services.

4.6.6 Whether YEDF has enabled the enterprises identify customer needs

The researcher sought to find out whether YEDF had helped the youth enterprises identify customer needs. The findings were analyzed as indicated in figure 4.15 below

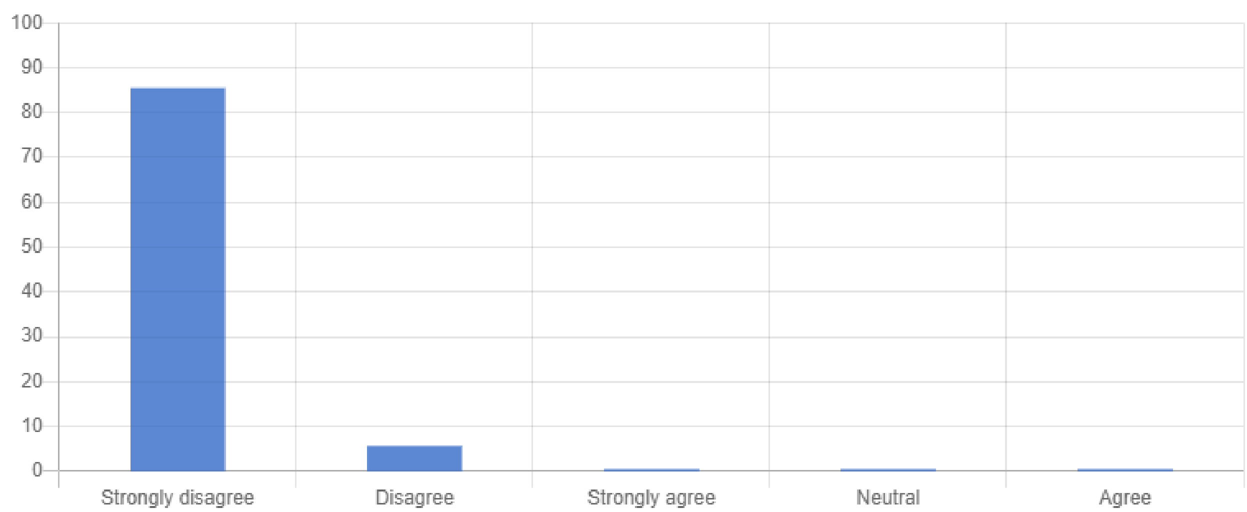

Figure 4.15: Whether YEDF has enabled the enterprises identify customer needs.

85.49% of the respondents strongly disagreed, 5.7 % of the respondents disagreed while 0.52% of the respondents agreed that YEDF had helped them identify customer needs. O.52% of the respondents strongly agreed and 0.52% of the respondents remained neutral. The findings are consistent with that of Githingi (2012) who established that YEDF is doing poorly in creating market linkages for youth produced goods and services. He recommended that YEDF should create policy framework that recognizes the importance of marketing of goods and services produced by the youth.

4.7 Business development services

The study sought to know the extent to which YEDF provided business development services to youth enterprises and whether they played any role towards the growth of the youth enterprises.

4.7.1 Whether YEDF has trained the youth how to run their enterprises on day to day basis

The study sought to establish whether YEDF had trained the respondents how to run their enterprises on day to day basis.

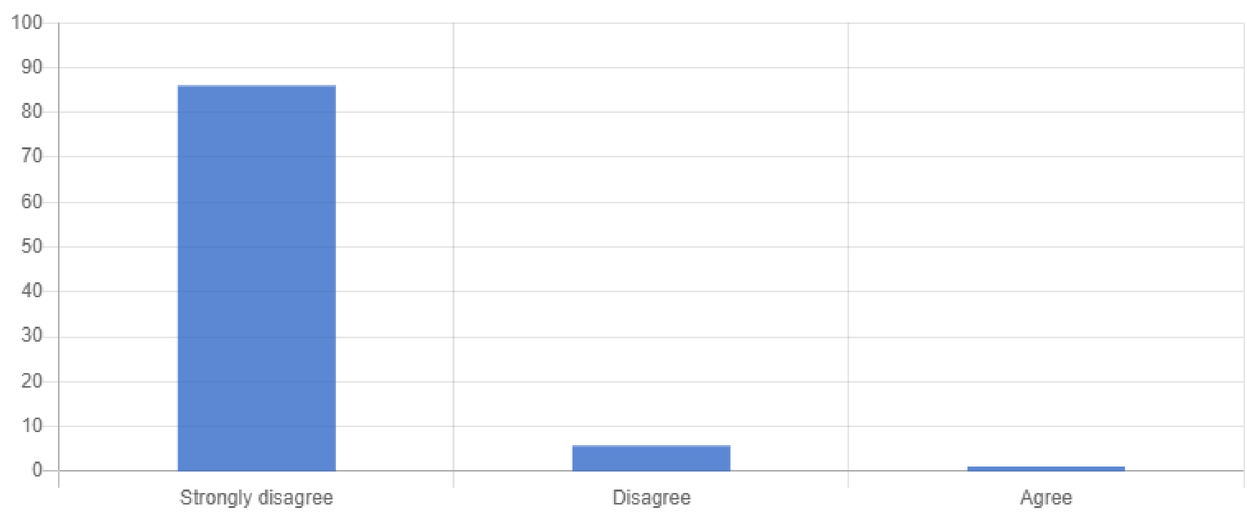

Figure 4.16: Whether YEDF trained youth how to run enterprises on a day to day basis

The findings of the study showed that 86.01 % of the respondents strongly disagreed on whether they had been trained by YEDF how to run their enterprises. 5.7% of the respondents disagreed. 1.04 % of the respondents were in agreement that they had been trained. There was zero response rate on strongly agree and neutral. The findings agree with that of Sogwe et al. (2011) who also established that entrepreneurial preparedness is low among youth entrepreneurs who had benefitted from YEDF.

With respect to whether YEDF trained them how to run enterprises on a day to day basis, one of the menders in the Focus Group Discussion indicated:

"They just gave us the money and just told us to take care of the money as it is a loan and we are expected to pay back." **(YEDF Beneficiary)**

4.7.2 YEDF assisting the youth in developing lesson plans

The study sought to know whether YEDF had trained the respondents on how to develop business plans for their enterprises.

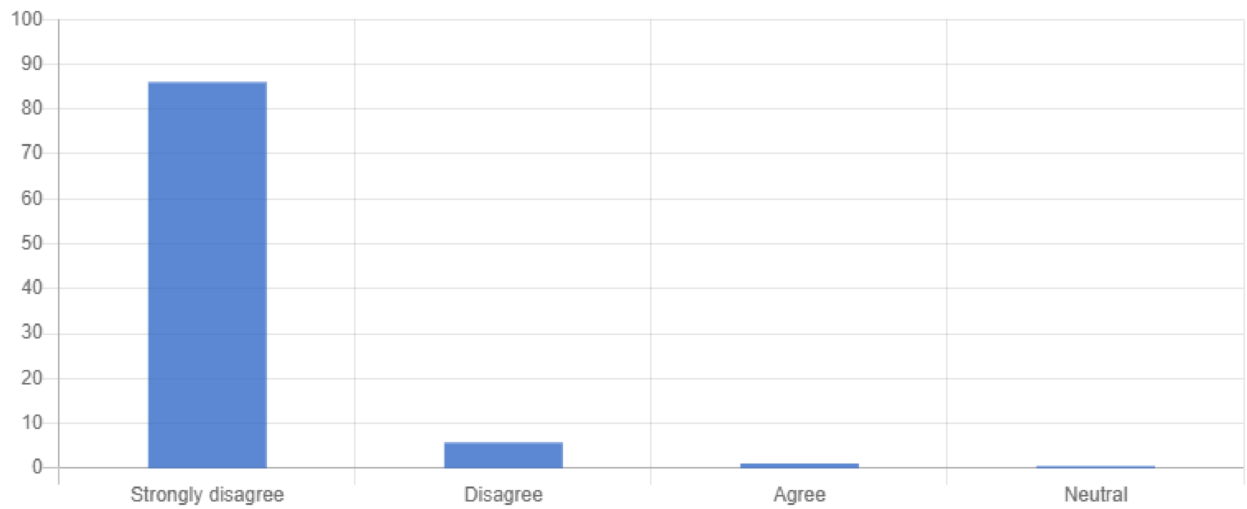

Figure 4.17: Whether YEDF has trained the Youth to develop business plans for their enterprises

The research revealed that 86.01% of the respondents strongly disagreed that they had been trained on how to develop business plans for their enterprises. 5,7 % of the respondents disagreed, 1.04% agreed that they had been trained how to develop business plans for their businesses. 0.52% opted to remain neutral. In respect to developing lesson plan, YEDF seemed not to have made commendable progress since they failed to train the you in business plan development as a prerequisite for their business.

With reference to the training of business Development Plans, one of the beneficiaries indicated;

"We were told to find someone to help us develop a business plan but we were never trained on that one." **(YEDF Beneficiary)**

4.7.3 Whether YEDF had assisted the enterprises to keep proper records

The researcher sought to establish whether YEDF assisted the youth enterprises to keep proper records. The analysed results have been shown in Figure 4.18 below.

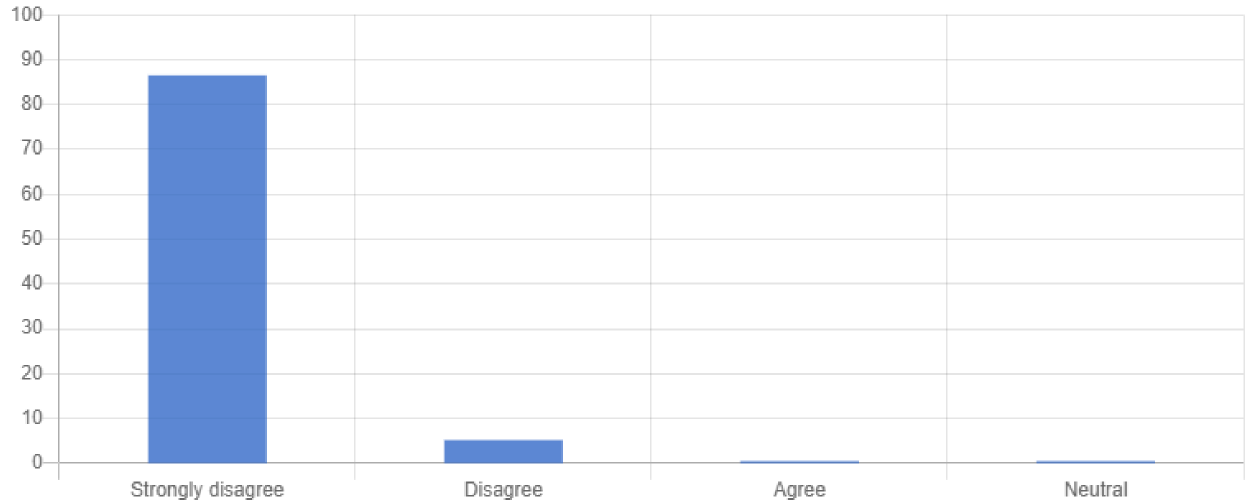

Figure 4.18: Whether YEDF had assisted the enterprises to keep proper records

Figure 4.18 above reveals that 86,53 % of the respondents strongly disagreed that YEDF had assisted them keep proper records. 5.18% of the respondents disagreed while 0.52% of the respondents agreed. 0.52% of the respondents were neutral. There is need for the management of the fund to equip or train the youth in record keeping. Record keeping is central to the success of an enterprise hence the need for YEDF to do more in this area.

With respect to keeping of records, one of the beneficiaries in the Focus Group Discussion answered:

"We were not trained on the keeping of our records" **(YEDF Beneficiary).**

4.7.4 Whether YEDF has provided any mentorship and counseling

The study sought to establish whether the respondent had been mentored or received any business counseling from YEDF. The analysed results have been shown in Figure 4.19 below.

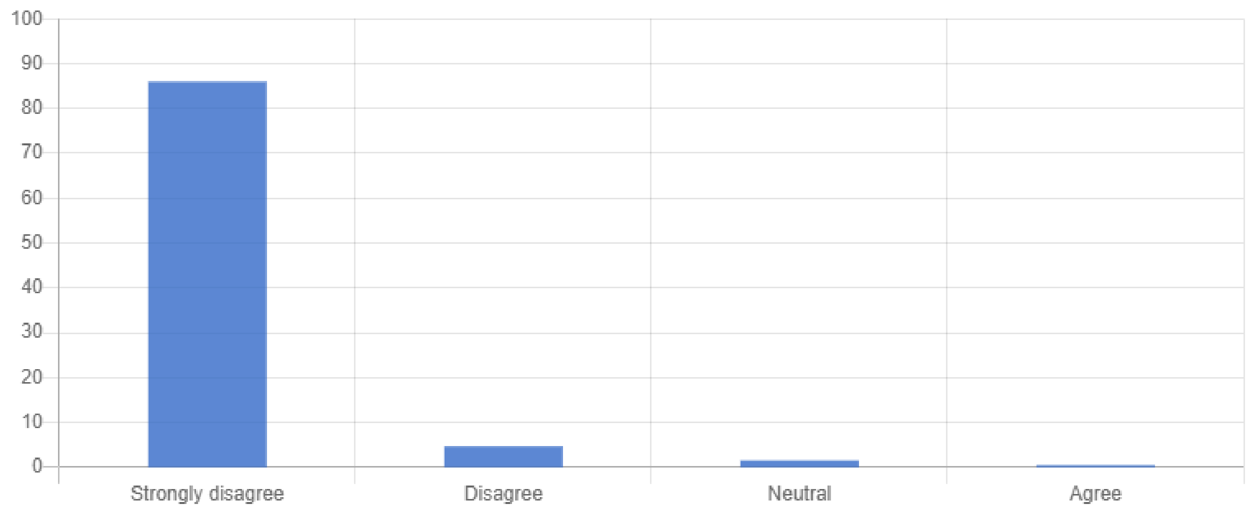

Figure 4.19: Whether YEDF has provided any mentorship and counselling

From Figure 4.19 above, 86.01 % of the respondents strongly disagreed, 4.66 % disagreed while 1.55 % were neutral. 0.52 of the respondents agreed that they had been mentored and had received business counseling by YEDF. There is need for the management to mentor and counsel the beneficiaries.

4.8. Estimated Model

To test the relationship between the independent variable and the dependent variable, a multiple regression analysis equation $Y= \beta0+ \beta1X1+\beta2X2+ \beta3X3 + \beta4X4 +\alpha$ was used to determine the relationship MSEs growth and the four variables as indicated below:

$$Y= 1.243+ 0.078X1+0.208X2+ 0.168X3 +0.499X4 +\alpha$$

Where Y is the dependent variable (MSEs growth), β0 is the regression coefficient, β1, β2, β3 and β4 are the slopes of the regression equation, X1 is the awareness of youths towards availability of the fund independent variable, X2 is on-lending to youth MSEs independent variable, X3 is promotion of youth MSEs market their products and services independent variable and X4 is the provision of Business Development Services independent variable.

According to the regression equation established, taking all factors into account (awareness of youths towards availability of the fund, on-lending to youth MSEs, promotion of youth MSEs market their products and services and provision of Business Development Services) constant at zero, Growth of MSEs will be 1.243. The data findings analysed also showed that taking all other variables at zero, a unit increase in awareness of youths towards availability of the fund would lead to 0.078 increase in MSEs growth; a unit increase in on-lending to youth MSEs will lead to 0.208 increase in MSEs growth; a unit increase in promotion of youth MSEs market their products and services will lead to 0.168 increase in MSEs growth and a unit increase in provision of Business Development Services will lead to 0.499 increase in MSEs growth. This shows that awareness of youths towards availability of the fund, on-lending to youth MSEs, promotion of youth MSEs market their products and services, and provision of Business Development Services have a positive relationship with the MSEs growth in the constituencies understudy in Mwanza, Lilongwe and Karonga. Refer Table 4.7 below:

Table 4.7: Regression Analysis

Multiple Regression Model Summary	Aggregate effectiveness of Independent Variables on the Dependent Variable	
	Coefficients	**P-value**
Constant	1.243	0.201
Awareness of youths	0.078	0.011
On-lending to youth MSEs	0.208	0.039
Market products/services	0.168	0.049
Provision BDS	0.499	0.002
R	1	
R2	1	
F Value	8.438	
Standard Error of the estimate	0.00	

4.9 Chapter summary

Results obtained from the respondents indicate that most of the respondents had no knowledge about the existence and intention of the YEDF, most of which they had learnt through the media, political rallies, public gatherings, and friends and relatives. The study established that although they were struggling to access the finance from YEDF the respondents who accessed the finances strongly agreed that the enterprises had registered some increase in the sales. On whether YEDF had helped youth enterprises market their products and services, 90.16 % of the respondents were negative. The problem is even compounded by the fact that majority of the enterprises had received no training in the area of marketing their products and services. The study established total disagreement of the youth entrepreneurs that they had been trained how to run their enterprises. This was confirmed by 86.01% of the respondents. Entrepreneurial training is key to the growth of enterprises. Majority of the youth entrepreneurs have little or no formal schooling and that they lack any experience in business, hence the need for entrepreneurial training. The study therefore concludes very little had been covered by YEDF in offering business development services and the level of responses suggested that there is a lot to be done. Regression analysis shows a strong positive relationship between dependent variable (MSEs growth) and independent variables of awareness of youths towards availability of the fund, on-lending to youth MSEs, promotion of youth MSEs market their products and services, and provision of Business Development Services.

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the results on the role of Youth Enterprise Development Fund on growth of Micro and Small Enterprises at constituency level in Malawi. The study gives recommendations on what the government and the managers of YEDF can do to improve the attainment of the Fund's set objectives on enterprise development. The recommendations are presented based the study, after which recommendations for further studies are drawn.

5.2 Summary of the Findings

5.2.1 Awareness of youth towards Youth Enterprise Development fund

Results obtained from the respondents indicate that most of them had no knowledge on the existence and intention of the youth fund. The study found out that despite the fact that YEDF could be a preferred source of funding among the youths, accessing it remained a great challenge. Most youth have not been properly informed on how this fund can be accessed. The study concludes that increasing awareness of youth fund, as well as its objectives and loan features among the youths will have an effect on the growth of small enterprises. This would yield results as more youths will apply for the loans and also utilize the loans prudently in order to repay.

5.2.2 On-lending to youth MSEs

The study established that although they were struggling to access the finance from YEDF, those who accessed strongly agreed that the enterprises had registered some increase in the sales. This is as was indicated by 12.95% majority. 10;88% however indicated that the profitability of the enterprises rose due to on- lending. The respondents agreed that individual loans were better than group loans as indicated by a response rate of 34.72 %. This might be the reason why most of the enterprises had been reluctant to go for a second or third loan. 12.44 % of the respondents indicated that they only accessed the initial loan only and 0.52% accessed for a second and third loan. This is an obstacle to the objective of on-lending by YEDF.

5.2.3 Facilitating marketing of products and services

On whether YEDF had helped youth enterprises market their products and services, 90.16 % of the respondents were negative. Marketing is central to success of any enterprise and therefore there is need for YEDF to help in exposing the enterprises to potential customers. The problem is even compounded by the fact that majority of the enterprises had received no training in the area of marketing their products and services. This was indicated by 90.67 % of the respondents. 94.3 % of the respondents stated that they had not attended any market fair organized by YEDF. There is need for the youth to expose or exhibit their products and services. This is important because exposing the enterprises to potential customers is not only vital for their success, but also for growth. This might be supported by the responses of the respondents of which 53.37 % of them were of the opinion that much more needed to be done by YEDF in marketing youth enterprises' products and services.

5.2.4 Provision of business development services

The study established total disagreement of the youth entrepreneurs that they had been trained on how to run their enterprises. This was confirmed by 86.01% of the respondents. Entrepreneurial training is key to the growth of enterprises. Majority of the youth entrepreneurs have little or no formal schooling and that they lack any experience in business hence the need for entrepreneurial training. In addition, 86.01% of the respondents indicated that YEDF had not assisted them in writing business plans for their enterprises. This can be attributed to the fact that the youth are required to have a realistic and workable business plan as a requirement in order to access the funds. 86.53 % of the respondents agreed that YEDF did not train them on how to keep records for their enterprises. The study therefore concludes that very little had been covered by YEDF in offering business development services and the level of responses suggested that there is a lot to be done.

5.3 Conclusions

Youth Enterprise Development Fund was started to offer young people a unique opportunity to gain access to the much needed financial support to start or expand business. The Fund's strategic focus is on enterprise development hence the reason why the Fund's objectives are aligned towards this. However, as the findings of the study indicate, the Fund has a long way to go to achieve this. It seems to have made little impact in youth enterprises' growth. The objectives of the study, which had been adopted from YEDF's objectives indicate that YEDF needs to do a lot more in order to attain its set objectives and spur the growth of youth enterprises.

5.4 Recommendations

This study makes the following recommendations: There is need to intensify awareness of the fund; The Fund needs to intensify entrepreneurial training to the youth; The Fund should result to giving individual loans rather than group loans since majority of the youth are in support of this; YEDF should strive to expose youth enterprises to potential customers; and YEDF needs to intensify the on-lending campaign to the youth so that the problem of access to business finance can be minimized.

5.4.1 Suggestions for further studies

Apart from YEDF, there is a mushrooming of other forms of institutional financing at the local level to support the youth development in developing their enterprises. This study therefore recommends that further studies be done on the role other institutional financing agents on youth development.

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APPENDICES

Appendix 1: Study Questionnaire (General)

Questionnaire No ……………

EFFECT OF YOUTH ENTERPRISE DEVELOPMENT FUND ON GROWTH OF MICRO AND SMALL ENTERPRISES (MSEs) AT CONSTITUENCY LEVEL

Study Questionnaire

INTRODUCTION

The objectives of the study will be to establish the role of Youth Enterprise Development Fund on growth of micro and small enterprises (MSEs) in one constituency in Mwanza, Lilongwe Urban, and Karonga districts.

Kindly note that the information collected is purely intended for academic purposes only and that all the information obtained through this questionnaire will be treated with utmost confidentiality.

INSTRUCTIONS

1. Please do not write your name anywhere on this questionnaire.

2. Information provided will be treated with utmost confidentiality.

3. Use a tick (v) where appropriate.

PART A: DEMOGRAPHIC CHARACTERISTICS

1.Your age in years

(a) 18-23 [ ]   (b) 24-29 [ ]   (c) 30-35 [ ]

2. Respondent`s gender   (a) Male [ ]   (b) Female [ ]

3. Highest level of education

(a) Post graduate [ ]   (b) Undergraduate [ ]   (c) Diploma [ ]

(d) Certificate [ ] (e) Secondary [ ] (d) Primary [ ]

PART B: BACKGROUND INFORMATION

3. Name of the business …………………………………………………………………

4. Type of the business (please specify e.g. retail shop, grocery, pig rearing etc)………………………………………...

5. Number of years in business (please tick the one that applies best)

a.) Not yet started [ ]

b.) Under 1. Year [ ]

c.) 1 – 2 years [ ]

d.) 3 – 4 years [ ]

e.) Over 5 years [ ]

PART C: DISBURSEMENT OF THE YOUTH ENTREPRISE DEVELOPMENT FUND

4. a) Have you applied for the Youth Enterprise Development Fund either individually or as a group?

(a) Yes [ ] (b) No [ ]

b) If yes above, were you successful in securing the fund?

(a) Yes [ ] (b) No [ ]

c) If yes above, how would you rate your likelihood of success in securing the fund?

Very unlikely [ ] unlikely [ ] Neutral [ ] likely [ ] very likely [ ]

PART C: AWARENESS OF THE YOUTH TOWARD THE AVAILABILITY OF THE FUND

6. a) Do you have any knowledge on the existence and intention of YEDF?

Yes [ ] No [ ]

b) If yes, how did you come to know?

Through media [ ] through friend/relative [ ] through public baraza [ ]

through a political rally [ ]

7. How would you rate government's sensitization of YEDF among the youths?

Very high [ ] High [ ] Low [ ] Very low [ ]

8. a) Are you aware of trainings organized by the management of the fund?

Yes [ ] No [ ]

b) If yes, to what extent do you think the trainings create awareness to the youth on availability of the fund?

Very large extent [ ] Large extent [ ] Moderate extent [ ]

Low extent [ ] Very low extent [ ]

PART D: INFLUENCE OF LENDING PROCEDURE ON YEDF

9. To what extent do you agree with the following statements concerning disbursement procedures of the Youth Enterprise Development Fund?

[1] Strongly agree [2] Agree [3] Not sure [4] Disagree [5] strongly disagree

(Please tick (v) appropriately)

Statement	**1**	**2**	**3**	**4**	**5**
Number of application formalities and procedures influence disbursement to the Fund					

Duration taken to process the applications influence the disbursement of the Youth Enterprise Development Fund

Nature of repayment rules and conditions set influence the disbursement of the Youth Enterprise Development Fund

PART E: ON-LENDING TO YOUTH SMEs

10. Please indicate by circling the number of the degree to which you agree with each of these statements.

NO	ITEM	RATING SCALES				
		Strongly disagree	disagree	Neutral	Strongly agree	Agree
1	Your business sales have gone up as result of a loan from YEDF	1	2	3	4	5
2	The business is now making good profit as a result of YEDF loan	1	2	3	4	5
3	Accessing the loan is easy	1	2	3	4	5
4	The interest rate charged is not high	1	2	3	4	5
5	Individual loan is better than group loan	1	2	3	4	5
6	The business is able to employ more workers as a result of	1	2	3	4	5

	YEDF funding.					
7	Forming groups to access the loan is easy	1	2	3	4	5
8	Getting additional loan to your business is not problematic	1	2	3	4	5
9	The business has expanded as a result of the loan	1	2	3	4	5

11. Indicate the number of times that you have accessed YEDF loan. (Please tick the one that applies to you currently)

1st ☐ 2nd ☐ 3rd ☐

PART F: MARKETING OF PRODUCTS AND SERVICES

12. Has YEDF helped market the products/ services of your business?

Yes [ ] No [ ]

13. Has YEDF trained you on how to market the products and services of your business?

Yes [ ] No [ ]

14. If Yes in No. 13 above, have you been able to successfully market your business products and services.

Yes [ ] No [ ]

15. Have you participated in a market fair organized by YEDF locally?

Yes [ ] No [ ]

16. Have the sales of your business or profit increased as a result of the fairs organized by YEDF?

Yes [ ] No [ ]

17. Do you think more needs to be done by YEDF to market your products and services?

Yes [ ] No [ ]

18. Please indicate by circling the number of the degree to which you agree with each of these statements.

NO	**ITEM**	**RATING SCALES**				
		Strongly disagree	disagree	Neutral	Strongly agree	Agree
1	YEDF has trained you how to package your products and services	1	2	3	4	5
2	YEDF has exposed your business to potential customers internationally	1	2	3	4	5
3	YEDF has enabled your business to identify the needs of your customers	1	2	3	4	5
4	YEDF has shown you how to	1	2	3	4	5

	market your business to attract more customers					
5	YEDF has enabled your business attain competitive advantage through marketing your business	1	2	3	4	5

PART G: BUSINESS DEVELOPMENT SERVICES

19. Please indicate by circling the number of the degree to which you agree with each of these statements.

NO	**ITEM**	**RATING SCALES**				
		Strongly disagree	disagree	Neutral	Strongly agree	Agree
1	YEDF has trained you how to run your business on day to day basis.	1	2	3	4	5
2	YEDF has trained and assisted you to develop business plan.	1	2	3	4	5
3	YEDF has facilitated you in identifying a business premises for your business	1	2	3	4	5
4	YEDF has assisted your business keep proper business records.	1	2	3	4	5
5	YEDF has facilitated your	1	2	3	4	5

	business comply with labour laws and other regulations					
6	YEDF has set up information and communication centres that your business rely on	1	2	3	4	5
7	YEDF has done any research aimed at helping your business grow.	1	2	3	4	5
8	YEDF has provided counseling and mentorship services for your business	1	2	3	4	5
9	YEDF has provided business incubator for your business to grow.	1	2	3	4	5

THE END……………………………………..…..

THANK YOU

Appendix 2: Focus Group Discussion

EFFECT OF YOUTH ENTERPRISE DEVELOPMENT FUND ON GROWTH OF MICRO AND SMALL ENTERPRISES (MSEs) AT CONSTITUENCY LEVEL

Study Questionnaire

INTRODUCTION

The objectives of the study will be to establish the role of Youth Enterprise Development Fund on growth of micro and small enterprises (MSEs) in one constituency in Mwanza, Lilongwe Urban, and Karonga districts.

Kindly note that the information collected is purely intended for academic purposes only and that all the information obtained through this questionnaire will be treated with utmost confidentiality.

FOCUS GROUP DISCUSSION

GROUP INFORMATION

Name of Group		Village:	Date
Composition of group			
Men	Women	Boys	Girls

KNOWLEDGE OF THE EXISTENCE YEDF LOAN GROUP

QUESTION	**POINTS TO CONSIDER PROBING MORE**
Do you know the type of business you are doing?	Assess knowledge of the business the group is involved in
Do you know the YEDF Load group me mbers and their positions	Probe on whether they know their YEDF Loan Group members

Do you know the roles of YEDF Loan Group? Please mention them.	Probe whether they know the roles of their group for them to ably assess the performance of group. Assess how they knew the roles Check whether the Group is able to sell itself to the community members

ASSESSING YEDF LOAN GROUP PERFORMANCE

Is the YEDF Loan Group able to perform these role effectively? Please explain for each answer.	Assess their satisfaction on how the roles are being executed Assess for execution rate in percentage
What other roles do you suggest your YEDF loan group do to satisfy your performance expectations? Explain	Assess their quick reaction to the existing roles Probe for suggested additional roles the YEDF loan group should do Probe for the roles they think need to be removed and why?
What are the weaknesses of your YEDF loan group?	Check whether they know the weaknesses of their loan group and they should mention them Check whether they take themselves as part of loan group?
What are the challenges that you face as you execute your duties in the group?	Probe what is limiting them to work effectively in the group. Assess economical, political, social, environmental challenges
In your opinion, who is the cause of these challenges?	Assess the root cause of these challenges Find out if there are blaming game syndromes
How can you solve these problems	Assess their ability to solve their own problems

	Assess if they know where to take their challenges to
What do you think are the problems faced by your YEDF loan group?	Assess if they know the challenges faced by the loan group
How do you think are these problems affecting your performance?	Check if they know they are part of the team affected by these challenges
In your opinion, how do you think these problems could be solved?	Assess their ability to identify problem solving skills Identify their suggested solutions Assess why they did not apply those problem solving skills
Who should be responsible to handle these problems?	Probe if they feel to be part of the problem Probe if they know where to take some of these challenges to
What is your feeling about performance of your loan group?	Assess the inner judgement about the loan group efficiency and effectiveness
Give any advice that you may give to the loan group to perform effectively	Assess the recommendations

ASSESSING YEDF DISBURSEMENT

Have you applied for the YEDF loan?	Assess if the group has ever applied for the YEDF loan Assess the process of accessing the loan i.e. assess who lead leads the process Assess whether other community development structures and the general public is involved

Who owns the YEDF loan?	Assess community ownership to YEDF loan
What is the likelihood of success in securing the loan?	Assess the chances to secure the loan and the challenges involved
What role do you play in the process of securing the loan?	Assess the role the group play in these processes Assess whether the know the challenges faced in executing these roles

PARTY AFFILIATION

To which political party is your group affiliated?	Assess the political affiliation of the group Probe more how this affiliation helped them to access the loan

AWARENESS OF YEDF FUND

Do you have any knowledge of the existence and intention of YEDF?	Assess the existence and intention of YEDF Probe more on the knowledge of the existence of the YEDF by assessing how the group got to know of this loan
Do you have any knowledge on the government's sensitization on YEDF?	Assess the sensitization of YEDF by government to the citizenry Probe more if the sensitization has been effective or not Assess their knowledge on what government should do to make sensitization effective
Are you aware of trainings organized by the management of the fund?	Assess the existence of any trainings related to the loan

	If yes, probe if the trainings have been helpful or not Assess the gaps identified in the training package and what should be included

INFLUENCE OF LENDING PROCEDURE ON YEDF

Does application formalities and procedures influence disbursement to the Fund?	Assess if the application formalities and procedures have an impact on the disbursement of the loan If yes, probe more on how these affected their loan Suggest how best this could be improved
Does the nature of repayment rules and conditions set influence the disbursement of the Youth Enterprise Development Fund	Assess if the nature of repayment rules and conditions have an impact on the disbursement of YEDF loan If yes, probe more on how these affected their loan repayment and how it is affecting the growth of their enterprise Suggest how best this could be improved

MARKETING OF PRODUCTS AND SERVICES

Has YEDF helped market the products/ services of your business?	Assess if YEDF has helped them to market their products/services from their business Probe if YEDF trained them to market their products/services of their business and how did they do that and assess if you have been successful to market them Assess if the sales of your business or profit grow

	because of YEDF marketing strategies and what else needs to be done by YEDF for your business to maximise profits
BUSINESS DEVELOPMENT SERVICES	
Has YEDF trained your group on how to run the your business on the day to day basis?	Assess if YEDF has trained the group in running their business and make it grow Probe if YEDF trained them in developing a business plan and keeping of proper business records Assess if YEDF has helped them in doing research to make their business grow Assess if YEDF has provided business incubators to make their business grow Probe any other recommendations or suggestion to MEDF for the development or growth of their business

THE END……………………………………..…..

THANK YOU

Appendix 3: Study Questionnaire – KII Guide for Stakeholders

EFFECT OF YOUTH ENTERPRISE DEVELOPMENT FUND ON GROWTH OF MICRO AND SMALL ENTERPRISES (MSEs) AT CONSTITUENCY LEVEL

Study Questionnaire

INTRODUCTION

The objectives of the study will be to establish the role of Youth Enterprise Development Fund on growth of micro and small enterprises (MSEs) in one constituency in Mwanza, Lilongwe Urban, and Karonga districts..

Kindly note that the information collected is purely intended for academic purposes only and that all the information obtained through this questionnaire will be treated with utmost confidentiality.

KII Guide for Stakeholders

INTERVIWEE INFORMATION

Name:	Organization:
Designation:	Date:

KNOWLEDGE OF THE EXISTING ADC

QUESTION	**POINTS TO CONSIDER PROBING MORE**
Is the YEDF business groups/individuals in this area active and functional?	Assess knowledge on prominence of YEDF business groups/individuals in the area
Do you know some YEDF individuals/ business group loan beneficiaries?	Probe on whether he/she knows some of the YEDF individuals/ business group loan beneficiaries
Do you know the types of businesses they are involved?	Probe whether they know the types of businesses they are doing

	Assess how did they know them Who or which organization sensitised them about the groups/individuals.
To which structures does the YEDF business group/individual beneficiaries report?	Assess if they know and follow the reporting structures
As an organization, do you recognize the existence of YEDF business groups/individuals?	Assess if they recognize the YEDF business group /individual beneficiaries and the types of businesses they are doing and how they work with them.

ASSESSING YEDF GROUP/INDIVIDUAL LOAN BENEFICIARIES PERFORMANCE

If you know the YEDF group/individual loan beneficiaries, are they executing their businesses effectively? Please explain for each answer.	Assess their satisfaction on the business execution Assess for execution rate in percentage
How do you work with the YEDF business groups/individuals in this area?	Check if there is good relationship with the YEDF business groups/individuals in execution of their work How is this relationship helping their work execution.
In your opinion, what do you think are the challenges of YEDF business groups/individuals in this area as regards the execution of their work and their enterprise growth?	Check whether they know the challenges of the YEDF business groups/individuals as regards business execution and growth of their enterprises and they should mention them
How do these challenges affect you as you	Probe what is limiting them to work effectively with YEDF group/individual

work with them?	beneficiaries Assess economical, political, social, environmental challenges
Who is the cause of these challenges?	Assess the root cause of these challenges Find out if there is blaming game syndrome
In your opinion, how can these problems be solved?	Assess if they feel they are part of the problem Assess if they know where to take challenges to
How do you think are these problems affecting your performance?	Assess the relationship of the challenges faced by the YEDF group/individual beneficiaries and the performance of stakeholders
In your opinion, who should be responsible to handle these problems?	Probe if they feel to be part of the solution Probe if they know where to take some of these challenges to
What is your feeling about the YEDF group/individual beneficiaries business performance	Assess the inner judgement about YEDF group/individual efficiency and effectiveness as regards the execution of their businesses and growth of their enterprises..
Give any advice that you may give to ensure effectiveness of YEDF business group/individual beneficiaries in the execution of their businesses.	Assess the recommendations

ASSESSING YEDF DISBURSEMENT

Have the YEDF groups/individuals	Assess if the groups/individuals have ever

applied for the YEDF loan?	applied for the YEDF loan Assess the process of accessing the loan i.e. assess who leads the process Assess whether other community development structures and the general public is involved
Who owns the YEDF loan?	Assess community ownership or any structure ownership of YEDF loan
What is the likelihood of success in securing the loan?	Assess the chances to secure the loan and the challenges involved
What role do you play in the process of securing the loan?	Assess the role the play in these processes Assess whether you know the challenges faced in executing these roles

PARTY AFFILIATION

To which political party are the groups/individuals affiliated?	Assess the political affiliation of the groups/individuals Probe more how this affiliation helped them to access the loan

AWARENESS OF YEDF FUND

Do you have any knowledge of the existence and intention of YEDF?	Assess the existence and intention of YEDF Probe more on the knowledge of the existence of the YEDF by assessing how the groups/individuals got to know of this loan
Do you have any knowledge on the government's sensitization on YEDF?	Assess the sensitization of YEDF by government to the citizenry Probe more if the sensitization has been effective

	or not Assess their knowledge on what government should do to make sensitization effective
Are you aware of trainings organized by the management of the fund?	Assess the existence of any trainings related to the loan If yes, probe if the trainings have been helpful or not Assess the gaps identified in the training package and what should be included

INFLUENCE OF LENDING PROCEDURE ON YEDF

Does application formalities and procedures influence disbursement to the Fund?	Assess if the application formalities and procedures have an impact on the disbursement of the loan If yes, probe more on how these affected their loan Suggest how best this could be improved
Does the nature of repayment rules and conditions set influence the disbursement of the Youth Enterprise Development Fund	Assess if the nature of repayment rules and conditions have an impact on the disbursement of YEDF loan If yes, probe more on how these affected their loan repayment and how it is affecting the growth of their enterprise Suggest how best this could be improved

MARKETING OF PRODUCTS AND SERVICES

Has YEDF helped market the products/	Assess if YEDF has helped them to market their

services of their business?	products/services from their business Probe if YEDF trained them to market their products/services of their business and how did they do that and assess if they have been successful to market them Assess if the sales of their business or profit grow because of YEDF marketing strategies and what else needs to be done by YEDF for their business to maximise profits

BUSINESS DEVELOPMENT SERVICES

Has YEDF trained the YEDF groups/individuals on how to run the businesss on the day to day basis?	Assess if YEDF has trained the groups/individuals in running their businesses and make them grow Probe if YEDF trained them in developing a business plan and keeping of proper business records Assess if YEDF has helped them in doing research to make their business grow Assess if YEDF has provided business incubators to make their business grow Probe any other recommendations or suggestions to MEDF for the development or growth of their businesses leading to growth of enterprises

THE END……………………………………..…..

THANK YOU

Appendix 4: Respondent's Consent Form

Respondents' Consent Form

<u>Consent to be a Research Subject</u>

'Effect of Youth Enterprise Development Fund on growth of Micro and Small Enterprises (MSEs) at constituency level'

Introduction

I Musandide Fredrick Missinjo, is conducting a research study on the above topic with the University of Malawi, Chancellor College, for my Masters of Public Administration and Management. My study is assessing the effectiveness of the Youth Enterprise Development Fund on growth of Micro and Small Enterprises (MSEs) at constituency level. I believe that your contribution will be essential to this effect.

Procedures

You will be asked to complete a questionnaire with a set of questions. The questionnaire has questions which may take approximately 30 minutes. Questions will include details about existence and intentions of YEDF , awareness of youth on YEDF, influence of YEDF lending procedures on enterprise growth, marketing of products and services, political affiliations, business development services and your own personal views and feelings about the effect of YEDF on growth of MSEs.

Benefits

There are no direct benefits to subjects. However, other than helping me to complete my studies, it is hoped that your participation may contribute to the assessment on the effect of YEDF on MSEs growth that may result in improved and accelerated development initiatives in the area.

Confidentiality

The information you will provide to the researcher will strictly be treated confidential. This information will only be used as group data and the report or write-up will not single out individual's personal information. Please be assured that the questionnaires and their contents will remain secure and unavailable to the public domain except the final report, which will be available to all that will need it. After the research is completed, the questionnaires will be destroyed.

Participation

Participation in this research study remains voluntary. You have the right to withdraw at any time or refuse to participate entirely without any consequences. It is strictly your right.

Questions about the Research

As participants, you are free to ask questions or express you dissatisfaction at any time of the research or after to me the researcher. Assuming that the questions may come later, please you can call Musandide Fredrick Missinjo on 0993 397 634/ 0884 376 861 or e-mail at musandidemissinjo@yahoo.com.

I have read, understood and received a copy of the above consent and desire of my own free will and volition or right to participate in this study.

Signature:……………………………………….

Date:……………………………………………..

Appendix 5: Letter of Introduction

Principal
Prof. Richard Tambulasi., BA (Pub Admin)., BPA (Hons)., MPA., Ph.D

Our Ref: PA/1/1
Your Ref:

CHANCELLOR COLLEGE
P.O. Box 280, Zomba, Malawi
Telephone: (265) 01524 222
Fax: (265)01524 046
Email:principal@cc.ac.mw

Department of Political and Administrative Studies

31st July, 2020

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

<u>LETTER OF INTRODUCTION: MR. MUSANDIDE MISSINJO – MA/PAM/22/18</u>

The bearer of this letter is Mr. Musandide Missinjo. He is a student in Master of Public Administration and Management programme in the Department of Political and Administrative Studies at Chancellor College.

Our students are required to write a dissertation in order to complete their master's programme. Therefore, Mr. Musandide Missinjo intends to carry out a data gathering exercise for this purpose in your office.

Any assistance rendered to him in the course of this exercise will be highly appreciated. Let me also point out that the information gathered will be treated as confidential and purely for academic purposes.

Yours faithfully,

Associate Prof. M. Chasukwa, PhD
HEAD OF DEPARTMENT

UNIVERSITY OF MALAWI
CHANCELLOR COLLEGE
POLITICAL AND
2020 -07- 31
ADMINISTRATIVE STUDIES
DEPARTMENT
P.O. BOX 280, ZOMBA