

# Financial Management Skills and Performance of Youth Economic Empowerment Projects in Kajiado North Sub County, Kenya.

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## ABSTRACT

This study investigated the impact of financial management skills on performance of youth economic empowerment projects in Kajiado North sub-County, Kenya. The study used descriptive and explanatory research techniques, and its 156 target participants were project officers and young people. To create a sample of 156 respondents, a census was done. For this investigation, both qualitative and quantitative methods were employed. Based on the objectives, the researcher used descriptive statistics to examine the quantitative data and content analysis to assess the qualitative data. To evaluate the accuracy and dependability of the research tools, a pilot study was carried out. Data was collected through questionnaires, and then entered into the 25th version of the Statistical Package for Social Sciences (SPSS) for analysis. Tables, frequencies, percentages, averages, and standard deviation were used to present the investigated quantitative results. The study discovered that financial management abilities had a positive and significant impact on how well youth economic empowerment projects performed. The study suggests that the national government put policy into effect by establishing rules and regulations for how to include young people in mentoring initiatives in order to increase their efficiency in project financial management and serve as a means of performance assurance.

**Keywords:** project management, financial management skills and performance of youth economic empowerment projects.

## INTRODUCTION

There is a wide range of activities and structures that constitute youth economic empowerment projects. Both individuals and organizations engage in them to get work done within established parameters of time, money, and quality (PMBOK, 2021). Managing projects well is essential for achieving this. Skills in project management are defined by The Bright Network (2023) as those needed for the successful initiation, development, and completion of a project. Project managers may influence the entire implementation process with the right set of abilities, resulting in projects that are finished on time, under budget, and up to the intended standards (Gitonga, 2019). Skills in financial management will give young people an edge in the marketplace and help them achieve the project's goal. Learning how to manage a project can help young people get valuable business experience and propel them forward in their pursuit of project success.

Financial management skills refer to a manager's ability to keep a project's budget in check and maximize its usefulness. According to Foley (2018), successful project managers can avoid project failure by leveraging their knowledge of financial management to spot opportunities, find solutions to challenges, secure necessary resources, and efficiently oversee internal business operations. Hussain, Salia, and Karim (2018) further note that financially savvy project managers have a better chance of securing the crucial but in short supply resources necessary to achieve high profitability. In order to help teams working on projects better manage finances and encourage saving for future endeavors, project managers should understand how

to use financial templates to construct a budget. In order to display a project's finances and monitor its progress over time, recordkeeping is a crucial procedure (Nderitu, 2020). Having the ability to keep financial records and conduct financial audits will enhance youth financial management, leading to effective and efficient use of finance which is, a rare resource. This is why financial management skills are so important to the success of youth programmes.

Financial competence is critical for ensuring funds are managed intelligently to lessen the costs of project activities and business operations (Pradesh & Guhathamurta, 2021). For this reason, financial literacy enhances financial management procedures, which raises a company's creditworthiness and makes it possible for owners and managers to gather the pertinent financial data needed to obtain financing (Hussain et al. 2018). According to Tuffour, Amoako, and Amartey (2020), financial literacy is essential for Small Enterprise managers because it influences financial management abilities. On the other hand, when owners and managers of SMMEs lack adequate financial awareness of their company's finances, they lack the necessary financial management abilities needed to manage the financial affairs of the company. Owner-managers' financial literacy was studied by Agyapong and Attram (2019) in the Greater Cape Coast Area of Ghana. The investigation made use of a quantitative strategy and a survey research design. The information was analyzed with the use of a structural equation model. Positive results were found between financial literacy and the organization's financial success ( $t=35.631$ ,  $p=00$ ). The survival of youth economic empowerment projects as a result, depends hugely on how finance is managed.

Financial management is the act of arranging, planning, and overseeing a company's financial resources (Al Breiki & Nobanee, 2019). Tuffour et al. (2020) defines financial management as the creation and execution of financial plans and policies, the control of financial risks, and the effective use of financial resources. Improving business performance requires effective financial management. Fostering proper management of a company's finances, project managers and teams ensures that they have the necessary funds available to invest in business growth opportunities, meet their obligations, and any financial challenges that may arise. Hence, the successful performance of any firm depends on effective financial management.

Several programmes aimed at empowering young people have been launched in Kenya over the years (Kaumbulu & Muathe, 2020): the Youth Enterprise Development Fund (YEDF) in 2006, Kazi Kwa Vijana (KKV) in 2009, the National Youth Talent Academy (NYTA) in 2010, and the Uwezo Fund (UF) in 2013. Kenya has set a goal of ending extreme poverty and unemployment by the year 2030, and these programmes are designed to help get the country closer to that goal. But many youth empowerment projects, according to Lenjo & Maronge (2018), have run into sustainability problems as a result of poor performance since they were unable to achieve their desired outcomes. Afolabi (2015) pointed out that youth programmes often fall short of their goals because of issues like insufficient youth financial management abilities, weak marketing strategies, sloppy planning and management, a lack of willpower and commitment, and strained cooperative relationships among youth beneficiaries. Despite their significance, the Kenya National Bureau of Statistics (KNBS) found that 2.2 million small projects in Kenya have been shut down in the last five years (KNBS, 2019). The majority of these closures occurred in the wholesale and retail trade, as well as the sector that repairs cars and motorcycles.

Although small firms are a significant contributor to economic growth, their financial limitations may limit their ability to expand to their full potential, which may have an impact on the economy (Harel, Schwartz, & Kaufmann, 2020). Therefore, to monitor the financial status and performance of youth projects, there is a need for timely and relevant financial records and audit capturing what has been achieved. This helps to track the cash flow and effectively plan for the future projects. In reality, the success of every project significantly depends on its financial management and the accountability for the funds allocated. Thus, the practice by youth to keep and maintain financial records and audit is essential in ensuring finances are used effectively and efficiently as a way of enhancing performance of their projects.

## Objective of the Study

The study was directed by the following stated aim:

1. To analyse the impact of financial management skills on performance of youth economic empowerment initiatives in Kajiado North Sub County.

## RESEARCH METHODOLOGY

This study employed both descriptive and explanatory research designs. This study utilized a mixed-methods approach, incorporating both qualitative and quantitative methodologies. The target population was 156 participants, comprising of project officers and young people. To create a sample of 156 respondents, a census was done. Data was collected through questionnaires and interview guide and then entered into the 25th version of the Statistical Package for Social Sciences (SPSS) for analysis. Tables, frequencies, percentages, averages, and standard deviation were used to present the investigated quantitative results, while the qualitative information gleaned from the interviews was organized by theme and relayed via narrative and quoting.

## FINDINGS OF THE STUDY

### Influence of Financial Management Skills and Performance of Youth Economic Empowerment Projects

The study aimed to evaluate the effectiveness of youth economic empowerment initiatives that included training in financial management. This was accomplished by having respondents utilize a 5-point Likert scale to indicate their level of agreement or disagreement (1 = strongly opposed, 2 = disagree, 3 = neutral position 4 = agree, and 5 = strongly agree). The outcomes are shown in Table 1.1.

	1	2	3	4	5 Mean	Std. Deviation
1. Keeping financial records is important in any business enterprise	0%	0%	(1)1% (52)	53%	(45) 46% 4.45	.520
2. My group has financial records that help to trace on how money is spent	(2)2%	(11)11%	(7)7% (22)	22%	(57) 58% 4.24	1.094
3. In my group, we have savings which help us to run our activities whenever we fall short of cash	(7)7%	(2) 2%	(2)2% (19)	19%	(69) 70% 4.46	1.076
4. As a group, we have managed to clear the loan	(8)8%	(6)6%	(.5)5% (42)	43%	(37)38 % 3.96	1.192
5. As a member of the group, I have been trained in financial management	(3)3%	(4) 4%	(1)1% (44)	45%	(46)47% 4.29	.919
6. Knowledge in financial management is not helpful	(46)47%	(41)42%	(2)2% (6)	6%	(3) 3% 1.77	.982
7. Our financial statements and all project activities have not been audited	(29)30%	(52) 53%	0% (11)	11%	(6) 6% 2.06	1.044

8. Financial records are not necessary as long as the project activities are known to all members	(49)50%	(34)35%	0% (10)	10%	(5)5% 1.86	1.167
<b>Composite Mean and Standard Deviation</b>					<b>3.39</b>	<b>0.999</b>

According to Table 1.1, of the 98 people who filled out the survey, (45) 46% strongly agreed that keeping financial records is important in any business enterprise, (52) 53% agreed, and (1) 1% of people did not answer either way, giving the statement a mean score of 4.45 and a standard deviation of 0.520, significantly higher than the overall average of 3.39 and a standard deviation of 0.999. That statement had a beneficial effect on young people’s empowerment projects in the Kajiado North sub-county is implied.

With a mean score of 4.24 and a standard deviation of 1.094, significantly higher than the overall mean of 3.39 and a standard deviation of 0.999, the majority of respondents (57) (58%) agreed with the assertion that our group has accounting documents that help to trace on how the money is spent, while (21) 22% agreed, (7) 7% did not agree or disagree, (10) 10% disagreed, and (2) 2% strongly disagreed. This suggests that the statement positively improved the efficacy of young people’s empowerment projects in Kajiado North sub-county.

Seventy percent (69) of participants strongly agreed that they have savings that help them run activities even when cash is tight, while (18) 19 percent agreed, (2) 2 percent neither agreed nor disagreed, (2) 2 percent disagreed, and (6) 6 percent strongly disagreed. With a mean score of 4.46 and a standard deviation of 1.076, this statement outperformed the overall average score of 3.39 and a standard deviation of 0.999, suggesting that it had a beneficial effect on the success of youth empowerment programs in Kajiado North Sub-County.

With a mean of 3.96 and an average deviation of 1.192 (higher than the total average of 3.39 and a standard deviation of 0.999), a majority (37) (38%) of respondents are in agreement that the loan has been paid off by the group, while (42) 43% are in agreement, (5) 5% are unsure, (6) 6% disagree, and (8) 8% are strongly disagreeing. The statement clearly had a constructive effect on the outcomes of youth empowerment initiatives in Kajiado North Sub-County.

47% (46) of those polled strongly believed that they, as a group, have received training in financial management skills. (44) 45 percent were in agreement, (1) 1 percent were unsure, (4) 4 percent were neutral, and (3) 3 percent were firmly opposed. Compared to the composite mean score of 3.39 and the standard deviation of 0.999, this statement’s mean score of 4.29 and standard deviation of 0.919 indicates that it had a favorable impact on the success of youth empowerment programs in the Kajiado North sub county.

With a mean score of 1.77 and a standard deviation of 0.982, much lower than the overall average of 3.39 and a standard deviation of 0.999, respondents had very different reactions to the statement that having expertise in financial management is not helpful: 47% (46) strongly disagreed, (41) 42% disagreed, (2) 2% neither agreed nor disagreed, (6) 6% agreed, and (3) 3% strongly agreed. Inferring that the comment hampered the success of youth empowerment initiatives in Kajiado North sub-county.

There was a divided opinion among respondents as to whether or not their financial statements and all project activities had been audited, with (29) 30% strongly disagreeing, (54) 53% disagreeing, (10) 10% agreeing, and (5) 5% strongly agreeing. There was an accusation that the statement had a detrimental impact on the success of youth empowerment initiatives in the Kajiado North sub county, since its mean score of 2.06 and standard deviation of 1.044 were significantly lower than the composite mean score of 3.39 and standard deviation of 0.999.

With an average rating of 1.86 and a standard deviation of 1.167, this statement scored much lower than the overall average of 3.39 and a standard deviation of 0.999. Fifty percent (49) of respondents strongly disagreed with the statement; thirty-five (34) percent disagreed; ten percent agreed; and five percent (5) strongly agreed. The comment may have had a chilling effect on the success of youth empowerment initiatives in the Kajiado north sub county, as evidenced by these results.

The youth group members' responses to the question of how financial management skills affect the success of projects were as follows: "Skills in financial administration helps us to monitor how we use our group money, helps us to limit the daily spending and save money for future use, allows us to know if we are making profit or loss and helps us to know how our project is operating,"

In response to a question about their prior exposure to financial management, interviewed youth leaders said,

*Signatories have been able to write their own minutes and withdraw funds without the knowledge of the other members. This has also affected the ability to be consistent and pay back loan or save money (Personal Communication, No. 1, 2023).*

When asked the major challenges associated with funding of youth groups, the project officers had this to say,

*According to me, lack of follow up and proper training are the major challenges I consider being associated with funding of youth groups. However, Uwezo Fund conducts a one-day training before giving funds. On the other hand, the Youth Enterprise Fund has not been active to follow up on how funds are used and if these business groups have knowledge and capacity to run business. Additionally, the 100,000 Kenya shillings is not enough to cushion groups against shocks that face startups such as rent and slow growth since a business can take two to five years before it is able to be self-sufficient'' (Personal Communication, No. 2, 2023).*

In regard to what can be done to increase young people's use of government funds, the project officers had this to say,

*The government should give proper business development services and study success models of business they have funded and how they can be duplicated. This is because most youth have no knowledge of how to run a business and therefore unable to repay funds and withholding important resources that other groups would have benefitted from. (Personal Communication, No. 3, 2023).*

In regard to the kind of project management capacity building that would be most useful for enhancing the performance of youth economic empowerment projects, this is what project officers said,

*Youths and youth groups need capacity building on: entrepreneurial education, group dynamics, business planning, principles of marketing, personal development, business ethics, record management, value addition, soft skills, leadership, conflict management and globalization and SDGs (Personal Communication, No. 4, 2023)*

In regards to the recommendations for strengthening performance of youth projects in terms of budget management, the project officer had this to say;

*Budget management should be aligned to meet goals and objectives of the group, best practices should be the cornerstone of the budget, youth should form a culture of saving and making contributions to beef up the budget as they seek for more funding from other partners, accountability of funds should be in place and budget should be realistic and on value for more expenditure (Personal Communication, No. 5, 2023).*

### Correlation Analysis of Financial Management Skills and Performance of Youth Empowerment Projects

The correlation analysis was conducted to ascertain the relationship that existed between financial management skills and performance of youth empowerment projects in Kajiado North Sub-County. Table 1.2. presented the results.

Variables		P	FMS
Performance	Pearson Correlation	1	.224*
	Sig. (2-tailed)		.027
	N	98	98
Financial Management Skills	Pearson Correlation	.224*	1
	Sig. (2-tailed)	.027	
	N	98	98

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

Table 1.2. shows that, financial management skills were statistically significant towards the performance of youth empowerment projects (P-values under Significant 2-tailed were all less than  $\alpha=0.05$ ). Thus, the correlation index between financial management skills and performance was positive and significant  $r(97) = 0.224$ ,  $<0.05$ , inferring that as the level of financial management skills increases, then the performance level also increases.

### Regression Analysis of Financial Management Skills and Performance of Youth Empowerment Projects

The regression was performed to establish how performance of youth empowerment projects being the dependent variable is influenced by financial management skills which is the independent variable. Results are displayed in Table 1.3.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.224 <sup>a</sup>	.050	.040	.283	.050	5.076	1	96	.027

a. Predictors: (Constant), Financial Management Skills

b. Dependent Variable: Performance of youth empowerment projects

From Table 1.3, it is indicated that the coefficient correlation was 0.224 with an R Square of 0.050, meaning that financial management skills would explain about 5% of the total variance of performance of youth empowerment projects. This shows that 95% of the performance of youth empowerment projects can be explained by other factors other than financial management skills. However, to find whether this model was significant in allowing the predictions containing the independent variable, the ANOVA (analysis of variance) table was produced and results are as indicated in Table 1.4.

Table 1.4. ANOVA showing Regression Model on Financial Management Skills and Performance of Youth Economic Empowerment Projects

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.406	1	.406	5.076	.027 <sup>b</sup>
	Residual	7.673	96	.080		
	Total	8.079	97			
a. Dependent Variable: Performance of youth empowerment projects						
b. Predictors: (Constant), Financial Management Skills						

From the ANOVA table, the results indicated that financial management skills had significant prediction on performance of youth empowerment projects. This suggests that the level of financial management skills possessed by youth can be a predictor of the performance of youth empowerment projects,  $F(1,96) = 5.076$ ;  $p < 0.05$ .

Furthermore, the study sought to measure the strength of relationship between financial management skills and performance of youth empowerment projects in Kajiado North Sub County. Table 1.5. presents the results.

Table 1.5. Regression Coefficients of Financial Management Skills and Performance of Youth Empowerment Projects

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.869	.247		11.614	<.001
	Financial Management Skills	.163	.072	.224	2.253	.027
a. Dependent Variable: Performance						

The results on regression coefficient shown in table 1.5. indicate the unstandardized beta coefficient for financial management skills to be 0.163. The t-value for financial management skills is also significant;  $T(97) = 2.253 < 0.05$ , inferring that for each unit increase in financial management skills, performance of youth empowerment project could increase by 0.163 units.

## DISCUSSION OF FINDINGS

The goal of the study was to examine the impact of financial management skills on performance of youth economic empowerment projects in Kajiado North Sub County, Kenya. The study found that keeping record is important for any kind of business within Kajiado North Sub County. This is due to the fact that, accurate records help in tracing the flow of business activities in terms of cash flow and ensuring the effective use of finances which is a scarce resource. The result of this study was in agreement with an empirical investigation on the association between financial record keeping and financial success conducted by Mwebesa et al (2018), that found a substantial positive relationship between the two. Similar to this, the study found that keeping track of financial transactions is beneficial. This result is consistent with Nderitu's (2020) and Benton's (2020) assertions that maintaining financial records is one of the most important practices required for monetary presentation and that failing to do so not only result in improper financial management but also makes it impossible to monitor the progress of projects. Thus, project team members ought to be knowledgeable about financial management.

Further, the study findings depict that young people save money that enables them to run activities even when they have little or no cash. The ability to save implies that young people have the financial skills that allow them to carry on their project activities without much difficulties. This finding support Foley (2018), who observed that successful project managers can avoid project failure by leveraging their knowledge of financial management to spot opportunities, find solutions to challenges, secure necessary resources, and efficiently oversee internal business operations. Saving is a sign that youth comprehend the importance of financial management that is crucial for ensuring that finances are well planned and used efficiently to promote project performance.

The analysis also showed that the majority of the youth organizations in Kajiado North Sub County had been successful in repaying their loans as anticipated. This result, however, contradicted Momanyi's (2020) assertion that most youngsters in Kajiado county had not successfully repaid their loans as needed but had only succeeded at a 30% return rate. However, the study found that having a basic understanding of financial management is useless. This result contrasted with a study by Hussain at el (2018), which found that skilled and seasoned project managers may acquire valuable and limited resources, which are crucial for high profitability. The study also showed that as long as project operations are transparent to all members, financial records are not required. Nderitu (2020) disagreed with this conclusion.

## CONCLUSION AND RECOMMENDATION

The study sought to determine how well youth economic empowerment projects in Kajiado North Sub County fared when influenced by participants' abilities to manage money. The study found that maintaining financial records was crucial for any kind of organization. In a similar vein, the study found that groups maintained financial records that allowed for the tracking of expenditures. The study also showed that the groups' savings enabled them to continue project activities even after they ran out of money. Moreover, the study also showed that the groups had succeeded in repaying the loan. Finally, the study showed that the group's members had received financial management training. The performance related correlation between financial management abilities and  $r(97) = 0.224$   $p < 0.05$  was both positive and significant. The research concluded that good financial management skills had a positive and significant effect on the efficacy of youth empowerment programs in Kajiado North Sub County. The national government to put policy into implementation by establishing rules and regulations on how to include young people in mentoring programs once they receive funding to start small projects. This will increase their efficiency in project and financial management and serve as a means of performance assurance.

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