



## Influence of Financial Innovation on Sustainability of Youth-Owned Enterprises in Western Region, Kenya

\***Busolo Hassan**, Department of Accounting and Finance, Masinde Muliro University of Science and Technology, Nairobi, Kenya

**Muli Maingi**, Department of Accounting and Finance, Masinde Muliro University of Science and Technology, Nairobi, Kenya

**Oseno Ben**, Department of Accounting and Finance, Masinde Muliro University of Science and Technology Nairobi, Kenya

**Otuya Willis**, Department of Business Administration and Management Science, Masinde Muliro University of Science and Technology, Nairobi, Kenya

\*Corresponding author's email: [hbusolo2015@gmail.com](mailto:hbusolo2015@gmail.com)

### ARTICLE DETAILS

#### History

*Revised format: Aug 2024*

*Available Online: Sep 2024*

#### Keywords

*Financial Innovation, Sustainability, Youth Owned Enterprises.*

#### JEL Classification

*Q00, Q01*

### ABSTRACT

**Purpose:** This study explores the influence of financial innovation on the sustainability of youth-owned enterprises in the Western region of Kenya.

**Design/Methodology/Approach:** Based on innovation diffusion theory and adopting a pragmatic approach, the current study used a descriptive survey design. The target population was the chairpersons/owners of 443 registered youth group enterprises in Kakamega, Vihiga, Busia, and Bungoma counties; the required sample size was calculated using Taro Yamane's proportional sampling formula to give 210 respondents. Structured and semi-structured questionnaires were used to gather information about the participants, and the data was analysed by both descriptive and inferential statistics with the help of SPSS 23.

**Findings:** Results obtained from a linear regression analysis showed that financial innovation has a significant and positive linear relationship with the sustainability of the youth-owned enterprises (Beta = 0.660\*\*,  $p \leq 0.01$ ). The model accounts for 43.4% of the variability of financial sustainability suggested by the findings, with the remaining 56.6% caused by other influences.

**Implications/Originality/Value:** The study highlights the significance of financial innovation for the sustenance of youth businesses. Proprietors of youth-owned enterprises need to interact with dynamic, innovative financial solutions for improvement of sustainability.



© 2024 The authors, under a Creative Commons Attribution-NonCommercial 4.0

**Recommended citation:** Hassan, B., Maingi, M., Ben, O., and Willis, O. (2024). Influence of Financial Innovation on Sustainability of Youth-Owned Enterprises in Western Region, Kenya. *Journal of Business and Social Review in Emerging Economies*, 10 (3), 375-386.

**DOI:** <https://doi.org/10.26710/jbsee.v10i3.3099>

## **Introduction**

The viability of youth-owned firms is essential for sustained economic development and employment generation. Sustainable companies foster economic growth, alleviate poverty, and enhance social stability. Businesses established by youth substantially enhance a nation's economy, and their prevalence has increased over time. Following the 2008 global financial crisis, unemployment emerged as a significant problem for governments worldwide, as the young population surged to over 76 million (World Bank, 2020)

The World Bank study (2019) anticipated that approximately 73.4 million (12.6%) young individuals will be unemployed in 2020, and the youth development fund was regarded as a potential solution. Yet, it has not realised its intended objectives due to a lack of financial sustainability. Statistics that compare various nations indicate that the growth rate of youth-owned firms in developed nations may surpass that of their counterparts in developing and underdeveloped countries, which are experiencing higher failure rates due to financial unsustainability (OECD, 2017). Consequently, to optimise the long-term financial viability of commercial firms in growing and underdeveloped nations, a financial inclusion strategy has been proposed by various scholars (OECD, 2017; Tillmar, 2017). Despite numerous efforts over the years, the objective of attaining complete financial inclusion remains unachieved; thus, it is imperative to develop solutions that foster it, as a significant fraction of the global population remains financially excluded (Grandolini, 2019).

Financial innovation might potentially mitigate the accessibility to financing issues encountered by young entrepreneurs. This encompasses the creation of novel financial products and services designed for young entrepreneurs, such as mobile banking, digital lending platforms, and peer-to-peer lending networks. The OECD (2020) study on global partnerships for financial inclusion asserts that government agencies must foster a supportive and resilient atmosphere that promotes accountable digital financial services that engage reliable and secure digital identification systems to enhance young financial inclusion. However, there is an apparent absence of such empirical studies in literature; hence, this study aims at filling this gap by incorporating financial innovation into its conceptual model. This research assesses e-payments, electronic financial accounting and auditing, table banking, and financial literacy in innovation to establish the impact on the financial viability of firms owned by young entrepreneurs.

## **Statement of the Problem**

Businesses owned by the youth have significant functions in the growth and development of the global economy. These enterprises constitute a substantial portion of employment generation; consequently, the Kenyan government has endorsed youth-owned enterprises by developing financial inclusion policies, including Sessional Papers and the Poverty Reduction Strategy Paper (GoK, 2019). Additionally, initiatives such as the Women Entrepreneurs Fund (WEF) and the establishment of the Youth Enterprise Development Fund (YEDF) in 2007 (GoK, 2020) have been implemented to support this endeavor. Nevertheless, comparative statistics from various nations indicate that the proliferation of youth-owned startups in developed countries may be advancing more rapidly than in developing and underdeveloped nations, where the failure rate is significantly higher due to an inability to financially sustain their daily transactions (OECD, 2017).

For instance, although great efforts have been made by the Kenyan government and other stakeholders to fund and support youths' group enterprise initiatives, a negligible percentage of these enterprises move from the development phase to the subsequent phases (GoK, 2019). 38% of them shut down within two to three years following the lack of capital, which hinders sustainable economic activities. WEF (2017) and YEDF (2020) surveys reveal that over 50% of these enterprises have low start-up capital, low working capital, and little growth rates. Furthermore, they are exposed to significant risks of failure owing to the various long-standing financial viability

challenges they present, with most struggling tremendously during the post-Covid-19 economic downturn. Thus, there is an adverse deficiency in most group owners that have never been trained in financial management, let alone basic bookkeeping and personnel management skills.

The youth group business entities in the Western Kenya region, specifically in Kakamega, Busia, Bungoma, and Vihiga Counties, have encountered a significant decline rate when compared to other regions such as Central Kenya. This decline is attributed to factors including perceived financial illiteracy, a lack of trust in team partnerships, and insufficient entrepreneurial abilities (WEF, 2017). For instance, the YEDF Survey report (2020) revealed the collapse of 'Buyanzi pottery group in Khayega (Kakamega County), barely after one year of operation; 'Tima Tima group in Nalondo (Bungoma County), after 6 months of operation, where members property was auctioned to pay off loans; Sangasia group in Sigalame (Busia County); Shangilia green revolution group in Lugari (Kakamega County), that collapsed after one year of operation; just to mention but a few.

To help solve youth-owned enterprise sustainability problems, some practitioners (OECD, 2017) suggested the use of business partnerships, market development, and making business plans but lacked adequate empirical backing on financial inclusion approaches. Further, meta-analysis by Abu (2018) never addressed financial inclusion (OECD, 2020), Gathungu (2018), YEDF (2017) and WEF 2017 status reports asserted that youth groups' financial sustainability issues have not been exhaustively addressed, gaps that this study endeavored to fill; MaryStella and Kithae (2015), Atiti (2016) studies in Kakamega county pointed out lack of innovations, inadequate capital ; Waswa et al.,(2018) study in Bungoma county pointed out poor management and discrimination; Matoke and Oteki (2019) study in Busia county pointed out lack of entrepreneurship training; and NCPD (2017) enterprise surveys in Vihiga showed that corruption while issuing loans, fear of loans and lack of funding information as possible causes of lack of financial sustainability of youth owned enterprises. These studies show conceptual and methodological gaps, thus facing challenges of generalisability of findings to a wider population. To fill these gaps, therefore, the objective of this study was to establish the influence of financial innovation on the sustainability of youth-owned enterprises in the western region of Kenya.

## **Literature Review**

To begin with, this study was guided by the innovation diffusion theory proposed by Rogers (1983), which asserts that factors that influence the diffusion of an innovation include relative advantage, compatibility, complexity, trialability, and observability. In adopting this theory, Siwadi and Mhangami (2015) studied the performance of women entrepreneurs in Midland's province, Zimbabwe, and recommended that both youth and gender-based entrepreneurs must adopt modern financial practices to enhance their financial performance. In this regard, the innovation diffusion theory describes the varied innovations within organisations and is relevant to this study in that it helps in understanding how the characteristics of financial innovation interact to affect its adoption within the youth enterprise sector and its consequent on the financial performance of youth group enterprises.

Empirically, Hamdallah and Srouji's (2022) study in Jordan using finance data from 2008 to 2018 in commercial banks found that innovation was indicated through disclosed intangible assets and items related to research and development costs. As organisations anticipate stability by concentrating on technological awareness to influence higher innovative performance (Guo et al., 2020), this study came to converse the relationships between previous literature variables; Lassala et al. (2017) also revealed through the regression models that there is a relationship between FEP and SI. Meanwhile, bank FEP is directed by return on assets (ROA) and return on equity (ROE). Results reveal that bank FEP affects SI disclosure in a positive manner for the period 2008 and at a higher significant level than 2018. In the meantime, the growth prediction analyses divulge that

both ROA and ROE are expected to decrease rapidly within a coming couple of years and then increase promptly.

Gherghina et al.'s (2020) studies on financial innovation investments and Msomi and Olarewaju's (2021) studies on financial innovation in small and medium enterprises in South Africa established a positive correlation between the financial innovation sustainability of the studied firms. The results were similar with the Zerenler (2003) study in Turkey, the Wu (2008) study in Taiwan, and Anderloni et al.'s (2009) study in Iran. The Ignazio (2007) study on SMEs found similar findings on the importance of financial innovations in financial markets.

Further, an ACET (2020) study in sub-Saharan African countries found that serious financial innovation-related challenges must be taken into account in realising financial access for women and youth, such as the need to expand the banking and mobile money agent networks, plus evaluating the variety of innovation as a possible determinant of their financial sustainability.

However, a Wairimu (2019) study on financial innovations in 163 microfinance institutions in Africa found that while a few realised increased profitability after rolling out innovations, around 47% encountered high cross-cutting costs associated with financial innovations and thus experienced a decline in rate of profitability. This is similar to the Karabulut (2015) and Abara and Banti (2017) studies that found a drop in financial sustainability given the heavy investment costs in financial innovations.

In Kenya, Ngugi (2020) did a study on the influence of innovativeness on the growth of SMEs in Kenya. The study targeted 4560 SMEs in Nairobi County. Regression models were used to examine the influence of innovativeness skills on the growth of SMEs in Kenya. Questionnaires were used as the main data collection. The descriptive statistics and inferential data analysis method was to analyse the gathered data. Data analysis was done with the help of the software program SPSS version 23 to generate quantitative reports. The findings indicated that innovativeness influences firm profitability. That is, the tendency of the owner/manager to engage in and support new ideas, novelty, experimentation, and creative processes that enabled the SMEs to utilise market-driven financial innovations that made them save on operational costs, thus impacted positively on their financial sustainability.

Obuya (2017), in the examination of debt financing options and the financial health of SMEs, identified a correlation between trade credit and the bankruptcy and default payment of firms, indicating a detrimental impact on financial performance. A negative correlation was observed between short-term loans and the financial performance of enterprises, as indicated by return on assets. Businesses that rely heavily on long-term debt are more likely to see an increase in their cost of capital and ultimately fail. The study conducted by Gichichi et al. (2019) in Murang'a County and Loayza and Ranciere, (2006) revealed that insufficient literacy regarding financial innovations significantly restricted access to financial credit, thereby posing issues regarding sustainability for certain SMEs.

## **Materials and Methods**

This section shows which research design was used, the sampling procedure to obtain the required sample size, and how data was collected and analyzed.

### **Research Design**

The study employed a descriptive survey design, utilizing surveys to collect data on diverse subjects, traits, and connections. This approach aims to elucidate the behaviors or responses of individuals as they react to specific societal phenomena, while also exploring the potential connections between these traits and particular behavioral patterns or attitudes (Peshkin, 1990).

## Target Population

While financial records of businesses would be extracted from secondary data collection sheets, additional support of primary data was used to estimate their competitiveness, the target population consisted of 443 youth-owned businesses (in Bungoma, Kakamega, Vihiga, and Busia) as the unit of analysis. This study focused on the unit of observation, which consisted of chairpersons and owners of enterprises. The research focused on the chairpersons of 443 registered and established youth group enterprises that received funding from the Youth Enterprise Development Fund (YEDF) during the period from 2016 to 2020 (YEDF, 2021) in the regions of Kakamega-161, Vihiga-87, Busia-83, and Bungoma-112.

## Sample Size and Sampling Procedure

The investigator categorised the participants into distinct groups according to their counties and sub-counties. The research employed purposive sampling to identify chairpersons and proprietors of firms owned by youth. The sample size was determined using Taro Yamane's (1967) proportional sampling technique formula, resulting in a total of 210 participants. Subsequently, stratified sampling was implemented according to each county, as illustrated in Table 1. Participants were selected randomly from each category.

**Table 1**  
**Target Population and Sample Size**

County	Target Population	Sample size
Kakamega	161	77
Vihiga	87	41
Busia	83	39
Bungoma	112	53
<b>Total</b>	<b>443</b>	<b>210</b>

*Source; YEDF reports (2021)*

## Data Collection

The research employed a combination of structured and unstructured questionnaires to gather data from both primary and secondary sources. Sheets for collecting secondary data were employed to gather ROA data for the period from 2017 to 2022, derived from the provided yearly financial statements of all targeted firms owned by youths. Data was gathered through the implementation of structured questionnaires and key informant interviews to examine the impact of financial innovation on the financial viability of youth-owned enterprises in specific counties within the Western region of Kenya. A preliminary investigation was conducted on a selection of youth-owned enterprises, utilising 10% of the total sample size, which amounts to 21 entities. Nevertheless, the individuals chosen for the pilot study did not take part in the final study to mitigate response bias.

The content validity of the data collection tools was used to verify that the claims were correct and sufficiently measured important financial inclusion indicators. The questions were examined for word clarity, substance, and meaning to remove any ambiguity. Furthermore, construct validity, assessed through principal component analysis, was employed to evaluate the validity of the research tools. To guarantee the reliability of the research tools in this investigation, a pilot study was conducted to test the questionnaire, and Cronbach's alpha was computed for the study parameters.

## Data Analysis

A descriptive statistical approach was employed to encapsulate the data through the utilisation of frequencies, percentages, averages, and deviations from standard. To examine variable connections, inferential statistics were employed; specifically, linear regression analysis was

conducted to determine the presence of correlation and linear interactions between the independent and dependent variables of the investigation. The research employed a qualitative data analysis methodology that incorporated a mixed approach, encompassing documentation, conceptualisation, coding through a checklist matrix, categorisation, and content/document analysis. The appraised data was presented through tables and graphs, supplemented by prose explanations.

## Results and Discussion

The proprietors of youth-owned businesses in Kakamega, Busia, Bungoma, and Vihiga counties received 210 questionnaires in total; 187 of these were returned fully completed, representing an 89.047 percent response rate, which is favourable for generalising study results to a larger population (Cooper & Schindler, 2014).

## Descriptive Statistics

The following presents summarised descriptive statistics, including measures of central tendency and dispersion, derived from the study variables. The findings are presented in tabular format, followed by a prose interpretation.

**Table 2**  
**Descriptive Statistics**

	<b>N</b>	<b>Mean</b>		<b>Std. Deviation</b>	<b>Variance</b>
	<b>Statistic</b>	<b>Statistic</b>	<b>Std. Error</b>	<b>Statistic</b>	<b>Statistic</b>
Financial Innovation	187	3.3307	.06873	.93987	.883
Financial Sustainability	187	3.2864	.06619	.90511	.819
Valid N (listwise)	187				

**Source: Research Data (2023)**

The data presented in Table 2 indicates that the financial innovation variable has an overall average of 3.3307, categorising it as a 'moderate extent' on the Likert scale of measure. Most of the participants indicated that financial innovation influences the long-term viability of a firm to a moderate extent. Financial innovation can significantly impact the financial sustainability of youth-owned firms by enhancing their accessibility to funding via mechanisms such as e-payments, e-financial accounting and auditing, table banking, and financial innovation literacy. Ngugi (2020) states that innovativeness, defined as the owner/manager's propensity to take part in and support new ideas, originality, experimentation, and creative processes, has an impact on the development of SMEs in Kenya. The research conducted by Zerenler (2003) indicates that there are substantially beneficial connections between the financial growth of SMEs and their performance in financial innovation. The findings of Msomi and Olarewaju (2021) indicate that financial literacy, budgeting, accounting skills, and financial innovation training positively and significantly influence the financial viability of SMEs.

The overall mean response for financial sustainability is 3.2864, indicating a moderate extent on the Likert scale of measure. The majority of participants indicated that the financial viability of their firm is influenced by factors such as market share and value of products and services, savings, profit margin, revenue growth, and sales volumes. This indicates that a majority of enterprise owners recognise the importance of financial sustainability, as it is essential for driving economic development, encouraging innovation, and providing financial support to young business owners. Lastly, as indicated in Table 2, the values for skewness (which represents the degree and direction

of asymmetry) and kurtosis fall within the  $\pm 1.96$  limits. This observation suggests that a deviation from normality is not extreme. The skewness values indicate both positive and negative results, suggesting that certain data points exhibit slight right skewness while others display slight left skewness, all remaining within the parameters of a normal distribution. Kurtosis values range between +1 and -1, indicating that there are few observations that significantly deviate from the mode. In a graphical representation, the curve should not be excessively flat or overly peaked. Finally, this dataset is based on the assumption of normal spread, indicating that the majority of values fall within a single standard deviation from the mean, thereby demonstrating a typical small distribution. The dataset exhibits a small spread, as all values are in proximity to the average, resulting in a reduced standard deviation.

Interviews with participants revealed several issues associated with financial innovation. In addition to obstacles associated with financial innovation illiteracy and collateral, the majority of interviewees indicated that regulatory constraints exist. These barriers hinder the capacity of certain youth-owned firms to engage in financial innovation. Additional issues comprised intricate regulations, licensing prerequisites, and compliance expenses that impede growth and restrict access to innovative financing options. Through the evaluation of secondary data, the return on assets (ROA) percentage was determined by calculating the profit or loss as a percentage of the total assets of the youth-owned enterprise. A tabular illustration of ROA% (profit/loss as a percentage of total assets) is provided below, categorised by industry and year.

**Table 3**  
**Secondary Data Analysis (ROA %)**

	2017	2018	2019	2020	2021	2022
Construction	4.59	4.55	4.96	2.10	4.61	4.57
Agriculture	4.63	4.60	4.98	2.09	4.69	4.66
Manufacturing	4.41	4.56	4.67	3.13	4.41	4.39
Transport	2.93	3.10	2.00	1.29	3.07	3.09
Health and Beauty	3.32	4.00	4.20	2.12	3.49	3.41
Hotel/Tourism	3.63	3.20	3.20	2.08	3.37	3.39
Poultry	2.31	3.10	2.80	1.89	2.96	2.99
Trade	3.03	3.30	3.20	1.18	1.48	1.47
Retail	4.34	4.30	4.50	3.36	3.77	3.63
Production	4.27	4.42	4.43	4.14	4.51	4.45
Service	4.53	4.78	4.47	1.96	4.09	4.03
Hardware	3.51	4.10	4.31	3.11	4.27	4.22

**Source: Research Data (2023)**

The data presented in Table 3 indicate a decrease across all businesses in the year 2020, suggesting that youth-owned enterprises experienced significant adverse effects due to the Covid-19 virus, resulting in markedly low business activity. The analysis indicates a significant decline in ROA percentage across various industries, with transport and trade-related enterprises experiencing the most pronounced decreases. This trend can be attributed to the restrictions imposed by COVID-19, which resulted in individuals remaining indoors. Consequently, transport enterprises faced substantial losses, as did trade-related businesses, which were hindered by the inability of consumers to access general trade services.

### **Inferential Statistics**

Initially, a correlation assessment was conducted to demonstrate the relationships between the understood study variables (financial innovation) and the resultant variable (sustainability of youth-owned enterprises). The bivariate analysis utilizing the correlation concept (see Table 4) indicates that the independent variable, financial innovation (0.660\*\*), exhibits a positive and statistically significant linear effect on the resulting variable, which is the financial sustainability of youth-

owned enterprises ( $p \leq 0.01$ ).

**Table 4**  
**Correlation Analysis**

		Financial Innovation	Financial Sustainability
<b>Financial Innovation</b>	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	187	
<b>Financial Sustainability</b>	Pearson Correlation	.660**	1
	Sig. (2-tailed)	.000	
	N	187	187

Source: Research Data (2023)

Subsequently, the simple linear regression analysis presented in Table 5 indicates that the adjusted R-squared value is 0.427. This suggests that 42.7% of the disparity in the financial sustainability of youth-owned enterprises can be attributed to financial innovation. Conversely, the remaining facets of financial inclusion, which are not included in the simple linear model, account for 57.3% of the variation regarding the financial sustainability of these enterprises. Additional coefficient analysis indicates a positive and significant direct effect of financial innovation ( $\beta = 0.672$  (0.049); at  $P < .001$ ). The findings indicate that a singular enhancement in the implementation of viable financial innovation programs by the proprietors of youth enterprises will end up in a 0.672-unit increase, accompanied by a standard error of 0.049, in the financial viability of the youth-owned firms examined. The adjusted R<sup>2</sup> is frequently utilized as it provides a corrected estimation of the goodness of fit for linear models, offering a more accurate assessment than R<sup>2</sup> alone. R<sup>2</sup> serves as a statistic that indicates the proportion of difference in the dependent variable accounted for by the independent variable within a linear regression model (Hair et al., 2016). The outcomes of the ANOVA indicate an F-statistic of 196.998, which is significant at  $p \leq 0.01$ . This shows that the studied model is adequate and that it is indeed appropriate to use simple linear regression to analyze the data. Besides, it proves that financial innovation can be used as a proxy variable for the outcome variable, which is the sustainability of the firms owned by youths.

**Table 5**  
**Linear Regression Analysis**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. Change
1	.660 <sup>a</sup>	.434	.427	.63158	.434	196.998	1	185	.000

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	78.581	1	78.581	196.998	.000
	Residual	73.795	185	.399		
	Total	152.376	186			

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.983	.170		5.766	.000
	Financial Innovation	.672	.049	.660	8.815	.000

a. Dependent Variable: Sustainability of youth owned enterprises

Source: Research Data (2023)



In this case, the rationale for undertaking the research study was to evaluate the effectiveness of financial innovation on firms controlled by youth. The unstandardized regression ( $\beta$ ) coefficients with their corresponding estimates of variability or standard errors in parentheses suggest that financial innovation has a large impact on the sustainability of youth-owned enterprises ( $\beta = 0.672$  (0.049),  $p < 0.01$ ). Each unit increase in financial innovations significantly contributes to the 0.672 unit increase in sustainability of youth-owned Nigerian firms. The results align with those by Gherghina et al. (2020), which highlighted a positive impact of innovation on SME growth.

Moreover, Msomi and Olarewaju (2021) show that there is a significant effect of financial innovation training on the financial development of the SMEs in South Africa. In Zerenler's (2003) research, the correlation between financial development for SMEs and financial innovation was positive and strong. Furthermore, Ignazio (2007) showed that financial innovation not only opens up new opportunities for SMEs to access funding but, at the same time, generates new market participants as a result of innovative financial instruments. Similarly, Ngugi (2020) proved that financial innovativeness was a key factor in determining the development of SMEs in Kenya. However, the results of this study are different from Karabulut (2015), who stated that financial innovation was found to have a negative relation with firm growth. This implies that when costs of innovation top the investment, failure to undertake a risk analysis on the possibility of negative outcomes of innovation on operating activities may lead to negative firm profitability in the short run.

### Conclusion

The conclusion that has therefore been drawn from the study is the stress laid on the need to embrace dynamic and strategic financial innovations to support the sustainability of youth-owned businesses, especially small enterprises. This means, in essence, applying innovative financial strategies augments the sustainability of these enterprises. This model contributes a significant amount of variance to the differences in sustainability to suggest the importance of financial innovation to youth entrepreneurship in the study. When proprietors of youth-owned enterprises make and implement dynamic financial strategies, therefore, they are able to improve their enterprises' challenges and growth prospects. These results suggest the need to remain vigilant and responsive to the ever-fluid financial environment to promote the growth of youth businesses.

From the study, it is clear that the proprietor of youth-owned enterprises ought to become abreast of new and innovative financial systems, which play a pivotal role in determining the financial health of the enterprise. Continued understanding and mastery of new financial instruments enables successful businessmen to navigate constraints and capitalize on opportunities. They help people to make appropriate decisions, manage available resources, and adapt new paradigms of the market place. The use of efficient and sustainable financial management strategies is an effective way of increasing the ability of youth-owned enterprises' firms to survive through innovations. This creates their growth, profitability, and a beneficial impact on local economies and societies. As indicated in the study, easily adoptable strategies that can assist proprietors of youth-owned enterprises in enhancing the sustainability of their businesses include leveraging youth's distinct passion and focus for innovation, customer research, building an appropriate and effective online platform for the enterprises, customer engagement, and involving financial innovation specialists.

### References

- Abara, G., & Banti, T. (2017). Role of financial institutions in the growth of micro and small enterprises in Assosa Zone. *Research Journal of Finance and Accounting*, 8(3), 36-40. <http://www.ijsr.net/>
- Anderloni, L., Llewellyn, D., Schmidt, R., Anderloni, L., & Bongini, P. (2009). *Financial Innovation in Retail and Corporate Banking*. Edward Elgar Publishing.

- ACET- (2020, March 20). *Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation: Guinea Country Brief*. African Centre for Economic Transformation. <https://acetforafrica.org/>
- Atiti, S. A. (2016). *Factors influencing participation of youth in entrepreneurship in Kenya: a case of youth entrepreneurs in Kakamega central district, Kakamega County* (Doctoral dissertation, University of Nairobi). <http://hdl.handle.net/11295/97887>
- Cooper, D. R., & Schindler, P. (2014). *Business research methods*. Mcgraw-hill.
- Gherghina, Ş. C., Botezatu, M. A., Hosszu, A., & Simionescu, L. N. (2020). Small and medium-sized enterprises (SMEs): The engine of economic growth through investments and innovation. *Sustainability*, 12(1), 347. <https://doi.org/10.3390/su12010347>
- Gichichi, M. S., Mukulu, E., & Otieno, R. O. (2019). Influence of access to entrepreneurial finance and performance of coffee smallholders' micro and small agribusinesses in Murang'a County, Kenya. <http://repository.must.ac.ke/handle/123456789/1259>
- Gathungu, J. M., & Sabana, B. M. (2018). Entrepreneur financial literacy, financial access, transaction costs and performance of microenterprises in Nairobi City County in Kenya. *Global Journal of Management and Business Research*. <https://journalofbusiness.org/index.php/GJMBR/article/view/2548>
- GoK. (2019). *Youth enterprise development fund: Fund Status report, Nairobi*. Government of the Republic of Kenya. <https://www.youthfund.go.ke/>
- GoK (2020). *Youth enterprise development fund: Fund status report, Nairobi*. Government of the Republic of Kenya. <https://www.youthfund.go.ke/>
- Grandolini, G. (2019). *Five challenges prevent financial access for people in developing countries*. WorldBank Group Centre for Financial Inclusion Inc. <https://blogs.worldbank.org/en/voices/five-challenges-prevent-financial-access-people-developing-countries>
- Guo, J., Guo, B., Zhou, J., & Wu, X. (2020). How does the ambidexterity of technological learning routine affect firm innovation performance within industrial clusters? The moderating effects of knowledge attributes. *Technological Forecasting and Social Change*, 155, 119990. <https://doi.org/10.1016/j.techfore.2020.119990>
- Hamdallah, M. E., & Srouji, A. F. (2022). The influence of sustainable innovation on financial entrepreneurship performance: Growth and prediction in an emerging market. *Journal of Governance & Regulation*, 11(1), 27–37. <https://doi.org/10.22495/jgrv11i1art3>
- Ignazio, V. (2007). Financial deepening and monetary policy transmission mechanism, *BIS Review* 124, 28-29. <https://www.bis.org/review/r071105e.pdf>
- Karabulut, A (2019). Effects of innovation types on performance of manufacturing firms in Turkey. *Procedia-Social and Behavioral Sciences* 195: 1355–64. <http://dx.doi.org/10.1016/j.sbspro.2015.06.322>
- Lassala, C., Apetrei, A., & Sapena, J. (2017). Sustainability matter and financial performance of companies. *Sustainability*, 9(9), 1498. <https://doi.org/10.3390/su9091498>
- Loayza, N. V., & Ranciere, R. (2006). Financial development, financial fragility, and growth. *Journal of money, credit and banking*, 1051-1076. <https://www.jstor.org/stable/3838993>
- Matoke N. J & Oteki B. E (2019). Effect of youth enterprise development fund programme on youth economic empowerment in Kenya, Matayos Sub- county in Busia county. *International Journal of Recent Research in Commerce Economics and Management*. Vol. 6, Issue 1 (13-20). <http://www.paperpublications.org/>
- MaryStella, B. K., & Kithae, P. P. (2015). The effects of lending conditions on accessibility of funds for youth entrepreneurs in matungu constituency, kakamega county, kenya. *European Journal of Business and Social Sciences*, 4(06), 30-39. : <http://www.ejbss.com/recent.aspx/>

- Msomi, T. S., & Olarewaju, O. M. (2021). Factors affecting small and medium enterprises' financial sustainability in South Africa. *African Journal of Inter/Multidisciplinary Studies*, 3(1), 103-117. [https://hdl.handle.net/10520/ejc-ajims\\_v3\\_n1\\_a11](https://hdl.handle.net/10520/ejc-ajims_v3_n1_a11)
- Ngugi, J. (2020). The influence of innovativeness on the growth SMEs in Kenya. *International Journal of Business and Social Research*, 3(1), 26-29. <http://repository.must.ac.ke/handle/123456789/1259>
- Obuya, D. O. (2017). Debt financing option and financial performance of micro and small enterprises: A critical literature review. *International Journal of Business and Management*, 12(3). <https://api.semanticscholar.org/CorpusID:157264080>
- OECD (2017). *Women entrepreneurs: Moving beyond the glass ceiling*. Enterprise Surveys. <https://www.oecd.org/en.html>
- OECD (2020). Advancing the digital financial inclusion of youth. <https://www.oecd.org/en.html>
- Peshkin. (1990). *Qualitative Inquiry in Education*. Teachers College press. New York.
- Rogers, E. (1983). *Diffusion of innovations*, (3rd edition). New York, NY: The Free Press.
- Siwadi, P. and Mhangami, M. (2015). An analysis of the performance of women entrepreneurs in a multi-currency economy: The case of Midlands province Zimbabwe: *University of Botswana Journal*.
- Tillmar, S (2017). Experience with business support centers for women entrepreneurs. *BERR Department of Business Enterprise and Regulatory Reform*. London
- Waswa, S, D, Tibbs, Y, C and Ondiek, B,A (2018). Effect of youth enterprise development fund on performance of youth enterprise Bungoma County, Kenya. *International Journal of Economics, Commerce and Management*. Vol. VI, Issue 11. <http://ijecm.co.uk/>
- Wairimu, R. W. (2019). *Effect of Financial Innovation on Firm Performance of Microfinance Banks in Kenya* (Doctoral dissertation, University of Nairobi). <http://erepository.uonbi.ac.ke/handle/11295/127471>
- Wu, W. P. (2008). Dimensions of social capital and firm competitiveness improvement: The mediating role of information sharing. *Journal of management studies*, 45(1), 122-146. <https://doi.org/10.1111/j.1467-6486.2007.00741.x>
- Zerenler, M (2003). Rural finance for food security for the poor: *Implications for Research and Policy*. Washington DC, USA. <http://www.gwdg.de/~uare>

