

**THE ROLE OF MSE ASSOCIATIONS IN ADDRESSING HIV/AIDS
RELATED PROBLEMS: THE EXPERIENCE OF SELECTED
ENTERPRISES IN KIBUYE MARKET, KISUMU CITY**

BY

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DEDICATION

To the memory of my late father,

John Galo Lesniere -

'though gone - forever proud'

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ABSTRACT

The impact of the HIV/AIDS epidemic on the MSE sector in Kenya is alarming. MSE operators are affected directly or indirectly by the epidemic, which cuts the supply of labour, while the labour costs are rising making it difficult for re-investments. Individually owned MSEs are more vulnerable to business closure due to illness or death of the operator threatening livelihoods and productivity of the enterprises. Extra costs are incurred because of HIV/AIDS, especially from recruitment and training costs to replace lost workers, lost time due to illness, drug costs and funeral costs, and other medical expenditures. Enterprises are losing productivity and reducing investments.

This project paper examined the role of MSE associations in addressing HIV/AIDS related problems. The paper looks at Kibuye market metal and wood business characteristics, characteristics of the MSE associations, and the motivating reasons for joining, the forms of support offered to business to cope with HIV/AIDS, and lastly the challenges faced by the associations as well as the coping strategies.

The analysis indicates that most MSE operators were male, married and above 30 years of age. They had been in business operation for over 10 years, and they all belonged to an association. The motivating reasons for joining associations were: financial and funeral support; business trainings and obtaining business sites. The study found a range of services provided by associations, namely welfare support, financial support, and advocacy and business related services. MSE operators received support from associations when they fell sick, or when bereaved. Operators, whose dependants lacked school fees, were offered support. All this improved their general well-being. Financially, association offered credit and loan services and saving scheme plans. They also organised for grants and hence an increased business investment. Associations advocated for business sites from local authorities for operators affected directly by HIV/AIDS, thus reducing harassment. Business trainings and information on effects of HIV/AIDS on business were some of services support offered by associations.

The reported challenges in a bid to address HIV/AIDS related problems include the following: inadequate funds by associations to address the problems, poor management, bad leadership by some leaders, lack of commitment by association members and busy schedules by the MSE operators, and limited time to attend to organised meetings. Association addressed these challenges through collaboration with outside institutions such as NGOs and MFIs, for more capacity building as well as integrating HIV/AIDS sessions with business meetings.

The paper has made some recommendations. Establishing and strengthening existing networks is important to improve on support offered to businesses affected by HIV/AIDS problems. There is also need to reinforce the relationship between MSE associations and the local authorities to improve on the services, especially for HIV/AIDS affected operators.

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List of Abbreviations and Acronyms

AIDS	-	Acquired Immune Deficiency Syndrome
AIDSCAP	-	AIDS Control Prevention Project
CBS	-	Central Bureau of Statistics
CDC	-	Centre for Disease Control
CDR	-	Centre for Development Research
CIPL	-	Centre for International Private Enterprise
FHI	-	Family Health International
FHI	-	Family Health International
FWG	-	Kenya National Federation of Women Groups
GDP	-	Gross Domestic Product
GOK	-	Government of Kenya
HIV	-	Human Immunodeficiency Virus
ICEG	-	International Centre for Economic Growth
IDS	-	Institute for Development Studies
IEC	-	Information Education Communication
ILO	-	International Labour Organization
KASVI	-	Kisumu Alliance of Street Vendors and Informal Traders
KEMRI	-	Kenya Medical Research Institute
KENWA	-	Kenya Network of Women Living with HIV/AIDS
Kes	-	Kenya shillings
KIPRA	-	Public Policy Research and Analysis
KNCCI	-	Kenya National Chamber of Commerce and Industry
KNFJA	-	Kenya National Federation of <i>Jua Kali</i> Associations
KOSME	-	Kenya Organisation of Small and Micro Enterprises
KRIP	-	Kenya Rural Enterprise Programme
KSTA	-	Kenya Small Traders Associations
KSTES	-	Kenya Small Traders Enterprises Society
KWFI	-	Kenya Women Finance Trust
MFIs	-	microfinance institutions
MSEs	-	Micro and Small Enterprises
NACC	-	National AIDS Control Council
NGOs	-	non-governmental organisations

NHIF	National Health Insurance Fund
NISCO	National Informal Sector Coalition
OVCs	Orphans and Vulnerable Children
PLWHA	People Living with HIV/AIDS
ROSCAs	Rotating Savings and Credit Associations
SID	Society for International Development
SME	Small and Medium Enterprises
SMECO	Small and Micro Enterprise Development Organisation
SME DO	Small and Medium Enterprises Development Organisation
SPSS	Statistical Package for Social Science
UNAIDS	Joint United Nations Programme on HIV and AIDS
UNGASS	United Nations General Assembly Special Session
USAID	United States Agency for International Development
USD	US dollars
VCT	voluntary counselling and testing

Chapter One

Introduction

1.0 Study Background

Despite the significant contribution of the Micro and Small Enterprise (MSE) sector to Kenya's social and economic development, and in particular poverty reduction, the sector continues to experience many constraints, which inhibit its growth, especially into full industries. HIV/AIDS is one of these constraints (Kenya, 2005; Moxi, 2006; Pedersen, 2001).

HIV/AIDS has a negative effect on enterprise production in a number of ways. First, it leads to loss making in enterprises. The illness or death of an operator could lead to the closure of the business, especially in respect of individually owned enterprises (McKay, 2003). Secondly, it affects the sectors' skilled workforce, such as reducing concentration of materials on productive activities. This is where business savings are spent on HIV/AIDS health care costs and, in some cases, operators are forced to sell off assets or use them as collateral for medical costs, which leads to reduced investments (ILO, 2001). Thirdly, it leads to high mortality rate among the entrepreneurs. The high absenteeism and inability of affected persons to meet their business obligations, eventually leads to high labour costs (United Nations, 2004). Lastly, there are social costs incurred due to the heavy demands that are placed on medical care budgets of the affected enterprises. The result is a decline in demand for the type of goods produced by the enterprises due to shrinking markets. The shrinking markets eventually lead to reduced profits, which affect the productivity of the sector (Muehene, 2004).

Losses and other negative effects on production in the MSE sector are important because MSEs form an integral part of the industrial sector in Kenya. This is as recognised by the Government of Kenya in its *Economic Recovery Strategy for Wealth and Employment Creation 2003-2007* (Kenya, 2001). In addition, MSEs provide new employment opportunities, generate household's income, contribute 18.4 per cent to the GDP, and act as a resource for medium and large industries, which are critical to industrialisation (CBS, IFCI and K-REIP, 1999).

Generally, MSEs have no clear universally accepted definition. The number of employees engaged per enterprise is the most commonly used definition. Thus, MSEs can be defined as non-farm activities employing 1-50 workers (ILO, 1972). In Kenya, however, MSEs employ

an average of 1-2 persons with over 70 per cent of them employing one person (CBS, ICFG, and K-REIP, 1999)

Currently, there are approximately 7.5 million workers in the MSE sector in Kenya. This number is higher than the approximated 2.4 million workers obtained from a household study carried out in 1999 (K-REIP, 1999). The workers operate from approximately 1.3 million enterprises mostly located in urban centres (Kenya, 2007; CBS, ICFG, and K-REIP, 1999). Kibuye market in Kisumu City is one of the prime examples of a market with many MSE activities. It is one of the largest training grounds for new MSE workforce in the area, particularly among *jua kali* artisans such as mechanics, wood workers, panel beaters and metal workers. Currently about 20 per cent of people employed in the Nyanza region are in Kibuye MSE sector (Ohingo, 2006)

Government initiatives to address HIV/AIDS constraints in the MSE sector through a policy framework are outlined in *Sessional Paper Number 2 of 2005 on Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction* (Kenya, 2005). The paper champions associations as vehicles through which HIV/AIDS problems can be best addressed. MSE associations provide such services as business training, marketing, business information and welfare to operators of the enterprises (Bennet, 1998; Moyi, 2006; Mitullah, 2007). These services extend to the problem of HIV/AIDS.

1.2 Problem Statement

The MSE sector has been the key entry point to development in Kenya, most notably with regard to employment creation and contribution to the GDP. Its expansion, as seen both in the growth of the work force and the increased contribution to GDP, points towards general development. Therefore, it is necessary to take serious action against any hindrance to the growth of the sector.

It is apparent that HIV/AIDS is one of the key hindrances towards the development of the sector as it not only increases business costs and reduces investment activities, but it also impoverishes households of the enterprise operators (McKay, 2003; H.O., 2000; Kenya, 2005; H.O., 2002). Despite attempts by associations to address HIV/AIDS related problems that slow down enterprise growth the problems persist (Mc Kay 2003)

Nearly all (about 90%) of MSE operators in Kenya belong to an association that provides them with various services (Mitullah, 2007; Moyi, 2006; McCormick, *et al.*, 2003). The

associations have different characteristics. The size of membership, motivating reason for joining and services offered. The associations offer different services that are key in determining the membership. HIV/AIDS services are example of such services. Through HIV/AIDS related services, MSFs are able to acquire business spaces and loans, access training on new business skills, access business information, recruit qualified new employees and resolve business related conflicts (McCormick, *et al.*, 2003; Kinyanjui 1998, Mitullah, 2007). Despite literature showing some of these support services, it is not clear which of them are specific to HIV/AIDS related problems. In addition, it is not also clear how these services have benefitted the affected enterprises. Apparently, previous studies have paid little attention to this aspect. Thus, there exists a gap in establishing the services offered to MSI enterprises by associations to address problems due to effects of HIV/AIDS. There is also a need to establish the benefits of the services offered.

1.3 Research Objectives

The study explored the role played by MSI associations in addressing HIV/AIDS related problems amongst selected enterprise association members.

The specific objectives of the study were:

1. To explore the Kibuye Market metal and wood business characteristics.
2. To find out the characteristics of the associations these enterprises belonged to and what motivated them to join the associations;
3. To examine the forms of support the associations offer to the businesses to cope with HIV/AIDS related problems, and,
4. To find out the outstanding challenges and how the businesses wanted the associations to help them meet these challenges.

1.4 Research Questions

The specific questions of the study were

1. What are the characteristics of metal and wood businesses in Kibuye Market?
2. What are the characteristics of the associations these enterprises belong to? What motivated them to join?

3. What forms of support do the associations offer that help businesses cope with HIV/AIDS related problems?
4. What are the outstanding challenges and how would the associations help the businesses meet these challenges?

1.5 Justification of the Study

The findings of this study will add to literature and studies done on associations. They are expected to improve in the understanding of associations as they address HIV/AIDS among other problems in the MSE sector besides their potential as preferred vehicles of addressing HIV/AIDS.

The study findings will also inform policy in the MSE sector. It is important to understand the most efficient services and support for profitable, productive and competitive MSEs. This will be necessary in order to develop appropriate and effective policies that have a positive contribution to MSEs and the economy, thus increasing the recognition of MSEs towards socio-economic development.

Finally, but importantly, the study will provide insight and information to the National AIDS Control Council (NACC), which provides the action framework for HIV/AIDS, within which all HIV/AIDS interventions in the SME and other sectors take place. The study points directly towards efforts made in the MSE sector, as part of the larger initiative, in addressing HIV/AIDS as stated in the NACC Strategic Plan of 2005-2010. The strategy action requires MSEs to employ their business associations in addressing problems related to HIV/AIDS and which affect the sector's growth (NACC, 2005).

1.6 Scope of the Study

The study covered the wood and metal MSE manufacturing enterprises in Kibuye Market, Kisumu City, which is the hub of business activity within the city. Although there are various activities in the market including those in the service industry, trade and manufacturing, the manufacturing sector, as represented in this study by metal and wood work activities, was considered due its contribution to industrialisation in Kenya.

The MSE sector in Kibuye Market is extensive, but the study focused on a small sample. It attempted to include as many MSEs as possible within the available resources. The 80 MSEs used in the study were representative of the study population. The sample was distributed in each study cluster of enterprises, which was possible through the assistance by the Town

Clerk's office; the office provided technical and logistical support to establish where the concentrations of metal and wood work activities were in the market. With adequate financial resources, it will be necessary to conduct a more comprehensive and broad study.

Chapter Two

Literature Review and Theoretical Framework

This chapter reviews literature to support the study. It highlights emerging gaps on the issue of HIV/AIDS and the MSE sector, and discusses the definition, purpose and activities of MSE associations giving more emphasis on what distinguishes one association from the other. The chapter further highlights empirical information on MSE characteristics, MSE associations and the HIV/AIDS related benefits to their members, and challenges faced by the associations. The theoretical framework of the study is also discussed.

2.1 Definition, Purpose and Activities of MSE Associations

Associations are demonstrated through the existence of women groups, neighbourhood associations, vendor associations, producer associations, welfare associations and business associations among others. Kinyanjui (2010) defines MSE associations as trust-based organisations that MSE sector operators establish to carry out transactions for coordinating markets and organising society. Moyi (2006) defines them as collective bodies with voluntary membership drawn from the MSE sector for the purpose of providing a range of support services to members, while McCormick *et al.* (2003) defines them as a group of people organised for a joint purpose.

The highlights of the definition are that 'people choose to belong to these associations, membership may sometimes be required of certain categories of people' and people join the associations to do the things they would otherwise find difficult or impossible to do if they were on their own (McCormick *et al.*, 2003). Thus, MSE associations exist for varying purposes which involve providing a range of services including business, welfare, financial, advocacy, market and civic functions.

McCormick *et al.* (2003) identifies two categories of MSE associations: social and business associations. Business associations are inclined to serve the business activities of their members, while social associations are based on such concerns as welfare matters, individual savings and community development. Examples of business associations include *Jua kali* associations, Kenya National Chamber of Commerce and Industry (KNCCI), Kenya Organisation of Small and Micro Enterprises (KOSME), Small and Micro Enterprise Development Organisation (SMEDO), Kenya Small Traders Associations (KSTA), NGO credit groups and cooperatives. Social associations include women groups, Rotating Savings

and Credit Associations (ROSC As), self help groups, welfare associations, youth groups, clan associations, neighbourhood associations and village associations. Social associations hold more members than business associations, according to the study by McCormick *et al* (2004) nearly 70 per cent of the business operators belonged to at least one social association. MSIs belong to more than one type of the associations, as they are meant to serve different purposes. This study looks at the MSI associations and their role in supporting those in the MSIs affected by HIV and AIDS problems.

The main functions of the MSI associations are in the provision of financial welfare, business and advocacy services. However, the study looked at how HIV and AIDS related services are provided within the main functions. As business operators belong to more than one type of association (either social or business or both), the associations can be involved in more than one type of activity. Such activities could include marketing, conducting business training and advocacy, licensing, site allocation, and welfare and financial support.

2.2 Theoretical Framework

The study employed the theory of association in an attempt to establish the services that associations provide to address the problem of HIV/AIDS among their members. Thus, the theory of associations will inform this study. This will help to put the associations in a better study point and to reflect on how they are able to provide HIV/AIDS related services to their members.

2.2.1 The logic of service and the logic of collective action (advocacy)

This study has attempted to use the logic of service and the logic of collective action, which explain how and why associations provide a wide range of services. Enterprise associations in the MSI sector have the potential to offer such range of services and hence accrue benefits to their members (Bennett, 1998).

In most cases, the associations are formed in order to derive the joint benefits for their members through collective action. This is evident from the works of Olson (1971) and Bennett (1998) which have focused on the ability of associations both to act collectively on behalf of their members' interests and to deliver services to their members. As in these classic works, MSI operators use associations to organise and secure services, which may include savings and loans, joint marketing activities, infrastructure support and provision of work spaces. Haan (1995) discusses how associations, through the logic of service, are able to link

MSEs with training institutions through research work and training programmes for MSE workers as well as through publishing and sharing information on market trends. In addition, through associations, MSEs are linked to new technologies and develop a stronger voice of representation and negotiation for collective access to appropriate skills and training.

Some of the services that are provided benefit either an individual MSE operator or members of the associations collectively, while other services are for public access. Public access refers to services that are available to all, whether one is a member of an MSE association or not. Examples of public access include policy advocacy benefits and related services and infrastructure support services (Bennett, 1998). Such services may serve as sources of revenue for associations as well as important benefits to the members.

Helm sing (2000) explains further that associations lobby for and respond to individual and specific needs. It is however arguable whether specific needs emerge in the line of business activity. Thus, the associations do the lobbying to ensure that they emerge as strong avenues for joint counter efforts in addressing trade related problems, including HIV/AIDS.

The logic of collective action explains the attempts by associations to influence public perceptions, policy decisions and political climate through lobbying, advocacy and negotiations (Muyi, 2006). Associations collectively join efforts to represent MSEs in policy making forums, to conduct trainings to MSE workers, and to ensure the implementation of new regulatory environment for technology, work spaces and new marketing frameworks. Haan (1995) explains how associations ensure joint supply of inputs through a regulated foreign exchange markets in Uganda. Hence, collective action may ensure that MSEs, through associations, are able to acquire what would have been impossible for individual enterprises to achieve. Through collective action, associations have a voice to present their grievances, thus obtaining services with ease.

The above observation provides a basis for examining the services offered by Kibuye Market manufacturer's local associations in addressing the HIV/AIDS specific needs. The tenets drawn from the theory thus discussed point to the ability of local business associations to offer specific services to respond to members' needs. These services would either be collective or specific to the members, and will include business support through loans and credit provision of sites, provision of information in relation to HIV/AIDS problems, networking and external support links, training and management, and welfare support. This

will provide an understanding of how the associations extend the services to individuals or members affected directly or indirectly by HIV/AIDS.

2.3 Empirical Literature Review

This section reviews the empirical evidence on MSE characteristics, which include MSE enterprise, operator and association characteristics. It further highlights challenges facing associations and their coping strategies. The effects of HIV/AIDS on the economy and enterprises are also discussed, citing empirical evidence. The section winds up with a review of HIV/AIDS related services and collective actions of MSE associations.

2.3.1 MSE's – Enterprise characteristics

Prior to the 1970s, the MSE sector was regarded as a group of traditional, backward, unproductive activities operating as a reserve of the poor and the marginalised in the developing society. At this point the sectors' development potential was not recognised. After 1972, a number of characteristics that defined the sector were identified by the ILO mission (1972). They highlighted its employment potential as well as came up with a possible definition that described it. However, to date there is no universal definition of MSE's although there is some agreement on their general characteristics.

In effect, MSE's can be defined as income generating activities employing few persons, operated often in open spaces and temporary shades or sometimes along roads. They are also labour intensive since they operate on small scale, usually family owned. There is ease of access and entry, and there is use of low level technology through informally acquired skills (Sengendo *et al.*, 2001). Further, these enterprises can be described in relation to their low level of productivity and income (Kenya, 1999; ILO, 1972).

However, with the increased recognition of the importance of the MSE sector towards development, the initial definition fails to identify essentials that describe it as informal, since productive relations are acknowledged, the sector does not just rely on family labour, but it also employs outside labour. Skills are also acquired through organised training besides apprenticeship and family enterprise. In addition, some businesses are able to obtain the required capital through credit facilities and there is high presence of educated workers as well. Also, the sector has acquired some levels of legality through approval by local authorities.

The 1999 National Baseline Survey on MSIs provides three criteria of defining such enterprises in Kenya. The first criterion is the number of employees. While micro enterprises comprise those businesses employing up to ten workers (including the working owner), small enterprises are those firms employing more than 10 and up to 50 workers. The second criterion involves defining MSIs as non-primary businesses and this includes non farm business activities but excludes agricultural production, animal husbandry, fishing, hunting, gathering and forestry. The third criterion describes MSIs as farm based business activities that involve some form of processing before marketing; if operators are involved in selling farm-based commodities, they have to process the goods before selling such as is the case with fish traders (CBS, ICEG, and K-REP, 1999).

This study adopts the first of these definitions so that the size of the enterprises is used as the criterion to define MSIs. Size in this case may be defined using the number of workers, output sales and the value of assets among others. The widely used measure of size, however, is number of workers, hence, MSIs include enterprises with up to 10 workers. In Kenya, most MSEs employ one to two persons with 70 per cent being one-person enterprises (owners) usually dominated by men especially in construction and manufacturing sector (metal and wood works).

More features that explain the nature of MSIs include the constraints faced by the sector. Some of the examples in this categorisation are lack of access to information, poor access to financial services, weak business linkages, lack of market structures, poor promotional activities; and, HIV and AIDS prevalence (McKay, 2003).

2.3.2 MSI operator characteristics

Most MSE entrepreneurs in Kenya (83%) are in the 16–35 years age bracket, which indicate that MSIs have tended to employ relatively young people (CBS, ICEG, and K-REP, 1999). A study on the MSI sector in Kampala found that 65.4 per cent of the employees were in the age bracket 16 to 35 years (Sengendo *et al.*, 2001). The study further established that the mechanical repair sub sector and metal works employed most of the young people (Sengendo *et al.*, 2001). The labour relations can largely explain the entry of young people in the MSI sector, through apprenticeship programmes, the unemployed young people give a hand in the workshops thereby providing cheap labour. The capacity of MSIs to take more workers is rather constrained.

Marital status of an entrepreneur has a bearing on the performance of an enterprise. Spouse support enhances business growth, and lack of it may lead to low business output. This is the case especially among family-owned enterprises, which is a common characteristic of the MSE's. Spouse support in respect of finances, motivation, encouragement, advice and actual involvement in the running of the business is essential in MSE's (Otunga *et al.*, 2001). A study of women entrepreneurs in Eldoret found married entrepreneurs to be more successful than unmarried ones (Otunga *et al.*, 2001).

Along with other characteristics, such as number of workers, age and marital status, gender is important in determining the development of the MSE sector by shaping the activities which men and women engage in. It influences the nature of the activity of the enterprise. Male enterprise ownership is predominant in manufacturing sectors, while the largest percentages of women are employees. For example, it was noted that there was low participation of women in the manufacturing sector 24 years ago (McComnick, 1988). This is because women tend to prefer "home based" type of activities such as handdressing, cooking, food stalls, clothing and sale of drinks.

2.3.3 MSE association characteristics

There are many MSE associations in Kenya, found both in urban and rural settings. They are also found at the local market levels, national level, business sectoral levels, and regional levels (Moyi, 2006). Almost all (90%) of the MSE operators belong to at least one association (McComnick *et al.*, 2003). These associations have notably been increasing since 1985 as a result of the rising MSE's needs in response to the presidential decree of 1985 that legitimised the *mu kati* artisan associations. The associations are regarded as the preferred vehicles in addressing the MSE operators' plight (Kenya, 2005). Currently, there are over 600 registered MSE associations in Kenya, with a further 300 awaiting registration (Orwa, 2007).

In a policy advocacy needs survey conducted in Kenya, Moyi (2006) established that 89.6 per cent of the MSE associations were formally registered by Registrar of Societies, Department of Social Services, and the Ministry of Gender, Sports, Culture and Social Services, as well as registered as cooperative societies and other institutions. The number is estimated to be even higher since there are many associations which are not formally registered (Moyi, 2006).

To be a member of an MSI association, the operators are required to pay an initial registration fee, attend all meetings, pay monthly or weekly subscriptions, be male or female depending on the preference of the association, and belong to a particular trade. Paying registration fee was the leading requirement for membership among many associations (McCormick *et al.*, 2003). In the study on how to collaborate associations and other community based organisations among Kenyan MSIs, McCormick *et al.*, (2003) established that 87% per cent of the associations required initial registration fee as a requirement for membership.

Some MSI associations support members within certain geographical areas and they draw their membership directly from MSIs. Other associations have a national coverage, where they draw their membership mainly from primary associations, implying that they support smaller associations. Associations with a national coverage are known as umbrella associations or association of associations (McCormick *et al.*, 2003). Examples of umbrella associations are National Society of Women Entrepreneurs of Kenya, Kenya National Federation of *Jua Kali* Associations (KNFKA) and Kenya National Federation of Women Groups (IWC).

Although MSI associations have increased their membership over the years, for instance, the artisans' association in Kisumu increased its membership from 684 in 1986 to 1,089 in 2006, of which 500 were active. The Kamukunji *Jua Kali* Association's membership grew from 376 in 1991 to 2,500 in 2006 (Orwa, 2007). Despite the increase in membership, women representation is still low; they constitute about a quarter of these associations' membership. However, the Kayole association currently has 300 members, of which 75 per cent are women. The Mchanganyiko Craft Association currently has only 70 members at present, of which 40 are active. Membership of these associations is through an annual subscription backed by monthly contributions of Kshs 30-50 (Orwa, 2007).

MSI operators use associations to address their concerns. Maintaining large membership numbers within MSI associations is mainly a function of the benefits that attract members and the effective response of members' interests to keep them from leaving. Thus, associations are formed to serve different purposes to their members through the activities they engage in. For example, the Kayole *Jua Kali* Association was formed in 1992 to unite its members in stabilising their economic situation. Its formation was prompted by a number of legal and regulatory inconsistencies that the Nairobi City Council exhibited through which it

used to harass *jua kali* operators; hence, this was an association that was formed to empower its members through financial support (Orwa, 2007)

The Kamukunji *Jua Kali* Association, a pioneer *jua kali* movement in Kenya, was formed in February 1986 with the objective of promoting unity among members through which they would carry out advocacy for their needs. In addition, the association would provide the necessary infrastructure (land for building business) and help improve the financial and managerial skills of members through training (Orwa, 2007)

The Mchanganyiko Craft Association of Kakamega in western Kenya was formed in 1987. It was composed of members from auto repairs, carpentry, shoe making, tailoring and brick making businesses. Its objective was to increase members' awareness of local government policies, provide micro loans to members and create awareness of human rights (Orwa, 2007)

The examples of the associations provided above agree with Moyi's (2006) definition that associations are collective bodies formed to provide a range of support services to members drawn mainly from the MSE sector. This definition is maintained by the study. Members can only consume specific services by associations, and members outside the MSE sector do not necessarily access such services. Bennett (1995) asserts that the specific services can be at a significant price discount. Further, he implies that the services can be a strong stimulus for membership for any business desiring access to them. Such an observation denotes that entry into the MSE sector, and especially the association, would be expected because of the HIV/AIDS services provided. However, Bennett's (1995) discussions refer to business-oriented associations and not social associations.

There is consensus between Bennett (1995) and McCormick *et al.* (2003) to the effect that the specific services are the forces behind membership. This would explain the case scenarios where new entries into the MSE sector has been as a result of job losses in the formal sector. Thus, it explains the popular membership in social associations that offer welfare related benefits as compared to the business associations that offer business benefits (McCormick *et al.* 2003). Social associations attract members in sufficient numbers, thus making them fully representative of the MSE sector (McCormick *et al.* 2003)

The focus of discussion on associations does not necessarily have to be on differences between business associations and social associations, as they perform similar business purposes. McCormick *et al.* (2003) observes that regardless of the conceptual activities, their

services overlap, implying that they perform both welfare and business activities. In Mitullah's (2003) study on street traders in Kenya, entrepreneurs were found to belong to both business and social organisations, although, the social organisations predominated. This is because social organisations take care of welfare needs of the entrepreneurs, while the economic development needs, lobbying and policy influence aspects are relegated to the background.

2.3.4 Association challenges and coping strategies

Association challenges

MSI associations face numerous challenges that inhibit delivery of services. In the study done by (McCormick *et al.*, 2003), a number of these challenges were identified, of which the most common is training limitations. Associations are not able to sponsor their staff for trainings in areas like credit and accounts, computer skills, marketing, product promotion, public relations and negotiations skills. Moyi (2006) observed that most associations did not provide for training budgets, yet a high proportion of them were willing to undertake training that was supplied freely with a lower proportion willing to pay for the training.

Another problem is the high turnover of association members, which is explained by the multiple memberships, a practice encouraged by the liberal membership policy in MSI associations. There is also the issue of the diverse benefits accruing from different associations and also situations where members are in search for greater autonomy and voice. Moyi (2006) established that 57.1 per cent of members left their associations due to their weak financial capacity, while 17 per cent left because their associations failed to fulfil their objectives. Most associations have low budgets, thus making it difficult for them to offer services. In cases where there are budgets, the accounts are subjected to unprofessional audits as the government has not enforced laws governing financial disclosure and annual returns. In addition, the regulatory compliance among associations is weak since most of them are informal and operate at the grassroots.

Collecting membership dues has been a significant challenge for the associations. An example of this scenario is the Kisumu Traders Association where a good proportion of members default their monthly dues. In addition to dues, the associations collect service charges for which there is poor accountability as there is no audit system to check the operations of the associations (Orwa, 2007). According to Orwa (2007) there is also lack of

office space and equipment to run the association's affairs and most associations rely on voluntary staff.

Coping strategies

Networking and collaboration is one coping strategy for associations in addressing their needs, whereby they communicate and cooperate with one another. Whenever there is a trip or exhibition or any other opportunity, they share among themselves to benefit all. In the process, successful associations demonstrate and spread good practices to weaker ones, thus building on each other's capacities. An example of this is the local *jua kali* associations that joined forces to form the National Informal Sector Coalition (NISCO), which was registered in August 2005. The coalition is an umbrella body for the *jua kali* associations, which gave them a common voice in addressing the problems inhibiting the development and growth of the *jua kali* sector. The member associations expect most of their dealings with the government and donors to be handled through the coalition to give them greater scope and bargaining power (Orwa, 2007).

NISCO was formed to take up the role initially played by the Kenya National Federation of *Jua Kali* Associations, which was constituted in 1992. The Federation has had leadership problems and at the moment had started waning with some associations, like the Kamkunji *Jua Kali* Association, ceasing their membership and no longer making any contribution to it. Even the government does not recognise the federation any more (Orwa, 2007). NISCO has a high chance of success because its members have the drive. Moreover, it is not a tool of the government, its members feel it represents their views and concerns (Orwa, 2007).

As noted above, NISCO is a multi sectoral association that brings together all *jua kali* associations in Kenya. The coalition performs functions such as improving human resources, promoting networking and influencing policies that affect its members. It also plays a key role in the survival of member associations as well as small enterprises by harnessing the power of joint action (Orwa, 2007). It has generated some level of recognition and engagement from the government. On 10 May, 2006, it obtained a commitment from the government to set aside 10 per cent of its procurement contracts for small businesses, which previously never had the opportunity to participate in government tenders. Some of NISCO's other achievements to date include the following: obtaining a large hawkers market in Nairobi, advocating that the government allocate titled land to members; renovating shed

structures that house *juu kati* businesses, and, providing basic utilities such as water and electricity (Orwa, 2007).

In Kisumu City, the process of establishing a joint street vendors association culminated in the establishment and registration of Kisumu Alliance of Street Vendors and Informal Traders (KASVIT) in 2002. Its objectives included the following: bringing together different associations of street vendors; mediating between the local authority and street vendors; improving socio-economic status of members, encouraging and enlightening women to assume leadership positions in organisations popularising street vending locally and internationally; and, advocating the rights of vendors. The goal of the association was to identify and address the issues that cut across associations and pursue the issues with the policy makers (Mitullah, 2003).

2.3.5 Effects of HIV/AIDS on the economy and enterprises

HIV/AIDS has adverse effects on MSEs, it erodes the development gains made by the sector. Nine out of 10 people living with HIV are adults in their most productive years. The global labour force has already lost 28 million productive people to AIDS, and the number will grow if there are no stronger responses from all sectors of society (UNGIASS, 2010). In sub-Saharan Africa, majority of the population depends on the MSE sector, which is also referred to as the informal sector.

Studies done on African countries have shown that the economic effects of HIV/AIDS on MSEs are greater since the MSE sector is more vulnerable than other sectors. This because they are often family enterprises operated by individuals. In addition, the high prevalence of HIV/AIDS in Africa is in persons of ages between 15 and 49 years who are mainly from the MSE work force. According to ILO (2004), over 70 per cent of persons in the labour force affected by HIV/AIDS are in Africa. The ILO expects the proportions to be higher if the labour participants' rates keep going higher.

A report by UNAIDS in 2003, showed that Kenya had one million economically active people with HIV/AIDS, Mozambique had 1.1 million, Ethiopia and Zimbabwe had 1.3 million people in each country, and Tanzania had 1.4 million (UNAIDS, 2003). In 2011, an estimated 1.6 million economically active people were living with HIV/AIDS. The number is projected to reach 1.8 million by 2015 (NACC, 2011). The trend was projected to remain higher bearing in mind that the HIV/AIDS prevalence remained higher in Kenya (NACC,

2005). At 89.9 per cent, Kenya has a majority of the economically active people in the MSE sector (Kenya, 2008). The average HIV prevalence rate among the general productive population (15-49) in Kenya is at 7.4 per cent (UNGASS 2010). The estimated prevalence rate by December 2011 was approximately 6.2 per cent (NACC, 2011).

HIV/AIDS affects the MSE sector either directly or indirectly. Direct effects include expenditure on medical care, drugs and funerals, while indirect effects include loss of time due to illness, recruitment and training costs to replace workers, shrinking markets and care for the sick. Studies carried out on the impact of AIDS on the firm's workforce and productivity have arrived at a conclusion that HIV/AIDS epidemic causes an increase in costs of production and a decrease in revenue from enterprises (ILO, 2000). Most recent studies (e.g., McKay, 2003; Muchene, 2001; ILO, 2004; Rugalema *et al.*, 1999) have concluded the same. When an employee passes away or is sick, the enterprise bears the responsibility with regard to funeral arrangements or medical costs. The impact on small-sized firms may be even more devastating (McKay, 2003), as it depends on the type of business, the skill level of employment, the type of benefits provided and the savings held (Stover and Bollinger, 1999).

In Kenya, the AIDS Control Prevention Project (AIDSCAP) did a study among wood processing plants and the sugar industry. It was found that HIV/AIDS increased the amount of the firms' medical benefits to workers as well as their costs. These findings can apply to the MSE sector, even though the firms in this sector do not have programmes that are responsible for medical costs/medical insurance as is the case in the medium sector demonstrated above (McKay, 2003). Hence, the situation is expected to be severe in respect of the MSE's.

Another effect of HIV/AIDS on the MSE sector is that it reduces the disposable income and savings of the affected workers thereby exposing their families to poverty, and reducing the investment potential of the enterprises. Losses resulting from time spent caring for the sick, and recruiting and training new workers are also some of the indirect effects of HIV/AIDS on enterprises.

In a study on the impact of HIV/AIDS on microenterprise development in Kenya in Obunga Slum in Kisumu, Oloo and Ojwang (2010) established that HIV/AIDS was the most serious health challenge (68 %) facing microenterprises. They found that HIV/AIDS increased the mortality of the workforce and led to the eventual collapse of the MSE's. Upon analysing duty attendance among the fish traders, tailors, bars and restaurants, they also found that there was

a steady decline of productivity especially among women, a fact attributed to ill health and death. The study further deduced that the number of employees was directly proportional to productivity.

A high level of absenteeism is an indirect effect of HIV/AIDS on MSEs. In Okio and Ojwang's study (2010), most absenteeism was attributed to HIV/AIDS. Work attendance rate among the welders in Obunga Slum was at 77 per cent, which led to a drop in output from the expected USD 1,300 to USD 1,100, and hence a decline in productivity. This situation is directly linked to frequent illness and death of workers due to HIV/AIDS related causes and accounts for financial and psychosocial effects on the MSEs workforce.

A different study on various establishments in Ethiopia found MSEs to be experiencing considerable absenteeism (United Nations, 2004). On average 240 days were lost over a period of one year from HIV/AIDS related problems. Absence at the work place results in extra work for healthy workers who have to stand in for sick colleagues. This results in stress among the traders, which may result in a decline in both quality and quantity of final products (ILO, 2001).

Amongst the effects of HIV/AIDS on MSEs, absenteeism is one of the serious problems affecting enterprises (see Figure 2.1). In a study by Family Health International (FHI) and AIDSCAP, absenteeism related costs were the most serious drawback to MSEs and accounted for 52 per cent of the effects of HIV and AIDS on them. The implication gets worse with prolonged absenteeism as it eventually leads to closure of the business (FHI, 1996).

Figure 2.1: HIV/AIDS problems affecting enterprises



Source: AIDSCAP/FHI (1996)

Absenteeism affects MSEs because of their vulnerability and potential for collapse. They have a high mortality rate with most of them not expected to survive beyond their third anniversaries (McCormick *et al.* 2007). Notably, the Kenyan MSE sector is fragmented (H.C., 1972) as a result of which it is usually difficult to find empirical data on attendance to help in mapping the problem of absenteeism. This is further compounded by the sector's ease of entry/access, usually characterised by family ownership and operation in unregulated markets, which makes it difficult for local authorities to address their problems (Okeyo, 2005).

HIV/AIDS related deaths affect the enterprise operators severely. For instance, in Muchene's (2004) study, it was the reported business operator who took care of the ailing in more than 70 per cent of the cases. Moreover, money to meet the cost of treatment came from savings obtained from MSE operations according to 89.2 per cent of the cases reported (Muchene, 2004). The study highlighted that resources from the MSEs were used to meet the costs of treatment instead of the same being injected back into their growth. Moreover, a lot of time is spent caring for the sick; thus, time meant for business activity is reduced ultimately losing out on profitability and potential for growth if they do not succumb altogether. A decline in productivity leads to decline in profits.

A study by Roberts *et al.* (1996), which covered a number of MSEs in Kenya, found that HIV/AIDS related deaths were the leading cause of employee exit from the enterprises. Illness and death combined outstripped all other factors relating losses in enterprise production, other factors include poor management, poor training and lack of skills (CBS, R.T.G, and K.R.I.P, 1999).

It is also notable that HIV/AIDS affects social costs, leading to a decline in the demand for the types of goods produced by the traders. Muchene's (2004) findings indicate that the market for goods declines as the purchasing power of the community reduces. This is because HIV/AIDS related costs lead to a reduction in the consumer demand for goods and services; hence, the shrinking markets may lead to declining profits for the traders involved in the production of goods. In turn, this leads to increased costs and declining productivity. It is also evident that there are social costs incurred due to heavy demands placed on medical care budgets and facilities, which affect the growth of the enterprise.

According to Stover and Bollinger (1999), the HIV/AIDS scourge has adversely affected individual and small family enterprises among the MSEs. They observe that the effects need

to be addressed by mechanisms adopted by the enterprises other than by mechanisms adopted elsewhere. Together with other findings (McKay, 2003; Muchene, 2001; ILO, 2004; Kenya, 2005; NACC, 2005), they agree on the significance of associations as better placed than local authorities and the government (e.g., the Ministry of Trade and Industry) in addressing HIV/AIDS related problems within the MSE sector.

2.3.6 MSE associations, HIV/AIDS-related services and collective action

In *Sessional Paper No. 2 of 2005 on Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction*, MSE associations are mandated to address HIV/AIDS among other concerns that affect enterprises and thus hinder the growth of the sector (Kenya, 2005). This is a document that was prepared by the government through the Kenya Institute of Public Policy Research and Analysis (KIPPRA) and sought to design a policy framework for the *jua kali* sector that would promote growth. The paper recognises the associations as critical to many MSEs enterprises because they help the enterprises to mobilise resources.

MSE associations come in many forms, hence, their benefits vary in nature, even though their purposes can overlap from one association to another. The services extended to members entail service provision, lobbying and advocacy. The expected benefit is to improve access to individual traders' productivity with some of the services being training, provision of market information, industry research, technical advice and directory placement. However, as McCormick *et al.* (2003) argues, the business operators pay for search services.

In the study by McCormick *et al.* (2003), it emerged that some associations also provide business facilities and utilities such as sites, water, electricity connections and telephone services. On the logic of influence, the associations represent members collectively to produce public goods that benefit everyone. Such collective goods include industry standards, codes of conduct, information and public advertising, which is not necessarily paid for.

Associations rely on networks to provide services. Social capital as defined by literature consists of formal and informal networks that individuals use to get things done as well as beliefs and norms that characterise their interaction (McCormick *et al.* 2003). As North (1990) says, the norms in enterprise exchange provide incentives to ensure compliance. By coming together, associations are able to accomplish a lot.

The inclusiveness of these associations points to their relevance in addressing HIV/AIDS problems. A study done on ROSCAs in Vihiga County showed that, other than financial gains, the scheme provided other welfare support to its members (Alila, 1992). The ROSCAs were able to address welfare matters that the members encountered, including bereavement, education and health and illness, which would include HIV/AIDS related problems. Such associations, formed on the basis of social capital, rely on the principle of mutual trust and informal networks meant to improve the members' welfare, and not necessarily to influence business.

Gains made from these networks compensate members for their investment in collective action in the association whereby members receive services through the associations. In return, the associations are able to retain members (McCormick *et al.* 2003; Kinyanjui, 2010). This view is confirmed by the Chairman of the Kayole *Jua Kali* Association, Joshua Kasera, who observed that in order to retain members, an association has to provide services (Orwa, 2007). Examples of benefits reported from the individual MSE associations are: the Kayole *Jua Kali* Association offers financial services in the form of small loans of Kes 10,000 – Kes 60,000 (USD 130-800) or lower depending on the financial needs of individual members, the Kamukunt *Jua Kali* Association has created a fund from which members can borrow in order to buy raw materials and other business necessities; the Kisumu Association has formed a savings and credit cooperative that serves as a revolving fund providing credit to members; and, the Mchanganjiko Association issues small loans, which are three times the value of a member's share contribution (Orwa, 2007).

Through associations, *jua kali* artisans have access to knowledge and skills to enable them improve on their products and services. The Kayole *Jua Kali* Association provides its members with information services through a fully-fledged information centre where members access Internet services and train in computer applications, as well as print and photocopy documents (Orwa, 2007). This initiative was started in 2003 with funding from the World Bank.

The Mchanganjiko Craft Association has also improved its training programmes, especially those that educate members about government policies and how such policies affect the growth of the *jua kali* sector. The association approaches the municipal council for a joint licence for all its members to avoid harassment by local authorities. Normally, MSE sector operators are expected to pay many taxes, which they cannot afford, as well as obtain

multiple licences for the same business. Currently, the association collects money from its members to pay for one joint business licence. Hence, members can operate without harassment, while local authorities are able to collect taxes from the association members. The Kamukuni and Kisumu associations also successfully advocated the issuance of joint business licences for their members to reduce individual members' costs (Orwa, 2007).

The associations also provide some health benefits to their respective members. The Kayole *Jua Kali* Association provides health services to its members, with HIV/AIDS as the primary focus. HIV/AIDS has been declared a national disaster in Kenya and the *jua kali* sector has not been spared (Kenya, 2005). The association was losing a member almost every month from early 1990's to 2003 to the scourge. In response, it has established a voluntary counselling and testing (VCT) centre with qualified staff to coordinate care for infected members. This initiative was initiated in 2004, when the first strategic plan was designed. The plan constituted actions that would be undertaken to curb the scourge, as well as enhance business performance (Orwa, 2007). The centre offers HIV testing, counselling services and food supplements. This has led to reductions in the number of infections as members learn their HIV status and take appropriate steps to preserve their health and the health of others. The level of service delivered to the members has improved significantly, thus making it easier for the association to generate revenue through service charges (Orwa, 2007).

The Mchanganyiko Craft Association has set up a hospital insurance fund after working with the Kayole *Jua Kali* Association, which has a well-established health facility. This is an example of how associations can bargain for group insurance cover for their members. In addition, associations may offer a series of single-day workshops to inform the *jua kali* workers about the hazards inherent in their jobs, how to use safety equipment, and how to seek help when severely affected by work conditions. Also, through the associations, individual informal businesses can access markets through joint marketing and supply of adequate volumes to meet demand. They have helped small businesses to market their goods at national exhibitions, and many small businesses are able to use Internet to market their goods by using the Kayole association's website (Orwa, 2007).

Individual *jua kali* associations have recently enjoyed some success in obtaining support and attention from authorities. The Mchanganyiko Craft Association convinced the Municipal Council of Kisumu to allocate about two acres of land for the *jua kali* sector. The Kisumu Association, too, has advocated allocation of more land on behalf of its members to the (now)

Kenya City Council. The association also provided significant input into the drafting of *Seasonal Paper No. 2 of 2005* with regard to the *jua kali* (Moyi, 2006). As mentioned in the discussion of member services, several associations intercede with local governments on licensing and tax issues.

Given the examples above, it is clear that studies on the role of associations in addressing HIV/AIDS in the MSE sector need to be intensified. Indeed, welfare and other forms of support to the MSEs by the associations may be linked closely to HIV/AIDS related problems. Further research in this area will elicit more understanding on the topic. Another reason for intensifying studies on MSE associations is that available theories on association do not bring out clearly how the associations address HIV/AIDS (Muchene, 2001).

Despite lack of empirical evidence in Kenya on the role that associations have played in addressing HIV/AIDS among their members, such evidence exists, according to McKay (2003) from studies done in South Africa, Uganda, Tanzania and Ghana. McKay's study (2003) came up with a number of intervention strategies that associations within the respective countries have employed to address HIV/AIDS issues. To begin with, the findings indicate that through the associations, the members are educated on sex, negotiating skills and women self-empowerment. The interventions targeted work sites of the traders by providing definite points of condom distribution and training and information awareness on HIV/AIDS issues.

Furthermore, the associations worked to enhance networks by forging partnerships with other sectors, such as the NGOs, for material and financial support in order to curb rampant spread of HIV/AIDS. They lobbied for health care services and organised informal work place medical schemes that enabled their respective members to access affordable health care. In some instances, the associations trained to form peer educators, who would in turn provide training to the other members; the trained educators eventually extended the training at the work sites educating the traders during business meetings. Their focus was to foster change in attitude, knowledge, beliefs and behaviour on how and why HIV/AIDS affected the growth of the MSE sector. They also intervened through preventive measures such as advocacy, counselling and sensitisation, care and support to people living with AIDS and orphans, and promotion of capacity building, empowering the traders economically, provision of basic livelihood support for the sick (like nutrition supplements), and behaviour change. In some instances, the associations organised concerts and symposiums at work sites on HIV/AIDS, in

conjunction with government and other stakeholders to impart the appropriate knowledge (McKay, 2003).

2.4 Summary and Conclusion

This chapter on literature review has highlighted important aspects of MSEs and their significant role in development. The MSE sector comprises enterprises with up to 10 workers. Most of the enterprises are dominated by men, usually male owners who employ young people. Marital status is important as it has a bearing on the performance of the enterprise.

The sector is constrained in many ways. Constraints include the following: lack of access to information, poor access to financial services, weak business linkages, lack of market structures, poor promotional activities; and, HIV and AIDS (McKay, 2003). HIV/AIDS inhibits the enterprise activity, broadly through the increased costs of production. Such costs include funeral expenses, training, recruitment, productivity loss after training, labour turnover, health care and absenteeism.

Associations exist to provide a range of inherent services and benefits to the MSE sector.

They provide soft loans, enforce obligations to policies and provide basic welfare support to members among other services. It is also apparent that associations are instrumental in members' welfare, they are responsible for lobbying for their members with the government and other stakeholders. They also keep their members informed on new developments on technology and policy matters, and they provide general advisory services on life skills and HIV/AIDS information. Lastly, associations are instrumental in helping members during funerals and with medical needs, despite lacking adequate access to health services.

Although the various studies show the significant role the associations play in addressing various problems facing the MSE sector, the picture gives a general view of the benefits and services gained through the association activities. Undoubtedly, benefits and services touching on the enterprises directly and indirectly are affected by HIV/AIDS. This knowledge gap provides a basis for this study to examine what the associations are doing in Kenya to address HIV/AIDS problems in order to highlight the services and benefits accruing to the members affected by HIV/AIDS.

2.5 Definition of Concepts

Advocacy: This refers to a strong public support for an idea or item (Oxford Dictionary). It can also be considered as a group of people who work together to support an issue or defend a group's interest. This study considers how associations work together to address issues related to effects of HIV/AIDS affecting the MSE sector and how they defend the interests of those enterprise workers affected by HIV/AIDS.

Benefits: These are advantages that one gets from a situation or someone (Oxford Dictionary). In the study benefits refer to the gains accrued by the members of the associations on the enterprises, because of the services provided in addressing HIV/AIDS related problems. The benefits can either be tangible or not. Tangible benefits include improved savings, marketing of products, workspace infrastructure, training programmes, forums for discussions and improved business performance.

Business or MSE associations: MSE associations are collective bodies often with voluntary memberships, formed with the purpose of providing a range of support services to members drawn mainly from the MSE sector (Moyt, 2006). Such associations include women groups, *jua kali* associations, ethnic-based associations, vendor associations, site associations and producer associations. They are usually small and highly localised, and have few or no specific services to offer (Bennet, 1998).

Constraints: In this study, this refers to factors that tend to limit the growth of MSEs by confining them in terms of scale and scope of operation. They are internal in nature and may be controlled to some extent by the entrepreneurs. Some of these barriers and constraints include HIV/AIDS, financial aspects, gender roles, social inequality, entrenched cultural and traditional practices, technology, and legal, institutional and policy (HCV/World Bank, 2006; Kibas, 2006).

HIV/AIDS effects: These refer to the negative changes produced on the enterprise activity because the workers are either ailing from HIV/AIDS, or are spending their business time and resources attending to family members or friends affected by the scourge. Such negative changes would include reduced savings, absenteeism, business closures and death of a worker.

HIV/AIDS: The Human Immunodeficiency Virus (HIV) is an organism that leads to weakening of the body's immune system and manifests itself through the Acquired Immune Deficiency Syndrome (AIDS). AIDS is the state at which the body is susceptible to opportunist diseases.

Micro and small enterprises (MSE): Although there is no universal definition of MSE, there is some agreement as to their characteristics. They are enterprises that have workers, whether paid or not, and including the owner(s), numbering up to 10 (ILO, 2000; CBS, RUG and K R I P, 1999). This study will focus on enterprises in the manufacturing sector, with a size of 1-10 workers. The main activities of these businesses include general hardware, manufacture of furniture, electrical machinery and appliances.

Services: These refer to duties performed for a person or enterprise by an association including any form of support or advice for the operators' consideration. The various forms of services include training, market information, technical advice, financial support, infrastructure, basic health and external support links (McCormick *et al.*, 2003; Moya, 2006; Bennet, 1998).

Chapter Three

Research Methodology

3.1 Background to the Field Work

The field work for this study was conducted twice – in August 2009 and in January 2010. During the first field exercise, data was collected from the Kibuye Market where interviews involving a total of 80 enterprises that comprised the sample were conducted. Data coding, entry and analysis were done in September 2009. However, during the processing of the data, an unfortunate incident took place, which affected the progress of the study. During one of the travels, the original study tools, which included the completed questionnaires, were stolen together with the computer that held the data. This affected not only the processing of data, but also the writing of the study report. There was nothing to authenticate that the study had indeed been done. This necessitated a second round of data collection from the same initial respondents, using the same sampling frame and the same tools.

The second field work in January, 2010, was an attempt to replicate the initial data collection exercise. However, it was affected by resource constraints. Being practically a new study, it required a fresh preparation of study tools, a pretesting phase, and actual data collection. This would have made it an expensive undertaking. The study, therefore, was faced with a number of challenges. The methodology described in the next section is with regard to the second exercise.

3.2 Research Design

The study involved qualitative and quantitative methods. Quantitative method entailed sample survey using structured questionnaires, which were administered to 80 respondents. To add to the information from the structured questionnaires, in-depth interviews were conducted using key informants. Checklists that reflected research interest for qualitative data were prepared as tools for data collection. In some cases, the research engaged MSE operators in informal discussions to provide data based on their personal experiences.

3.3 Study Area and Description

Kibuye Market, which constituted the study area, is situated in Kisumu City (then Kisumu Municipality). It is an open air market on an approximately six-acre piece of land with numerous activities. Almost all forms of merchandise are to be found in the market, ranging

from textile and clothing, to groceries, furniture and food items. Services such as water supply, health care and transport are also on commercial offer alongside other goods on sale.

The activities at the market are small-scale, semi-organised and mainly undertaken by artisans and traders. The market is semi-organised because clothes and textiles stalls, food shops/kiosks, shoes and service stalls are mixed among metal and wood work enterprises. Few metal and wood work enterprises are located at the same place. The work sites consist of open yards, market stalls, undeveloped plots, residential houses and street pavements. Most of the stalls/shops are either wooden or tin sheds, are impermanent, and feature building materials that cover them inadequately.

The market was appropriate for the study because of its geographical location. It is central to Kisumu, Vihiga, Siaya, Busia and other counties within western Kenya. It also links Uganda, Kenya and Tanzania through cross border trade. Another reason for its selection was its extensive MSE activity in metal and wood works. Moreover, it is large in size and has numerous associations operating to serve the market with a membership as high as 6,030 among the *makall* associations (McCormick, *et al.*, 2003; Moyi, 2006).

The market's estimated number of those employed is 50,000 (Kenya, 2003). This figure reflects one of highest numbers of workers in MSE markets in wood work (Ohingo, 2006; CBS, ITC, and K-RIP, 1999). It is also an important source of livelihood for many households in the city.

Kibuye Market's trade links, coupled with HIV prevalence in the area, enhances MSE vulnerability to effects of HIV/AIDS. This further explains its suitability for the study (Olundu *et al.*, 2004).

3.4 Unit of Analysis

The unit of analysis refers to the entity that a study describes (Nachmias and Nachmias, 1996). In this case, it was the MSE enterprise. The information was provided by the operators of MSEs who were either the long serving worker(s) or owner(s) of the selected enterprises. They were also members of Kibuye Market associations at the time of study. The study, therefore, reports from the point of view of the MSE operators, and the term 'MSE operator' is interchangeably used with the terms 'workers' and 'owners of MSEs'.

3.5 Target Population and Sampling

This section describes the target population and the methods used to obtain the sample for the study. The target population in Kibuye Market was enterprises operating as metal or wood workers. Metal and wood work enterprises form part of manufacturing MSFs. In this study, a manufacturing MSI is defined as an income earning activity mainly involved in metal and wood work. Metal works consisted of such enterprises operating as welders, panel beaters and scrap metal dealers. Wood work entailed enterprises involved in such activities as producing furniture, selling timber, processing wood, making coffin and distributing final wood products. These MSI's operated in kiosks, stalls or in the open yards.

The enterprises mostly had three workers or less and only a few had up to nine workers. Although it was evident that apprentice programmes were common, apprentices were not considered as part of the study target population. It is the enterprise owner who was the target for the interviewing. In cases where the owner was absent, or after a failed attempt to administer the interview, the long serving worker (key worker) was considered.

A multistage method was used in the sampling of the enterprises. The first stage was the establishment of the clusters. The second stage was the selection of enterprises to be interviewed from the clusters. The third stage was the selection of the respondents from the enterprises selected.

During the first stage, a selection of metal and wood work enterprise clusters was done within the Kibuye Market boundary. Ten enterprises in metal works and ten in wood work that neighboured each other were enumerated and assigned a name. The assigned name is what was considered by the study as a cluster. Within the sampled area of the ten enterprises of either metal works or wood work, there were other assorted enterprise activity in between consisting of food kiosks, water service points, hair salons and grocery shops. Although the arrangement of the market was such that many sampled areas were sparsely located, the study restricted itself to the identified relevant activities of metal works and wood work.

In total, there were eight metal work and eight wood work clusters that were identified. Each cluster had ten enterprises, but a number of the sampled enterprises were not concentrated geographically. Also, the assigned name differentiated one cluster from the other to avoid confusion of enterprises as shown in Table 3.1. The table lists the study clusters and the cluster names.

Table 3.1: Study clusters and the cluster names

Metal works	Wood work
Janyinga Study cluster	Central Kibuye Study cluster
Kordete Works	Lakers Traders Fitters
Kogelo Enterprises	Kibuye Timbers
Kisumu Works	Bkidi Traders
Highway Road Enterprises	Obama Lane Furniture
Kiun	Highway Furniture
Kibuye Central Office Study cluster	Senator Study cluster
Russia Hospital	Amon g & Company Enterprises

Source: Kibuye Field Study, 2010

The borrowed names were from commonly known names in the area, or sometimes from the identified landmarks in the area

During the second phase when the selection of enterprises for interview was done, systematic random selection was used. Five enterprises were sampled from every ten enterprises that formed a cluster. To select the five enterprises, the formula used was $(k = (\text{population size}/\text{sample size}))$

where

k is the element of study (micro and small enterprise unit)

population size is the total number of selected wood and metal works

sample size is the total number of SMEs per cluster

hence $k = 80/10$

2

Thus, every second enterprise was interviewed within a cluster. This was because of the dispersed nature of the distribution of most enterprises

To establish the starting point in a cluster, an enterprise number that corresponded with the day's date last digit was selected. An example is an interview conducted on 13 January, 2010. To identify the starting point for the interview, the last digit of the day's date, which is number three, would determine the enterprise selected first in a cluster. Thus, on that day

from Kiuru metal works cluster, the third enterprise, which belonged to Ascent Metal Dealers, marked the start of interviewing. The enterprise numbers were derived from the listed enterprise names that formed a cluster. Once the starting enterprise was identified, the subsequent selection entailed every second enterprise, and the sequence was followed for the remaining enterprises. The selection pattern was repeated in all selected metal and wood work clusters.

The third phase, which involved the selection of the operator to be interviewed, came up with the selected respondent. The researcher selected the owner of the enterprise for the interview, hence, priority was given to the enterprise owner. This was based on the assumption that owners hold sufficient and reliable information about the enterprise. In the absence of the owner, the long serving worker was selected, which was on the premise that the selected worker had served long enough to understand the enterprise and its operations. The respondents were also selected on the basis of their membership in one of the MSI association in Kilnuye Market. Thus, one respondent was considered for each enterprise selected. In total, the study targeted 80 operators, 40 from wood work and 40 from metal works, to provide information about the selected enterprises.

3.5.1 Key informants

Six operators holding leadership roles in associations were selected for the key informant interviews. The six belonged to different associations (see Appendix 2). Respondents were selected only if they would be readily available for the interviews.

During the enterprise interviews, some operators mentioned that associations were supporting their enterprises by offering HIV/AIDS related services. They were mentioned as having provided one or more services to an MSI operator affected by HIV/AIDS or to the enterprise. These associations that were mentioned were later selected for key informant's session. Therefore, the selecting of the associations was based on case examples and testimonies given by interviewed operators mostly during the informal discussions. After identifying the associations, the respective association key leaders were selected for interviewing.

3.6 Data Collection

Data collection was carried out in January 2010. Both quantitative and qualitative data were gathered. The survey questionnaire (see Appendix 1) was administered to 80 respondents in face to face interviews conducted by the researcher. The aim of the inquiry was to respond to

questions on the forms of support the associations offered enterprises to cope with HIV/AIDS related problems. The structured questionnaires gathered data on enterprise characteristics, enterprise activity, nature of Kibuye Market associations, the HIV/AIDS related services that were provided, and the challenges faced by associations in addressing the problems related to HIV/AIDS. From time to time, respondents asked questions where they felt the information provided was insufficient, or where they felt they were not qualified to respond to a particular question.

Qualitative data was obtained by conducting interviews with leaders representing the associations that were selected. Three leaders represented metal works and three leaders represented wood work. Five interviews were conducted with five leaders representing five associations. There was also one group discussion involving three officials of *Kondele Jua Kali Association*. The discussion was conducted based on the willingness and readiness of all the officials to participate. This was because the scheduled interview was immediately after the officials' weekly meeting.

Kondele Jua Kali Association leaders formed a unique informant interview process through a discussion forum. This was as desired by the chairperson who felt that other officials (the treasurer and the secretary) should also participate. This forum enabled the study to discuss the challenges faced by associations in depth, and to propose suitable recommendations. It was also possible to understand a leader's role in addressing HIV/AIDS in the MSE sector. Officials were selected because of their ability to influence and make pertinent decisions in MSEs, and their ability to coordinate activities within Kibuye Market.

The information obtained from the associations provided insights into the services and challenges faced due to HIV/AIDS intervention in the MSE sector.

3.7 Data analysis

Data analysis was done at two levels. The first level used Statistical Package for Social Science (SPSS) for the analysis of survey data from MSEs, the questionnaires enabled the design of a data sheet in the program. The data was then presented in tables to organise for basic details. Frequency distributions were prepared for all variables generated, except for level of education, to enable basic understanding and analysis of such variables as MSE characteristics, HIV/AIDS services and challenges faced. The level of education of enterprise operators was not analysed since the information provided was not sufficient for the study.

The education categories that were provided failed to consider other skills acquired besides formal education; they assumed only education through formal institutions

Table 3.2: Data collection and analysis framework

Objectives	Data needs	Data collection method	Data analysis method
1 Explore Kibuye Market's metal and wood business characteristics	Type of enterprise Number of workers - Gender, educational level, age marital status of workers. size of MSE and period of operation	Structured questionnaires Key informants interview	Cross tabulation Frequency tables -Triangulation
2 To find out the characteristics of the associations the enterprises belonged to, and what motivated them to join	- Size of the association - Activities undertaken by the association Membership requirements for membership Support services offered by the associations and The benefits from the association	Structured questionnaires Key informants interview Observation	-Cross tabulation -Frequency tables Content Analysis -Comparative analysis (Triangulation)
3 To examine the forms of support the associations offered to businesses in cope with HIV/AIDS related problems	Welfare services Financial services Business services Advocacy Benefits of such services	Structured questionnaires Key informants interview Case stories	Cross tabulation -Frequency tables Content Analysis Comparative analysis (Triangulation)
4 To find out remaining challenges faced and how did the associations help the businesses meet the challenges	Lack of funds by associations Leadership wrangles in the associations Poor capacity to handle the problems by associations Competition from NGOs	Structured questionnaires Key informants interview	-Cross tabulation -Frequency tables Content Analysis -Comparative analysis (Triangulation)

Source: Study tools 2010

Further analysis used cross tabulations and analysis of means to compare responses by gender, MSE type and services given to members. It was also possible to compare HIV/AIDS services with association types through cross tabulation. Additional generated information was on challenges faced by associations, and their coping strategies.

All qualitative data was analysed through tabling and sorting for specific themes, and grouping them together. The themes were determined before the research from secondary sources of data. Recurrent themes were coded to reveal information for each specific study category. For further coding, a code list was established.

The study mainly analysed quantitative data from MSE enterprises. Such data from selected associations was mainly meant to supplement and verify the quantitative data. It was thus possible to use quantitative information and compare with qualitative findings and provide recommendations.

3.8 Challenges Encountered

A number of challenges were faced in the course of conducting this study. One of the challenges was the loss of data from the first field work conducted in August 2009, which led to more challenges being experienced during the repeat field work conducted in January 2010. During the repeat study, it was not possible to get reliable information from respondents this second time. The respondents suffered from 'respondent fatigue'. This aggravated the time and financial challenges already faced.

In addition, the second field work heightened participant's expectations; the respondents were demanding for rewards to participate in the repeat study. This led to cases of refused or postponed interviews. Respondent stress and fatigue also led to poorly answered questionnaires. Nevertheless, the problems were addressed to ensure that all ethical considerations were put in place.

The repeat study took longer time since interviews were based on appointments scheduled by the repeat subjects. Individual interviews required probing to ensure the responses were as per the subject of interest. Replacements were done for respondents that were not found or were not available. This was purposively done using the next available respondent. It is worth noting that this only happened in three MSE cases.

Language barrier was also a challenge, especially when it came to translating the questionnaire into the local language (Dholuo) for clarity and easier understanding. This was,

however not extensive, as only 4 out of 80 operators were unable to speak either Kiswahili or English. Adopting the services of an interpreter to assist in administering the questionnaire eased the exercise. There was no written translation of the questionnaire, but efforts were made to train the assistant on the questionnaire for clarity. In this way, the researcher tried to ensure that relevant questions were asked and responses captured precisely.

The fact that research concentrated mainly on the owner of the enterprise or the long serving workers was a challenge, as there was an assumption that their information on the association was representative with regard to the enterprise. In the interview sessions, it emerged that most enterprises belong to more than one association; if an enterprise had four workers, it was likely that each belonged to a different association. This difference would bring varying experiences to the same enterprise because the information was from worker's or the owner's point of view. The workers' established relationship as well as experiences with the association determined how much information they shared, a strong relationship with an association by either an owner or a worker in the enterprise would result in more gains to the enterprise than if there was none. Thus, it was difficult to attach a specific MSI to an association.

In some cases, it was also challenging where an operator belonged to more than one association. It proved difficult to identify the main association that represented an MSI, although the selected operator was expected to mention only one main association and eliminate the rest. The main association was one most considered by the respondent as far as HIV/AIDS services were concerned. The elimination method enabled the respondents to offer the study guidance on the appropriate association to record.

Finally, yet importantly, was the financial constraint. The research grant allocated in August 2009 was not adequate for the repeat field work. Moreover, the grant was limited for use in a small sample identified during the first field work. No grant offered for the repeat field work.

The limited funds during the repeat field work constrained the study from obtaining more in-depth information from the Kibuye associations. The same enterprises were revisited to save on costs. An attempt was made to address the challenge by validating enterprise data with the selected associations' information. Thus, the study only reports from the point of view of MSI operators, which calls for further research in the area. The study was centred on 160 MSIs in metal works and wood work, from which 80 were sampled. This size was

considered fairly representative of the identified MSIs, but not for the entire Kibuye wood and metal MSIs.

The research took into account all the challenges faced. It was essential to cross check information so that in cases where records were available, reference was made to ascertain the answers provided in the questionnaires. In other instances, the respondent sought redress from officials and authorities in the MSI sector.

Chapter Four

Findings

This chapter presents an introductory description of MSFs and the characteristics of MSI associations. It is then followed by a description of services offered to MSIs to address HIV/AIDS, the benefits obtained from the services, and the challenges faced by the MSI associations while offering the services.

4.1 MSE Enterprise Characteristics

This section considers the characteristics of MSEs in terms of their size, the age of the enterprise, and the entrepreneurs' characteristics. It provides data to enable the answering of the first research question: what are the characteristics of wood and metal businesses in Kibuye Market?

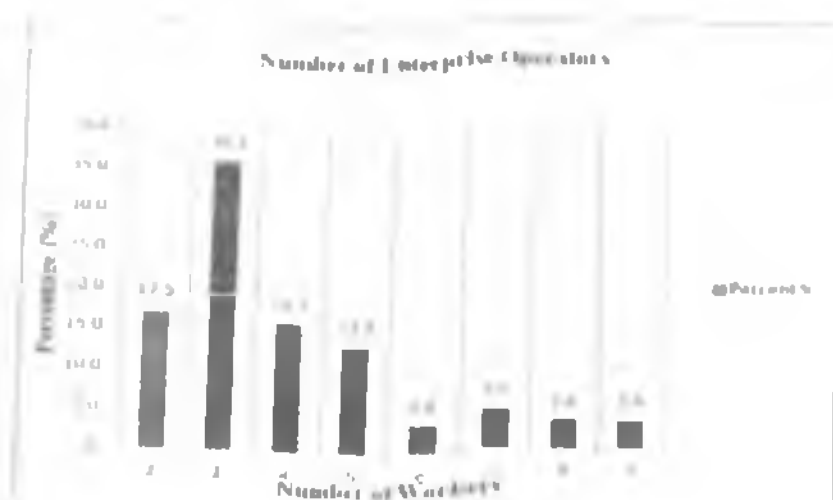
4.1.1 Size of MSEs

MSIs employ different people to work in the businesses. There are apprentices, on-the-job trainees, paid workers and non-paid workers (usually family members or owners). In this study, a worker is described as anyone who works in the enterprise except apprentices, but including owners. An operator is described as an owner or long serving employee used as a respondent.

The proportion of the respondents representing workers (long serving employees) was 27.5 per cent, while that of the owners was 72.5 per cent. The information provided is largely from the owners of the enterprises selected. The rest of the report does not distinguish between owners and the long serving employees respondents. The terms operators and respondents should be understood as including both.

To determine the size of the MSIs, the study used the number of workers per enterprise. In the data collected, majority (36.3%) of the MSIs had three operators, followed by enterprises that had two and four operators with 17.5% and 16.3% each (see Figure 4.1). Three enterprises had nine operators with 3.8 per cent, a percentage similar to enterprises reported to employ eight and six operators. Enterprises that had five operators comprised 13.8 per cent, while 5 per cent had seven operators. The smallest number of operators reported per enterprise was two, while nine operators was the highest number.

Figure 4.1: Size of MSEs



Source: Survey data, 2010

4.1.2 Enterprise age

The operators were asked the year in which their enterprise began operation to determine their age. It emerged that nearly half (41.3%) of the enterprises began operations between the years 2006 and 2010 (see Table 4.1). These were the newest enterprises. Enterprises established from 2001 to 2005 (26.1%) were second, while the third (20%) comprised enterprises that were established between 1996 and 2000. The latter enterprises were not very old in business, as they had operated for a decade. Six enterprises (7.5%) began operations during the period 1991 to 1995. The oldest (1.3%) enterprises began operations during the period 1975 to 1980, with the second oldest (3.8%) old enterprises, established from 1986 to 1990. The mean year when enterprises were established was 2002 (see Table 4.1).

Table 4.1 Year of establishment of enterprises

Year established	Frequency	Per cent (%)
2006-2010	33	41.3
2001-2005	21	26.4
1996-2000	18	20.0
1991-1995	6	7.5
1986-1990	3	3.8
1981-1985	0	0
1975-1980	1	1.3
Total	80	100.3

Source: Survey data, 2010

Two enterprises had operated for more than 20 years at the time of the study. One of the enterprises was established in 1987, aged 23 years, while the oldest enterprise, established in 1978, was 32 years old. Two enterprises were less than a year old.

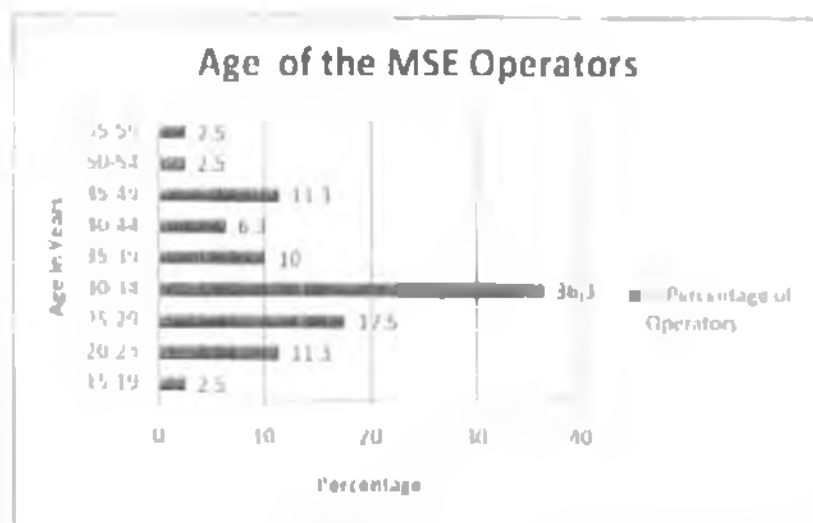
4.1.3 Entrepreneurs' characteristics

This sub-section provides an overview of the entrepreneurs' gender, marital status and age. Gender was either male or female. Nearly three quarters (62.5%) of the operators were male, while the rest (37.5%) were female. Marital status included married or single operators. Most operators (57.5%) were married with 42.5% reported that they were single.

More than one third of the operators (36.3%) were in the 30-34 years age bracket (see Figure 4.2). The 25-29 years age bracket stood at 17.5 per cent, followed by 45-49 at 11.3 per cent, and 20-24 years age brackets at 11.3 per cent. Age 35-39 years was at 10 per cent and ages 40-44 at 6.3 per cent, while ages 55-59, 50-54 and 15-19 years bracket were all at 2.5 per cent.

The modal age of the MSE operators was 34 years at 11.2 per cent, while the mean age was 33.5 years. The lowest age mentioned was 15 years, and the highest was 56 years. Thus, many of the operators were at the most productive stage in life.

Figure 4.2: Age distribution of MSE operators



Source: Survey data, 2010

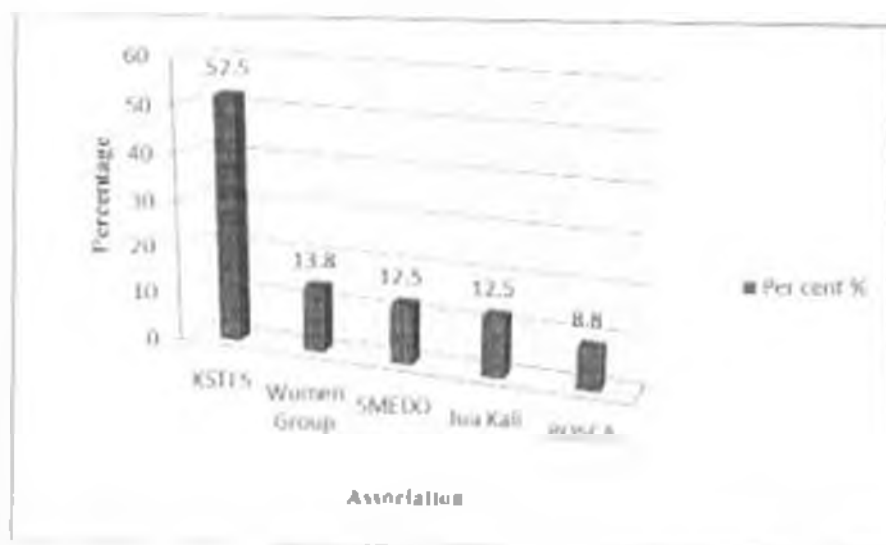
4.2 Characteristics of the Associations

This section outlines characteristics that described the associations, as they differed in, among others, size, aim, purpose and services provided. In this study, the characteristics of the associations are relevant in providing an understanding of the associations that provide HIV/AIDS related services to MSIs. The study looks at the types of associations identified, membership size, requirement for membership, and lastly, the activities undertaken to define the MSI associations. To obtain responses on association membership, the questionnaire asked for main association which an operator belonged. This helped to avoid multiple responses.

4.2.1 Nature of associations

The study uses two categories to describe the associations. The first category included two specific associations: Kenya Small Traders and Entrepreneurs Society (KSTES), and the Small and Medium Enterprise Development Organization (SMEDO). The second category comprised women groups, *jua kali* groups and the rotating savings and credit associations (ROSCAs) (see Figure 4.3). More than one association was listed in each category (see Appendix 2).

Figure 4.3: MSE association representations



Source: Survey data 2010

Kenya Small Traders Association and Entrepreneurs Society (KSTES)

Approximately 53 per cent (52.5%) of the MSI respondents mentioned KSTES as their main association. KSTES operates on a national scale and covers a wider geographical area; hence, it enjoys the benefits of national representation. At the national level, it coordinates the activities of member associations; it protects the interests of small associations and provides them with resources and identity. Besides recruiting small associations, it also operates at the micro level by admitting individual members. Thus, it is possible to find enterprises that have direct membership of KSTES without necessarily going through smaller associations. Among the key players in the microfinance business in Kenya, KSTES plays a major role in financing small businesses alongside its social welfare functions. The role played by the association has a big effect on business growth. Omiti (2005) demonstrates how KSTES improves business performance by training small businesses on management skills through education and technical support. In addition, KSTES conducts research and advocacy on small businesses in Kenya with a view to improving the business working environment. The association is estimated to have 5,500 individual business members within Kisumu City.

MSI operators were asked to indicate how many members were in their associations. Over 50 operators mentioned KSTES as having membership of between 20 and 30 people within their associations. This meant that among the mentioned associations under the KSTES category, the association with the least membership had 20 members, while the largest size of the association had 30 members. The study found a maximum of 30 MSIs belonging to KSTES from an estimated 5,500 individual business members. The membership was expected to be larger, but these were the members that were known to the operators from the metal and wood work enterprises through meetings organised by associations.

To be a member of KSTES, the operators mentioned two requirements: payment of registration fees, and active participation in KSTES organised activities. The most (40.5%) mentioned requirement was payment of registration fees for an operator to be considered a *bona fide* member. The study did not seek to establish the amount paid as registration fees or the mode of payment. As long as an enterprise operator paid the registration fee, then they qualified as members. Active participation in MSI activities organised by KSTES was mentioned by 19 per cent of the KSTES operators. The MSI activities were in the form of business trainings and workshops; KSTES activities include assisting enterprises through business projects by offering technical support, trainings and financial services.

Interestingly, 40 per cent of the operators did not pay registration fees nor did they actively participate in KSTES activities although they were members. For example, one operator did not know the requirement behind his membership because the enterprise was a family operated business, hence, the membership, just like ownership, had been transferred to him. In other cases, operators explained their membership as owing to influence from other businesses and that they had not been provided with requirements before joining as members.

Members were asked to state the activities that KSTES engaged in. Compared to the other association types, KSTES had the largest number of activities mentioned by respondents. Financial support was the leading activity mentioned by 26.7 Per cent of the respondents. Others were business training (22.2%), licensing (15.6%) of the operators mentioned licensing, welfare activities (13.3%), business advocacy (11.1%), and the least, business site (8.9%). Generally, financial and business training activities offered by KSTES were considered the most important by the respondents.

Small and Medium Enterprise Development Organisation (SMEDO)

SMEDO, like KSTES, is a national association working directly with individual micro enterprises. It shares the same main functions as KSTES of enhancing business development services among MSIs whereby the MSIs receive financial and training services to improve on their businesses. SMEDO enables small MSIs to attend business related trade fairs where they can access better markets for their goods and acquire more innovative business ideas. In addition, the organisation offers incentives to MSIs on business technology and information services. SMEDO has an estimated 4,000 members within Kisumu City receiving varying incentives from the association (McCormick *et al.*, 2003).

Approximately 13 per cent (12.5%) of the respondents reported belonging to SMEDO as their main association (see Figure 4.3). This number is lower than expected given the organisation's national scope and its membership size of 4,000 within the Kisumu City. This was explained by the questionnaire's requirement to list an association considered main by the MSI operators. Moreover, the sample was small.

The study sought to find out how many members were in the association. In response, the respondents mentioned members known to their business activities. The numbers ranged between 16 and 20 for every mentioned association classified under SMEDO. This implies that there are not more than 20 members, or not less than 16, for associations classified under

the SMEIDO category known to the respondents for every listed association. In relation to membership of the larger sample of SMEIDO within Kisumu City (4,000 members), the highest number of individual MSE holding membership under SMEIDO was 16.

The operators were asked what the requirements were for SMEIDO membership. About 70 per cent of the respondents said that one had to participate in SMEIDO's business group activities to be a member. The activities include attending business training sessions and workshops, and partaking in financial services. The remaining 30 per cent had their enterprises already registered as members when they took over as new owners and had therefore continued with membership from where the previous owners had left.

Besides the general activity of enhancing business development services, operators holding membership with SMEIDO reported that their association engaged in two other specific activities. These activities are: marketing of products, which was the most mentioned (78%), and licensing activity, which was the least mentioned (22%). SMEIDO offered marketing services both in the metal and wood work enterprises in the form of assisting enterprises to obtain markets for their products. The association collectively sold the products to the outside markets. It also facilitated the operators joining MSE businesses to acquire licences or to renew them with regard to those in operation.

Women groups

Women groups are associations that usually consist of female membership though sometimes men are incorporated. They are mostly local associations with the aim of building the capacity of their local women. They also focus on empowering women and advocating for women rights. One of the areas that the groups champion is financial literacy with the aim of having women better placed economically. In effect, they use merry-go-rounds, popularly known as "*chumias*", to harness funds for their activities. They also address the views and interests of women in areas such as welfare and financial support. Approximately 14 per cent (13.8%) of the respondents mentioned women groups as their main association (see Figure 4.1).

The women groups had membership ranging between 16 and 20 for 91 per cent of the respondents, and 20 to 30 members as reported by 90.9 per cent of the respondents. The members were drawn from friendship associations and women with common needs like HIV/AIDS related problems and business interests.

The study sought to find the requirements for belonging to women groups. For an operator to qualify as a member, one had to be part to a particular activity (metal or wood work) as reported by about 73 per cent (72.9%) of the respondents who mentioned belonging to their specific business activity as a requirement. In this case, the members were females operating in either metal or wood work activities. Other respondents (20%) who held membership among the women groups did not mention any requirement for membership. This applied to women group associations that required members to subscribe to daily contributions ('merry go rounds'). They had no clearly defined association structures; hence, membership was determined by the day's contribution.

Women group members were asked to state the activities that their association was involved in. The activities ranged from marketing and licensing to business training and welfare support. As expected, welfare support was the most mentioned activity (67%) by the respondents. Other activities included marketing, business training, business advocacy and site allocation proportioned at 8.3 per cent each.

Jua Kali associations

Jua Kali associations comprise groups of local artisans with coordinated activities and who have mobilised themselves to support each other in their business environment through an association (Kinyanju, 2006) although there are other associations that were formed through government funding. The former associations are local to the members and therefore represent their needs, they protect their members from harassment by local authorities, improve access to business services and create other benefits like health care. The activity or clusters of business operations usually define membership. In this study however, membership was defined by the activity (metal or wood work).

Kisumu *jua kali* associations claim a membership of approximately 8,000. With the MSI operators asked to name their association and state its type, the proportion of MSIs in *jua kali* associations was 12.5 per cent (see Figure 4.3). In this case, the term '*jua kali* associations' meant the associations that were local to the operators in nature, but part of the umbrella National Federation of *Jua Kali* Association. Thus, there was more than one type of *jua kali* association local to the operators (Mc Cormick *et al.*, 2003).

When asked how many members there were in their main association, the study found that membership in *jua kali* associations ranged between 11 and 15 with regard to the local *jua*

kali associations in Kibuye, which was surprising because metal and wood work activities that were covered were eligible for *jua kali* association membership. The numbers reported were less than expected compared to membership in the Kisumu *Jua Kali* Association, a local level association that forms part of the umbrella National Federation of *Jua Kali* Association. This difference may reflect on the needs of MSIs and the services provided by the other associations. In addition, this may be explained by the requirement by the operators in the study to list an association that was considered main.

The study found that one key requirement to be a member of *Jua Kali* associations was that the operators needed to belong to a particular activity to be eligible (80%). Membership was also inclined to the type of activity (metal or wood work) that the MSIs were involved in. Twenty per cent of the operators reported to participate in the association activities on voluntary basis.

When asked about the activities that the associations were involved in, the operators mentioned site allocation, welfare and financial support. Financial support was most mentioned (70%), followed by welfare (20%), and lastly site allocation (10%). Thus, *jua kali* associations were more involved in addressing financial concerns than they were in welfare and other activities.

Rotating Savings and Credit Associations (ROSCAS)

ROSCAS are social organisations, small and revolve around friends, kinship groups or neighbours. They enable entrepreneurs to easily access financial support through informal networks also known as 'merry-go-rounds' and are generally common among women. They provide welfare support to business operators, besides financial services. Although they comprise female members, and are therefore closely linked to women groups (since they form the basis of formation of most women groups) men are sometimes included. To respond to the question on what type of associations the MSI belonged to, only 8.8 per cent of the MSI respondents reported membership to ROSCAs as their main association. Most operators interviewed in the study did not mention ROSCAs, yet they are common associations. This is because the study required respondents to name only one association that was considered main. Thus, the operators may not have mentioned ROSCAs in preference to the other associations they considered as their main (see Figure 4.3).

MSI operators were asked to state the number of members in their association. The study found that the associations are small and their members were business operators adjacent to the others in the market. Among the MSI operators who mentioned ROSCAs, about 86 per cent (85.9%) reported that membership ranged between 6 and 10, while 14 per cent mentioned membership ranging between 16 and 20. The smallest ROSCA had only 6 members and the largest had up to 20 members.

ROSCA members were asked to mention the requirements for membership. Daily subscription was the most mentioned requirement (at 85.7%). Other operators (14.3%) did not have clear requirements for membership. They mentioned daily membership alongside daily contributions of Kes 200 depending on the need at hand. Hence, to be a member, one had to pay the needed amount at that time. Such contributions would be towards daily council fees charged, garbage collection or supply of other utilities like water at the business sites. Thus, membership of an MSI was determined by an arising need.

When asked to list the activities involved in the ROSCAs, the members reported financial services (57.1%) through 'merry go rounds', welfare support to members (14.3%), licensing of enterprises (14.3%), and marketing (14.3%). As mentioned above, members contributed to facilitate enterprises to acquire licences, address their welfare concerns, or market their products.

4.2.2 Reasons for membership

This section provides data explaining why MSI operators are members of MSI associations. The MSI operators were asked to state the reasons for belonging to their respective associations. Using four categories, the study sought to find out why MSIs chose membership in the association. These categories are: financial, welfare, HIV/AIDS support, and business support. Each category contained options for sub-categories.

Financial

Financial reasons include any form of financial services offered by an association that motivated the MSI to join the association. Some of the services include savings, credit and loans (see Table 4.2).

Table 4.2: Financial reasons for membership

Association	Savings		Obtain credit		Others		No Response	Valid totals	
	N	%	N	%	N	%		N	%
KSTES	34	50	30	44.1	4	5.9	10	68	50.4
Women groups	9	42.3	11	52	1	4.9	11	21	15.6
SMEDO	11	64.7	4	23.5	2	11.9	7	17	12.6
<i>Jua Kali</i>	10	62.5	5	31.3	1	6.3	44	16	11.9
ROSCAs	8	61.5	5	38.5	0	0	11	13	9.6
Totals	72		55		8		83	135*	100.1

Source: Survey data, 2010

* Multiple responses – Total responses exceed the number of respondents because of multiple responses to the question

Half (50.4%) of the respondents reported that they joined KSTES for its financial services. Among these respondents, 50 per cent explained savings as a financial reason for joining, while about 44 per cent (44.1%) gave the reason as to obtain credit services. The last about 6 per cent (5.9%) mentioned training services on financial matters like increasing business savings, loans and better financial management.

Of the respondents who joined women group associations, about 16 per cent (15.6%) gave financial services as reason for joining. This included more than half (52%) of the respondents who stated that they had joined the groups to obtain credit, about 42 per cent (42.3%) who joined to save money, and about 5 per cent (4.9%) who had joined to be members of a microfinance institution that recruited women group associations at the time. Respondents who indicated joining SMEDO for its financial services were 12.6 Per cent. Of these, about 65 per cent (64.7%) mentioned having joined SMEDO to save, and about 21 per cent (23.5%) to obtain credit, while about 12 per cent (11.8%) mentioned being influenced by other previous financial gains by other operators from SMEDO.

The *jua kali* association was joined by about 12 per cent (11.9%) of the respondents for its financial services. Savings was the most mentioned (62.5%) response, followed credit (31.3%), and lastly financial training organised by the association (6.3%).

ROSCAs were the least mentioned (9.6%) by the respondents in this financial category. Of the few respondents who mentioned financial services, savings were the most mentioned response with 61.5 per cent, while credit followed with 38.5 per cent.

Welfare

Welfare in this study refers to services offered to improve the well-being of the MSI operators. Welfare support included school fees, sickness related to HIV/AIDS, funerals household, and normal sickness (see Table 4.3).

In the welfare category, KSTES was the most mentioned association with half (50%) of the respondents. SMEDDO followed with 15.5 per cent *muti kati* associations with 14.1 per cent, women groups with about 12 per cent (11.9%), and lastly, ROSCAs with about 8 per cent (8.3%). Among the respondents who joined KSTES, funeral support was the most (28.6%) mentioned reason followed by HIV/AIDS related sickness (opportunistic infections) with about 26 per cent (26.2%), school fees (21.4%), general sickness (14.3%), and household support (7.1%). About 2 per cent (2.4%) of the respondents said they had no explanation why they joined KSTES.

The respondents who joined SMEDDO for welfare reasons listed school fees support as the leading reasons with about 51 per cent (51.8%). Support during sickness related to HIV (opportunistic infections) followed with 38.8 per cent, and lastly, funeral and household support with about 8 per cent (7.7%).

About 33 per cent (31.9%) of the respondents who joined *muti kati* associations in this welfare category were for school fees benefits and general sickness support. Household support reason was mentioned by 25 per cent of the respondents, while about 8 per cent (8.3%) mentioned funeral support. No respondent reported joining because of HIV/AIDS related sickness.

The reason for respondents who joined women groups in this category was for support during sicknesses related to HIV/AIDS (40%). This was followed by school fees support (30%), household support (20%), and funeral support (10%).

ROSCAs had 71.4 per cent of the respondents reporting to have joined because of school fees support. Support for HIV/AIDS related sickness and funerals were mentioned by 12.3 per cent of the respondents.

Table 4.3: Welfare reasons for membership in associations

Association	School fees		*Sickness		Funeral support		Household support		General/normal sickness		Other reasons		No response	Valid- totals	
	N	%	N	%	N	%	N	%	N	%	N	%	N	N	%
KSTES	9	21.4	11	28.2	12	28.6	3	7.1	8	14.3	1	2.4	42	42	50.3
SMEDC	7	53.8	4	38.8	1	7.7	1	7.7	0	0	0	0	11	13	15.5
Jua Kali	4	33.3	0	0	1	8.3	3	25	4	32.3	0	0	10	12	14.3
Women group	3	30	4	40	1	10	2	20	0	0	0	0	11	10	11.9
ROSCAs	5	71.4	1	12.3	1	12.3	0	0	0	0	0	0	7	7	8.3
Sub-totals	28		20		18		9		10		1		83	84 ^a	100

Source: Survey data 2010

^a Multiple response – total responses exceed the number of respondents because of multiple responses to the question

*Refers to sickness known to operators who were infected from HIV/AIDS and suffered from opportunistic infections

HIV/AIDS support

HIV/AIDS support in this section referred to all forms of support through financial services, business training, marketing, allocation of business sites for entrepreneurs, and provision of employment opportunities to persons affected by the HIV/AIDS problem (see Table 4.4). Persons affected were either those running the enterprises or their immediate family members.

Half (50%) of the respondents said that they joined KSTIS to benefit from HIV/AIDS related services (see Table 4.4). The most common reason (benefit) was financial support for HIV/AIDS affected persons (37.8%). Business training followed with 22.2 per cent, then business marketing with 17.8 per cent, and lastly, site allocation and employment opportunities for HIV/AIDS affected persons with 9.8 per cent. About 4 per cent (4.1%) of the respondents joined KSTIS because other members of the association affected by HIV/AIDS had gained from services offered by the association.

Among respondents who joined MSI associations because of HIV/AIDS support reasons, about 17 per cent (16.7%) were from women groups (see Table 4.6). According to the table, women groups had respondents reporting business training for affected enterprise operators as the most (26.7%) mentioned welfare reason, followed by business marketing and employment opportunities with 20 per cent each. Each of the reasons based on financial services for affected operators and site allocation were mentioned by 13.3 per cent of the respondents. Other operators (6.7%) mentioned moral support as a service offered and gave it as their reason for joining; associations came in to offer condolences when they were aggrieved because of HIV/AIDS. This was a motivating reason for them to join the association and be part of their undertakings.

About 14 per cent (14.4%) of the operators joined *mu kull* associations and SME/DO for their welfare support reasons. As for the former, financial welfare services were reported as the leading (16.7%) reasons followed by site allocation (23.1%), while business training and marketing were mentioned least frequently (15.4%). Nearly half (46.4%) of the respondents who were SME/DO member mentioned financial HIV/AIDS services as the reason for joining, followed by site allocation and business marketing with 15.5 per cent each. Last were business training, employment opportunities.

Other reasons for joining a network support group were mentioned by 7.8 per cent of the respondents. ROSCAs were mentioned by 1.4 per cent of the respondents who joined MSI associations for its HIV/AIDS related services. Of the respondents who joined ROSCAs, 75 per cent joined for financial reasons while 25 per cent joined for business training services.

Business support

In this study, business support refers to reasons given by the respondents for joining associations. The reasons are in the form of such business related assistance as offering business training, allocating business spaces, initiating income projects, sharing business information, and providing business advocacy (see Table 1.5).

Nearly half (46.2%) of the respondents who joined their associations because of business related reasons belonged to KSIFES. The respondents who were members of women groups were 15.9 per cent, while *jua kali* and SMI DO associations had 15.2 per cent each, and ROSCAs had 7.6 per cent.

Business training was the response given by 27.9 per cent of respondents who mentioned KSIFES. Other reasons mentioned were assistance in business development through projects and obtaining business sites each with 19.7 per cent. Sharing of business information (13.1%), starting income generating activities (11.5%) and business advocacy (6.6%) were other reasons given by KSIFES members for joining. About 2 per cent (1.6%) of MSIs stated other reasons for membership as joining by virtue of operating the business and joining through their clans.

The predominant business reason for joining women groups was to enjoy business development services (38.1%) followed by obtaining business sites (23.8%). About 14 per cent (14.3%) of respondents said they joined women groups because of sharing business information while about 10 per cent (9.5%) mentioned business training and advocacy services. The least (4.8%) mentioned reason was to start income generating activities. This was because most of the business operators were already running businesses when they joined the groups, apart from the seven who joined to start their businesses.

Jua kali association members joined largely for business training purposes (30%), followed by business development services (20%) and obtaining business sites (20%). Business advocacy (15%), sharing business information (10%) and starting income generating activities (5%) were at the bottom.

Table 4.4 HIV/AIDS related reasons for membership in associations

Association	Financial		Site allocation		Business marketing		Business training		Employment		Others		No response	Valid totals	
	N	%	N	%	N	%	N	%	N	%	N	%		N	%
KSTES	17	37.8	4	8.8	8	17.8	10	22.2	4	9.8	2	4.4	38	45	50
Women groups	2	13.3	2	13.3	3	20	4	26.7	3	20	1	6.7	8	15	16.7
Jua Kali	6	48.2	3	23.1	2	15.4	2	15.4	0	0	0	0	7	13	14.4
SMEDO	6	46.4	2	15.5	2	15.5	1	7.8	1	7.8	1	7.8	7	13	14.4
ROSCAs	3	7.5	0	0	0	0	1	2.5	0	0	0	0	10	4	4.4
Valid Sub-totals	34		11		15		18		8		4		70	90 ¹	99.9

Source: Survey data, 2010

Multiple response – Total responses exceed the number of respondents because of multiple responses to the question

Table 4.5 Business support reasons for membership

	Business training		Business advocacy		Sharing business information		Assist in business development		Obtain sites		Income generating activities		Others		No Reason	Totals	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	N	%
KSTES	17	27.9	4	6.6	8	13.1	12	19.7	12	19.7	7	11.5	1	1.6	85	61	48.2
Women groups	2	9.5	2	9.5	3	14.3	8	38.1	5	23.8	1	4.8	0	0	23	21	15.9
Jua Kali	8	30	3	15	2	10	4	20	4	20	1	5	0	0	22	20	15.2
IMEDO	6	30	2	10	2	10	5	25	3	15	2	10	0	0	20	20	15.2
ROSCA	3	30	0	0	0	0	1	10	5	30	1	10	0	0	28	10	7.6
Sub-Totals	34		11		15		30		28		12		1		178	132 ^a	100.1

Source: Survey data 2010

^a Multiple response – Total responses exceed the number of respondents because of multiple responses to the question

Those belonging to SMEEDC mentioned business training as the most common (30%) reason for joining, followed by respondents who joined for business development services (25%) and obtaining sites (15%). The remaining respondents cited business advocacy, sharing business information and starting income generating activities with 10 per cent for each.

Half (50%) of the respondents who joined ROSC As mentioned obtaining business sites as their main reason. Business training was mentioned by 30 per cent of the respondents, while 10 per cent mentioned business development services and starting income generating activities.

4.3 Services Received from Associations and Related Benefits

This section responds to the third research question concerning the forms of support that the associations offered to businesses to cope with HIV/AIDS related problems, and the benefits of these services. MSI associations support operators affected by HIV/AIDS related problems indirectly by offering the needed services, which were in the form of welfare, financial, advocacy and business development.

4.3.1 Welfare services addressing HIV/AIDS related problems

Welfare services improve the well-being of affected business operators. They are measures that associations put in place to address the needs arising from the effects of HIV/AIDS. As reported by the respondents, these welfare services include support during funerals, support during sickness, support of households, and support for school fees (see Table 4.6, and Appendix 3, Table A11).

Table 4.6: Welfare services addressing HIV/AIDS related problems

Types of welfare services	Totals (N)	Percentage (%)
Support during funerals	25	30.5
None	14	17.0
School fees	11	13.4
Household support	11	13.4
Others	11	13.4
Support during sickness	10	12.2
Valid sub totals	82 ^a	99.9
No response	78	

Source: Survey data 2010

^aMultiple response – Total responses exceed the number of respondents because of multiple responses to the question.

The most common welfare service offered to enterprise operators had 30.5 per cent of the responses. Those MSE operators who were affected by HIV/AIDS problems were supported during bereavement enabling them to transport mourners, arranging for funeral spaces, feeding the mourners and paying other funeral expenses. KSTTS association was most mentioned to have supported MSE operators during funerals. However, a considerable 17.0 per cent of the responses reported receiving no form of assistance from their associations despite experiencing some welfare related problems associated with HIV/AIDS, which affected their business operations. The reason given was that the particular associations lacked the capacity to address the problems such as not having enough money and lacking the solutions to the problems presented. In a number of cases, the problems went unreported by the affected MSE operators in which case then the associations were not aware of the problems that needed their attention.

Other welfare support offered were with regard to household, which constituted 13.4 per cent of responses, payment of school fees (13.1%), and support during sickness (12.2%). MSE operators were provided with foodstuff and other household goods through home visits. Those with dependants in school had their education paid for, while ailing MSE operators or their dependants were assisted in joining HIV/AIDS social networks to benefit from psychosocial support.

The operators described funeral support as the most recognisable problem even with sickness from HIV/AIDS and school fees. Sickness problems, need for school fees and household support problems went unnoticed or went overtly unexpressed by the MSE operators to the associations. Other respondents (13.1%) cited welfare services that were to enable the affected MSE operators to address stigma issues through work based sensitisation sessions. The operators were trained on hygiene and sanitation, prevention of mothers to child transmissions, and HIV prevention among apprentices. The training sessions offered mainly by NGOs and Municipal Council of Kisumu were especially for female MSE operators who earn very low incomes. Earning a low income is likely to drive an MSE operator to seek for alternative ways of surviving, which are likely to be associated with more risks of HIV/AIDS transmission rendering the operators more vulnerable to HIV/AIDS infections.

The operators interviewed explained the nature of welfare services that were provided. For example, there was Kibuye Widows Group, a type of a women's group consisting of women running enterprises in Kibuye Market. The group collaborated with Kenya Network of Women with HIV/AIDS (KENWA) to organise for childcare centres to help households affected by

AIDS keep up their jobs or businesses. The widows dropped their children at the day care centres to attend to their enterprises. The fee paid was less than the average in other schools and centres. The centres also served as a forum for meeting and encouraging one another. The moral support offered was implemented via programmes supported by NGOs, especially KENWA.

Another example of welfare services offered by an association is Kibuye Wadute Self Help Group, a *jiu kati* association (see Box 4.1). This was as explained by an MSI operator holding one of the leadership roles in the association.

Box 4.1 Welfare support from Kibuye Wadute Self Help Group

Mary Atieno* was devastated to learn that she was HIV-positive. She was contemplating abandoning her businesses after constant episodes of sickness that used up her entire investment through health related costs. Nevertheless, through the initiative of her association leader and Kibuye Wadute Self Help Group, she took the initiative to link up with others in the same situation. She had this to say, 'I am HIV positive, but I'm positive about my work, business and life. My association took care of everything while I was in hospital and while I was not feeling well. We stand with each other and promote our well-being as well as that of our businesses.'

*Real name withheld to protect identity of person

Source: Survey Data 2010

MSIs received welfare services indirectly through associations. The support that was extended went mostly to the operators working within the MSIs and by extension to immediate family members.

Benefits of the services

Respondents were asked how they benefited from the welfare services offered. They mentioned having benefited from improved well-being of the affected operators, having established links and networks to address HIV/AIDS among the affected MSIs, and having organised group associations for affected members. Out of the total 240 responses, 75 responses reported improved health of the affected enterprise operators and their close family members as the leading benefit, which represented 31.3 per cent and is evidenced by personal testimonies provided by some operators (see Boxes 4.1 and 4.3).

The next most (27.1%) frequently mentioned benefit was improved general well-being of the household members. Business operators were supported through provision of foodstuffs, household goods and moral support, and hence the affected persons experienced improved well-being together with their families. Such improvement of household members was beneficial as it enabled affected operators run businesses without extra costs directed towards medical expenses.

Acceptance of business operators living positively and reduced stigma associated with HIV/AIDS was mentioned in 15.8 per cent of the responses with about 17 per cent (17.1%) of the total responses reporting promoted links by associations as another benefit. In this case enterprises through the support of associations, increased their networks with HIV/AIDS NGOs, microfinance institutions, micro-insurance services, other associations, and the local municipal authorities. This promoted better service provision and raised more awareness of entrepreneurs on how AIDS affects them.

Five key informants in selected associations reported networking with National Aids Control Council (NACC), Kenya Network of Women with AIDS (KENWA), Ministry of Culture and Social Services, NGOs like USAID, CARE Kenya and CID-KIMRI. These organisations provided the affected MSF operators with essential services like counselling, health education, support groups, business skills training, and measures to address stigma at work.

About 7 per cent (6.7%) of operators reported of an established welfare group as a benefit they received from the welfare services. Welfare groups enabled the operators address stigma issues. Five self-help groups identified in the study began to address the stigma issues by promoting a sense of belonging (organised through welfare groups) of affected enterprises. These were Kibuye Wadute Self-help Group, Dalati Self-help Group, Matuliki Wema Self-help Group, Kibuye Widows Group and Kibuye Self-help Group. Acceptance and reduced stigma were important at the work place as they enabled the operators to sell more goods and operate freely within the market.

Of the total respondents, 5 (2.1%) were offered trainings on HIV/AIDS counselling, behaviour change education at the work place, condom supply, and sensitisation on care and support by enterprise workers. In addition, local authorities enhanced awareness that promoted better business environment for enterprise operators affected directly by HIV/AIDS.

4.3.2 Financial services to address HIV/AIDS related problems

In this study, financial services refers to money offered to start a business, established saving schemes, money lending and other services addressing HIV/AIDS related problems (see Table 4.7).

Table 4.7 Financial services addressing HIV/AIDS related problems

Financial service	Totals (N)	Valid percent (%)
Credit loans services	48	37.8
Start up capital	38	29.9
Savings	28	22.8
None	7	5.5
Others	5	3.9
Valid sub-totals	127 ¹	99.9
No response	33	

Source: Survey data 2010

¹Multiple responses – Total responses exceed the number of respondents because of multiple responses to the question

Out of the 80 enterprises comprising the sample, 7 reported not to have experienced financial related difficulties resulting from HIV/AIDS problems. This was because there were no medical costs incurred. The remaining enterprises gave a total of 127 responses concerning financial services (see Table 4.7), which included credit or loan services (37.8%), start up capital (29.9 %) and savings (22.8%). Other financial services mentioned (consisting 3.9 %) were associations paying operating expenses like local authority charges, site utility bills, supply, and marketing costs.

About 6 per cent (5.5%) of the responses indicated that the respondents did not receive any form of financial support to address HIV/AIDS problems. The respondents reported that the associations were not able to address the problems they experienced or sometimes the respondents did not report the problem on time. In other cases, the operators indicated having not been offered credit facilities to revive their affected enterprises due to poor history in repayment. In a different case, the service was not provided due to the poor relation that the owner of the enterprise had with the association leaders, the respondent stated that there was no trust or good relation to enable the MSF operator to seek the finance services. The respondent

further stated that the leaders opted not to support the owner as a form of disciplinary measure for lack of participation in the association's activities.

Financial support services to MSE operators were mostly given during emergencies. One operator almost lost his only business assets—the welding and metal cutting machines—to meet his financial needs because of his deteriorating health, accompanied by increasing medical costs. To address his financial problems, Kibuye *Jua Kali* Association liaised with a microfinance institution and offered him an emergency loan. He was able to recover his machines as well as pay for his medical bills, thus continuing his business. As this example shows, the associations offered financial services through collaboration with MFIs.

Another example involves the collaboration between Kenya Women Finance Trust (KWFT) and a *jua kali* association, Bahati Self Help Group. This group consists of women affected by HIV/AIDS and engaging in entrepreneurship. Its relationship with KWFT provided financial assistance to businesses through loans and credit services as either start-up capital, as support for MSE operators who had closed down the business, as capital for re-investment, or as a form of security for operating businesses.

Savings as a financial service was encouraged by the MSE associations to safeguard businesses. However, it is worth noting that more often than not the savings collected from MSEs were towards membership requirement and business support, and not necessarily for HIV/AIDS related problems. MSE operators also reported that, during such times when HIV/AIDS affected businesses, the affected enterprises established a special fund in liaison with associations directed towards addressing costs associated with HIV/AIDS. For example, Kibuye Self Help Group and Kibuye *Jua Kali* Association (*jua kali* type of associations) had a special account for supporting development of businesses affected by HIV/AIDS through organised business financial training, which included topics on HIV/AIDS. MSE operators, who were members of associations, contributed into the accounts to facilitate the sessions. Support was also received from other stakeholders like United States Agency for International Development (USAID), the World Bank and Society for International Development (SID).

The practice of fundraising among operators when there were reported cases of MSEs affected by HIV/AIDS was common. It is arguable that most MSE associations responded to address only reported problems, justifying such special contributions or ketties (see Box 4.2).

Box 4.2: Example of financial support service

Mama Lorna's* testimony: "I learnt how HIV and AIDS can affect my business and that I need to think ahead and be prepared. I have heavily invested in savings. I did not have money then. All I had had been used in medication, yet I did not have savings. Luckily, I belonged to an association that enabled me to resuscitate my business through members' contribution. They paid for my licence. God bless them!"

*Real name withheld

Source: Survey data, 2010

Benefits of the services

Benefits of financial services included gains through improved business finances, such as savings, loans, acquisitions, individual savings schemes, better use of business finances and improved management. A total of 82 responses were received.

The largest number (38.3%) of the responses reported gaining from advice on financial management. They were trained on the importance of group savings as opposed to individual savings. In addition, they were trained on ways of selecting loans with low interest rates, using a book of accounts to manage business money, and supply and marketing using associations as opposed to individual business.

Another financial benefit reported was increased access and use of credit and loan facilities, which accounted for 25.4 per cent of responses. Operators reported that they accessed low interest rate loans unlike before when they sought loans from finance institutions individually. With the support of associations, loan procedures were simplified and interest rates lobbied to affordable rates. Omondi (not his real name), who ran a successful business with three employees in wood and timber, had taken a loan of Kes 30,000 from Fambul Kenya, which enabled him to buy more supplies in bulk and allowed him to take advantage of wholesale prices and hence make larger profits. The loan was advanced through Kibuye Self Help Group where they teamed up as five operators within the association and applied for a loan of Kes 150,000. The money and the interest rate were shared equally among the five operators, an approach Omondi considered as more realistic and flexible than sourcing for loans individually.

Another benefit was the savings schemes that were established from financial service offered. Approximately one quarter (23.0%) of responses reported establishing saving scheme through their associations. The scheme was to benefit MSF operators affected by HIV/AIDS. All along it

was not possible to provide specific saving plans directed to address HIV/AIDS since the operators have always had various saving schemes in place. Nevertheless, using Onondi's example, we see a form of an established saving plan. He stated:

As a result of the loan offered, my savings increased. To ensure security for more loans from Paula Kenya, we started a saving plan from the business profits and deposited them with an account we opened with Paula to guarantee us future loans. The account is still operational. On average, I deposit close to three thousand shillings – a month.

Another example of a saving plan that was established was a special kitty called welfare payments to support operators and their family ailing from HIV/AIDS. An official from Kibuye Wadute Self Help Group (a type of KSTHS association) reported to have welfare kitties separate from the normal contributions made to associations. About 12 per cent of responses reported that the savings schemes led to increased individual savings. This was the least mentioned benefit, because HIV/AIDS saving schemes that were introduced did not have enough money more than the saving plans that existed before as reported by five operators. The saving schemes only gained the operators who were directly affected by HIV/AIDS.

Less than 2 per cent (1.2%) of the responses reported to have benefited financially from grants, financial gifts and allowances extended to them through associations by NGOs. These were often unexpected financial gains, resulting from the associations' active involvement in supporting MSIs. The support enabled some of these operators rebuild their businesses after closure or increase their investment through re-stocking.

4.3.3 Advocacy services

Advocacy services include representation and public support measures for MSIs affected by HIV/AIDS related problems. According to the MSI operators, the advocacy services offered by associations were in liaison with NACC, CDC, KEMRI, USAID and CARE Kenya amongst other NGOs and agencies. These institutions supported the associations' advocacy services through donor funds, technical support and other resources.

According to the study, HIV/AIDS related problems were advocated through better policies, sites and anti-stigma campaigns (See Table 1.8).

Table 4.8: Advocacy services addressing HIV/AIDS related problems

Advocacy services	Totals (N)	Percentage %
Campaign for better policies	51	40.8
Campaign for site services	43	34.4
Discrimination at the work place	18	14.4
None	13	10.4
Valid sub-totals	125 ^a	100.0
No response	35	

Source: Survey data, 2010

^a Multiple response – Total responses exceed the number of respondents because of multiple responses to the question

The most common HIV/AIDS related advocacy service was campaigning for better policies (see Table 4.8). About 41 per cent (40.8%) of 125 responses indicated that the operators' association tries to campaign for improved policy environment for affected MSIs. Some responses (34.4%) indicated the MSI associations involved in advocacy through campaigning for business sites targeting local authorities. They protected affected MSIs from harassment when they failed to pay daily charges. The response highlighted how affected operators who were living positively reported having obtained their business sites through lobbying done by their association. An example was given by Kibuye Wadute Self Help Group (a *juu kati* association), which had provided ten sites for its members, three of which were running coffin shops (wood work). They lobbied with Kisumu Municipal Council and were assigned kiosks along the Kisumu-Kakamega road. The operators noted that it would have been impossible to approach the council officials individually for the spaces.

Another form of advocacy services rendered to MSIs affected by HIV/AIDS was the representation of workers discriminated at work by employers. About 14 per cent (14.4%) of the responses indicated discrimination of operators at the work because of their perceived HIV/AIDS problems. The associations represented operators who were discriminated against by advocating fairness and voicing their grievances. In one response, a person reported how a colleague was dismissed from work for failing to report for two weeks due to HIV/AIDS related ailments. In addition, the workers' terms were poor (low salaries) because the business profits were low. It was difficult to sustain the business' financial requirements with the low profits. The matter was handled by worker's association by ensuring the MSE worker was given sick

leave. MSIs that experienced losses due to a worker's sick-ill, had the association lobbied for them for financial support from MFIs. In another example KSTHS took up a licensing problem of an enterprise with the local municipal council. The enterprise had been closed after it failed to renew its licence, but KSTHS had the arrears paid.

Mania Lorna (see Box 4.2) gave another example observed by MSI operators, when she almost lost her premise to the local authority due to delayed payments. However, the association made her situation known to the authorities and the outstanding rates were reduced to an affordable cost. She was able to recover her business space.

Some responses (10.4%) indicate that there were some who were affected but did not receive advocacy services. The MSI operators claimed to have raised the problems with the associations and no action was taken. Some of the problems include putting HIV testing centres in the sites, training of MSI operators as peer educators, establishing medical insurance schemes on site, and establishing medical clinics.

Benefits of the services

Because of the advocacy services provided to MSIs, about 46 per cent (35.5%) of the total 152 responses indicated they had gained through fair treatment by the local authority staff of the Kisumu City Council. This meant that harassment cases from the local authority staff were minimal. About 30 per cent (30.3%) of the responses obtained business sites for operating their businesses, while 25 per cent obtained licences to run their businesses. The remaining 14 of the responses (9.2%) reported benefiting through anti-stigma campaigns at business sites. This curbed discrimination of persons living positively at the sites and enabled recognition of rights of infected persons at the market. The associations championed the plight of operators, who had suffered in one way or another from discrimination as a result of HIV/AIDS, thereby creating awareness of the impact of the scourge on businesses.

4.3.4 Business services

Business services are primarily market based approaches by associations designed to address MSI problems (HCO, 2007). HIV/AIDS related business service refers to a measure put in place to address HIV/AIDS related problems affecting MSFs; hence, the services offered used business approaches and were through planned business activities, like business training, information sharing and skills training. Thus, besides operators learning about business matters, they were also able to understand HIV/AIDS in the context of a business environment. They

learn how businesses could survive after experiencing the effects of HIV/AIDS so that they acquired basic information and skills to address the business problems related to HIV/AIDS in the MSE sector.

Respondents from the MSE enterprises were asked to indicate business services offered from their associations because of HIV/AIDS problems that were reported by the operators (see Table 4.9).

Table 4.9: Business services addressing HIV/AIDS related problems as reported by operators

Types of business service	Totals N	Valid percent %
Business information services	41	34.4
Manpower employment	25	21.0
Skills training	21	17.6
Marketing services	20	16.8
None	7	5.9
Infrastructure support	4	3.4
Others	1	.8
Valid Sub totals	119 ^a	99.9
No response	41	

Source: Survey data, 2010

^a Multiple response – Total responses exceed the number of respondents because of multiple responses to the question.

Approximately one third (34.4%) of the 119 responses indicated receiving business information services from associations, followed by 21.0 per cent of the responses who indicated work force recruitment services. It is worth noting that business services through information services took many forms, but the approach used by the associations to offer the service is what stood out most. Respondents reported that associations organised trainings for MSE operators in which business information on topics that addressed effects of HIV/AIDS on businesses was shared. The topics covered how HIV/AIDS affects business costs, ways of managing the problem, and ways of creating more awareness.

Another example as explained by an operator belonging to Kibuye Market Association (a *kuu* type of association) was that their association made and distributed brochures to all MSEs in

the market. The message on the brochures included the importance of addressing HIV/AIDS challenges as they affect enterprises and the ways of seeking support. In addition, posters designed through the support of ILO with messages sensitising MSI operators on effects of HIV/AIDS on businesses were placed on business stalls in the market. Business information services thus covered areas like access to credit, capital and ways of diversifying businesses/incomes as enterprises struggle with HIV/AIDS related problems. It touched on how MSIs can acquire better financial management skills and a savings culture, enterprise preparedness for future emergencies because of HIV/AIDS, and obtaining information on treatment for HIV/AIDS and care giving.

In this study, manpower employment in the enterprises refers to association assisting ailing workers or operators who are dismissed from work getting employment in other MSEs. Another reported example was an enterprise that was faced with the absenteeism problem and sought support from the association to replace the absent worker. The recruited operators were employed as casuals or as trainees and it was explained to them that the jobs offered ensured that it was agreeable with their health status, such as not performing heavy duties. The association used placement registers to communicate open vacancies to the members informally through their social networks. This arrangement was useful to workers who were too ill to seek employment. Prior arrangements with the MSI enterprises were made to notify the potential employers of available workers to reduce cases of stigma and discrimination. One of the workers narrates his experience with Kibuye Entrepreneurs' Development Group (a SMFDO association), telling how it helped him become a member of the association as well as join the metal works industry (see Box 4.3).

Approximately 18 per cent (17.6%) of the responses indicated business management skills training and about 17 (16.8 %) indicated marketing services as other services received from the associations. Skills training included imparting talents to MSI operators to enhance their business management skills. The skills, as reported by operators, included book keeping, auditing, stock taking, expense management, cash flow management, and sales and marketing.

Box 4.3: Example of manpower employment

Odhiambo* narrates his experience with SMEDO

'I once worked with an engineering firm in Nairobi's Industrial Area as plant operator. I did not think I would be affected by HIV/AIDS until the day we were requested to do medical tests. This led to dismissal from duty a year later. I was devastated, went and stayed home for six months without a job. A close friend advised to join the MSE sector through which I would enjoy many benefits through association membership. Kibuye Self Help Group was establishing itself then and they were in need of members. I paid the needed contributions through a loan and automatically became a member.

As part of the gains, one of the leaders had a big enterprise where he allowed me to assist in small duties as I learnt more on the job. I was rewarded for services rendered based on the day's sales. With time, I was hired as a full-time worker and salaried. The savings accrued enabled me buy assets, pay for skills development sessions, enrol in other associations, and boost my health. After three years I was able to start my own business which is running to date. I still get significant support from the association. We have projects for HIV/AIDS workers through collaborations with NGOs.'

* Not his real name

Source: Survey data, 2010

There was training for technical skills development in carpentry for youths in Kibuye Market, which was an empowerment programme for young people in businesses and targeted young men and women in apprentice programmes. Operators were required to pay a membership fee, and then they were placed in a study cluster for skills development and social networks. This was a requirement for new persons interested in being part of SMEDO association. The initiative by SMEDO was beneficial to persons affected by HIV/AIDS and entering the MSE sector as they guaranteed employment. Together with other organisations, the associations organised to facilitate training and skills development. KENWA with partnership from CARE, Kenya and USAID facilitated a number of associations to recruit HIV/AIDS infected persons, members of affected households, or operators with closing premises for skills trainings in business management.

About 6 per cent (5.9 %) of the respondents said they did not receive the business services addressing HIV/AIDS problems. The reason they gave was the various challenges that they

need, like increased hospital bills that led to reduced business output. Infrastructure support services were highlighted by 34 per cent of the responses where respondents reported that their enterprises were provided with water, electricity and link roads to facilitate their smooth running. Associations organised enterprises to lobby for the needed services through the support of MFIs that provided financial assistance. In some cases, there were groups of people living positively with HIV/AIDS organising to supply the water services to other enterprises at a fee. An example that was given by the interviewed operators was Marafiki Wema Self Help Group. These are operators affected by HIV/AIDS who, besides running business, lobby other enterprises to access utility services at the business sites through the support of World Bank in form of funding.

In about 1 per cent (1.2%) of the responses, it was reported as not having received business services. The respondents explained that the enterprises were new and had not been operational long enough to participate in Kibuye associations.

Finally, less than 1 per cent (0.8%) of the responses indicated using promotional activities in their trade. MSFs participated in trade fairs and exhibitions to promote their goods as well as to champion and advocate HIV/AIDS prevention measures. The trade fairs were arranged by their associations to empower the businesses of persons affected directly by HIV/AIDS. An example is an MSF operator who made coffins and promoted them to increase sales through a business exhibition organised with anti-stigma HIV/AIDS messages.

Benefits of the service

Business services that were offered to affected enterprises enabled them to benefit in many ways. About 28 per cent (28.1%) of 210 responses reported to have benefitted from business skills training closely followed by 57 (27.1%) responses from operators who received business information on HIV/AIDS. The training sessions were conducted through workshops, seminars and workplace skills programmes. The topics covered included keeping business records, living positively within the business environment, raising business income levels, creating new business opportunities, and using credit and savings schemes. There was an example of an operator who benefitted after going through successful business training and this led him to venture into farming besides running the metal works business. He planted vegetables in small quantities in a Kisumu suburb, which enabled him put back the small profits gained from the sale of the farm produce into the wedding business, his main source of livelihood.

In this study, business information updates as a benefit refers to information on business opportunities available, market trends and investment schemes. The information shared was either through the training sessions, posters on business stalls or through forums organised for business operators. The operators reported that the information received enabled them start new income generating activities like small holder farming, selling nutritional supplements and selling water to supplement their incomes.

Another benefit derived was increased business output as indicated by 10.5 per cent of the total responses. Respondents reported that the businesses performed better after interventions were put in place to address HIV/AIDS related problems. Similarly, approximately 12 per cent (11.9%) of the total responses indicated an increase in the output of metal and wood work end products.

In cases where MSEs required skilled staff, the associations recruited new staff on their behalf. About 10 per cent of the total responses indicated that operators were able to hire new staff through their association. A book held by the association had vacancies and opportunities (placement register) for employment. Those seeking the service paid a fee. The services enabled MSEs to get trained workers from the associations (see Box 4.3).

About 5 per cent (5.2%) of the responses reported operators to have benefited from establishing income generating activity and technical training. Four responses, representing 1.9 per cent of the total responses, explained how business operators had their business information published in journals and on the web as success stories of HIV/AIDS intervention at the work place. As a result, their business activities attracted more support in terms of gifts and promoted distribution of goods through NGOs. One enterprise had its goods (desks) sold through an NGO to a school, the association facilitated the operator to procure a tender from a school sponsored by the NGO. This promoted business sales for the said operator.

4.4 Association's Challenges

Respondents were asked to mention one challenge that hinders associations from addressing the problem of HIV/AIDS affecting that affected the MSEs. From the responses, the challenges were lack of enough funds to address the problems; management and leadership problems with the associations, operators' lack of commitment to the problem of HIV/AIDS; lack of time for meetings; unreported cases, and, non recognition of the problem as serious to the MSF sector.

Lack of adequate funds (22.4%), poor management and leadership styles (21.2%) were the most mentioned challenges faced by the associations (see Table 4.10)

Table 4.10: Challenges faced by associations

Challenge	Frequency	Percent (%)
Lack of adequate funds	19	22.4
Poor management, leadership styles among the associations	18	21.2
Lack of commitment by members of the associations	13	15.3
Lack of time to hold such HIV/AIDS meetings	12	14.1
Few members come up to report the problems	11	12.9
HIV/AIDS not recognised as a serious problem	7	8.2
Totals	80	100

Source: Survey data, 2010

Operators who reported lack of funds explained that either members had failed to honour their periodic contributions or the costs needed to address the enterprise problem were high and were beyond the available funds. They said that some of the HIV/AIDS reported cases were sudden such that the associations had no or little money to contribute. However, in case the problem was shared early enough, the operators were able plan for adequate funds to address it.

Poor management and leadership styles, as reported, were described as occasioned by the many wrangles that faced leaders of association. Respondents reported not trusting their leaders well enough to address the HIV/AIDS problem. Operators reported cases of leaders accused of mismanaging funds from the donors, which further reduced the level of trust of other operators who are members of the associations. Respondents also reported that leadership had camps so that the reported problems were channelled to the most trusted camps. An example is Kibuye Widows Group (*it jua kili* association) where some HIV-positive colleagues suffered discrimination from fellow members. This is because one of the leaders disclosed the status of the infected members to the rest of the group. As a result, the association split into two: those who were HIV-positive and those who were not. This affected their funding and support from NGOs and also members' contributions.

Lack of commitment by members was mentioned as a challenge and constituted 15.3 per cent of the response from members of associations operating the businesses. They complained having little time to spend on planning meetings. They reported to be too busy to afford to meet weekly. In addition, little time for planning meetings was reported as a challenge on its own by 14.1 per cent of the operators claiming to be too busy to hold such meetings for addressing the problems. One example involved the business training sessions, which had been organised in collaboration with another organisation. They took very short sessions (two or three hours), had no clear calendar of activities, and had no results to take home. Apparently, the planning by leaders was poor and operators failed to attend or came in only briefly. Whenever they attended meetings, usually planned during working days, they were too tired to give the meetings the needed attention, or they were in a hurry to resume work. It was also noted that unless the cases were grievous and noticeable, like the death of an operator or a closed business, they did not give reported cases much consideration. The effects of this were that operators failed to report HIV/AIDS related problems that they experienced.

Unreported HIV/AIDS problem was another challenge observed by the operators (12.9%). The problem was closely related to non-commitment, as one led to the other. The operators reported having the problems addressed directly by NGOs working on HIV/AIDS cases, and not the MSI associations; as the operators reported, the NGOs were readily available and had the capacity to look into their plight.

Finally, about 8 per cent (8.2%) of the operators do not recognise HIV/AIDS as a serious problem to their businesses. They still hold a firm belief that it is an issue outside business operations and one that requires family intervention. This was explained by the high levels of stigmatisation, which meant that MSI operators would not wish to be visibly associated with any organised HIV/AIDS training programmes. Hence, most associations, like Kibuye Market Neighbourhood Development Group (a type of SME/DO association) agreed to have HIV/AIDS presented in "small bits" at each business training session to create awareness of the literacy and entrepreneurial classes offered.

Chapter Five

Summary, Conclusions and Recommendations

This chapter is presented in three parts. First is the review of the most important findings on the services that associations are providing to enterprises to address HIV/AIDS. The subsequent section will then look at the theoretical implications of the study. Thereafter, the main issues arising from the study will be discussed and recommendations provided.

5.1 Summary

The study explored the role played by MSE associations in addressing HIV/AIDS related problems amongst selected enterprises. Initial field research was conducted in August, 2009, and a repeat study was done in January, 2010, in Kibuye Market, Kisumu City. Quantitative and qualitative methods of research were used.

The enterprises under study were metal and wood work MSEs located in Kibuye Market. In response to the first research question, the study investigated the characteristics of MSE operators. They included both owners (72.5%) and long serving employees (27.5%) who are knowledgeable about the respective businesses. The findings of the study were that: the mean year when enterprises were established is 2002; the mode of enterprises workers is three; there were more male operators than females, more than half of the operators were married; and, the modal age of the MSE operators was 34 years.

The study investigated the characteristics of the associations and what motivated operators and their enterprises to join them. This was in response to the second research question. The findings were that all operators belonged to associations, which included two specific ones, KSTES and SME DO, and three groups of associations, namely *juu kati*, women group and ROSCAs. KSTES and SME DO had more than half of the enterprise operators as members, while ROSCAs had the least membership. MSE associations' activities were marketing, welfare, business training, advocacy, licensing, site allocation, and financial support activities.

To be a member of an association, one was required to pay registration fees, participate in enterprise organised business activities or be part of a particular trade or activity; in this case, it was metal and wood work. In some instances, MSE operators were required to pay daily subscription for daily membership. Lastly, some operators had their membership driven by close friendship ties or attraction from previous benefits gained by other MSEs.

The study established reasons that motivated MSE operators to join MSE associations. Financial services were mentioned by operators as the most motivating reason; they joined to save and receive financial training that was offered. Among the welfare reasons, operators joined for funeral support, support during general ailments and other diseases related to HIV/AIDS, and to receive school fees support. The business reasons for joining were: to receive business training, to access business development services, and to obtain business sites for enterprises.

The study also investigated the forms of support that associations offered businesses to help them cope. Among the welfare services addressing HIV/AIDS related problems, support during funerals was the most prominent (30.5%). Others included the following: household, school fees and support during sickness. The benefits obtained were: improved health and general well-being of household members; promotion of external links by associations, which increased access to HIV/AIDS support services from NGOs, micro-insurance companies, other associations and the local municipal authorities, intensified training on HIV/AIDS; and, increased awareness and response by the local authorities on operators affected by HIV/AIDS. Financially, MSEs received, credit and loans services start-up capital and savings as the leading financial services offered to address HIV/AIDS related problems. Other services were: payments for site utility bills, local authority charges, supply and marketing costs. Some responses (5.5%) failed to receive services offered as they did not qualify (e.g., for the credit services), and because of poor relationships existing between the MSE owner and associations.

The benefits from the financial services on MSEs included advice on financial management on loans acquisitions, use of books of accounts, and supply and marketing of goods using associations. The increased access to credit and loan facilities, established saving schemes, grants and financial gifts enabled MSE operators rebuild their businesses. Advocacy related services that MSEs received from their associations were campaign for better services and for business sites from local authorities. Members obtained sites for business operations and were able to advocate better treatment from local authorities for members who had suffered directly because of HIV/AIDS. Advocacy services resulted in fair treatment, reduced harassment by the local authorities, acquisition of business sites, acquisition businesses licences, and reduced levels of stigma and discrimination, especially by employers.

MSE operators acquired more knowledge on effects of HIV/AIDS from the information shared with them as a business service. The HIV/AIDS information shared included the following: information on credit facilities, financial management, business opportunities available and costs

of HIV/AIDS on businesses. In addition, there was training and recruitment of HIV/AIDS affected persons, creation of employment opportunities were created, and organising of trade fair promotions by the associations. Some operators (3.4%) received site utilities like water, electricity, and roads. The operators whose enterprises suffered, but did not receive services explained that they had not reported the matter with their association, while some were already serving loans, or did not consider the problems important to be addressed through the association.

The benefits from business related services included business training skills, information on businesses for increased output, and new skilled staff employed through assistance of their associations. Some of the responses (1.9%) had their business information published in journals, and websites about the success measures that they had put in place to address HIV/AIDS. The publicity brought more businesses to the enterprise through promoted markets.

In summary, the MSE workers and owners considered the associations to have greater role to play in addressing HIV/AIDS in the MSE sector than other institutions such as NGOs, local authorities and MLAs. They have confidence in the associations as vehicles through which the problems of HIV/AIDS affecting the sector can be addressed.

The study identified challenges that faced the businesses and how the businesses wanted the associations to help them meet the challenges. Associations lacked adequate funds and resources to address HIV/AIDS reported problems. Poor management and leadership styles among leaders of associations experienced through the ever looming wrangles within the leadership led to poor commitment by members of the associations. In addition, MSE operators were often busy running enterprises, thus they had little time to attend HIV/AIDS organised meetings. This results in few members sharing their problems, a challenge mentioned by 12.9 per cent of the respondents.

It was evident that HIV/AIDS was not recognised by some operators as a serious problem that affected their enterprises. To address these challenges, the associations resorted to various ways and means. They sought collaborations with other institutions like the NGOs, to intervene and address HIV/AIDS problems that were reported, even though the external support was not consistent. Capacity building sessions were organised by other associations for the smaller associations to build on their ability to manage their affairs internally. The essence was to have the wrangles presented in their leadership addressed. Lastly, associations embarked on

addressing HIV and AIDS more in 'small bits', where all business meetings had small sections on their agenda touching on HIV/AIDS.

5.2 Conclusions

In response to the main question concerning the role played by MSI associations in addressing HIV/AIDS related problems amongst selected enterprise associations, the study's findings led to the conclusion that MSI associations are playing a positive role in the battle against HIV/AIDS. The findings challenge the local authorities, government bodies, local and international NGOs, academic institutions, associations and other researchers to consider the role of MSE associations in addressing HIV/AIDS related problems on enterprise development. From this finding, associations have some responsibility to provide services.

One of the greatest challenges facing the intervention efforts by associations to address HIV/AIDS is that most workers have not realised that the scourge is integral to the other problems in the sector. Members are not able to identify HIV/AIDS as independent of other welfare related problems. Just like other problems facing the sector, HIV/AIDS needs to be examined as a poverty issue as well as within the context of the MSI sector. MSI operators lack adequate information on the effects of HIV/AIDS on the MSI sector. In effect, without adequate information and acknowledgment of the problem by MSIs, support services by associations will be hampered.

MSI associations were constrained to provide HIV/AIDS services, as sometimes the available support was not consistent and reliable. They have a role to strengthen their capacity in order to address HIV/AIDS related problems and they have a duty to ensure that the ever looming leadership wrangles are contained, to enhance the commitment of their members, and to create more awareness about the problem of HIV/AIDS in the sector.

Day-to-day survival of the workers takes priority over other concerns such as HIV/AIDS, this has made it difficult for members of the associations to attend organised meetings. There are few established associations who continue to promote advocacy in the area of HIV/AIDS and MSEs. HIV/AIDS affected business operators choose to use associations to acquire the needed support from external institutions outside their associations by organising themselves.

The study observes that MSI associations have specific strengths through their ability to use established networks to address HIV/AIDS in the sector. Efforts in other sectors can be borrowed on how to address HIV/AIDS, and apply them to the MSI sector. Through the MSF

associations, efforts already in place for addressing the HIV/AIDS problem can be empowered and strengthened

The logic of services and logic of collective action (advocacy) was helpful in underscoring service delivery as an important feature of associations. The first conclusion that emerges from the model is that an association's services and the subsequent benefits matter. MSF operators are pulled towards associations that are able to offer services according to the need of the business operators. A second conclusion can be taken from the model that has to do with the importance of collective action. The final conclusion is that categorisation of logic of service and logic of advocacy was useful in analysing the work.

8.3 Recommendation

The study has raised three main recommendations. The first measure to be taken is to strengthening MSI association networks that exist. There are networks that are established by associations to address the problem of HIV/AIDS that is hindering the performance of enterprises. These networks are important in offering education to the operators in the MSF sector. Appropriate education seminars on HIV/AIDS would require associations to assimilate HIV/AIDS trainings within organised business trainings and reward participating MSFs with business incentives to increase participation. Intensified education on the effects of HIV/AIDS on the MSF sector is important as this will increase awareness, consequently leading to the acknowledgement of the HIV/AIDS problem to the sector. In return, support services to affected MSFs will be increased as associations will work towards establishing more networks to offer more education.

There is need for the associations to come up with a system, clearly elaborated and constituted, to address HIV/AIDS related problems. The system ought to have well spelt out duties of persons to take the lead in addressing the problem, as well as best approaches and strategies that can be employed to curb them. This would have clear guidance on how to support MSFs through appropriate education seminars guided by authorised manuals on the effects of HIV/AIDS in the sector.

Strengthening existing networks through a more clear and elaborate system using existing appropriate government structures will enhance their performance. Network strengthening requires associations to forge strong and lasting partnership with institutions outside the MSF

sector in order to promote service delivery. Government intervention would be encouraged through policy and financial support to establish capacity building programmes for the MSEs

It is necessary that relevant local authorities liaise with the associations to create a better environment for addressing problems related to HIV/AIDS in the MSE sector. This could be in the form of allocating sites to milling operators, tax exemptions and facilitating their social protection through health systems

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Appendices

APPENDIX (A): MSEs QUESTIONNAIRE

Questionnaire No.

INTRODUCTION

My name is Kayato Lilian. I am a postgraduate student at the University of Nairobi pursuing a Masters degree in Development Studies. My project paper is on the role of MSE associations in addressing HIV/AIDS related problems of enterprise members in the manufacturing sector, directly or indirectly affected by HIV/AIDS. This study will enable us understand how associations address the problems arising out of HIV/AIDS. I would really appreciate your participation in this study because your views are very important. Whatever information you provide will be kept strictly confidential and will not be shown to any other person. The interview is likely to take about 40 minutes.

DEMOGRAPHICS		
	Date of interview: Name of interviewer:	
F11	Physical location of enterprise(Study cluster name)	
F12	Name and address of enterprise	
SC1	Do you belong to any business association?	1 () YES (Go to L1) 2 () NO (Stop the interview and thank the respondent)
F13	What activity is your business involved in?	1 () Metal works 2 () Wood work
E11b	Sex	1 () Male 2 () Female
D2	Age	
D3	Marital status	1 () Married 2 () Single 3 () Divorced 4 () Widowed

		5 () Separated 6 () Others (Specify)
D4	Position in the enterprise	1 () Worker 2 () Owner 3 () Other (Specify)
D5	Education level	1 () None 2 () Primary 3 () Secondary 4 () Tertiary (University college Polytechnic)
ENTERPRISE ACTIVITY		
E1	When did you begin this type of business?	Year
E2	How many workers/employees do you have?(Including the proprietor of the enterprise)	
NATURE OF ASSOCIATION		
A1	What is the name of your association?	
A2	What kind type of association is it?	1 () Jua Kali Association 2 () Women Group 3 () ROSCA 4 () Kenya Small Traders and Entrepreneurs' Society 5 () Self help 6 () Welfare Association 7 () Small and Medium Enterprise Development Organisation (SMEDO) 8 () Clan Association
A3	What are your reasons for being a member of your association?	<u>Financial Support</u> 1 () Savings 2 () Quam credit 3 () Other (Specify) Please explain your answer above
		<u>Welfare Support</u> 1 () School fees 2 () Sickness

- 3. Funeral Support
- 4. Household Support
- 5. General Sickness
- 6. Other (Specify).....

Please Explain your answer above

.....

.....

Support of HIV/AIDS

- 1. Financial
- 2. Site allocation for new business
- 3. Business marketing
- 4. Business training
- 5. Employment opportunities
- 6. Others (Specify)

Please Explain your answer above

.....

.....

Business Support

- 1. Benefit from training
- 2. Take part in business advocacy services
- 3. Sharing information about business
- 5. Helping each other in business development
- 6. Obtain a business site
- 7. Start an income generating activity
- 8. Other (Specify)

Please Explain your answer above

.....

.....

45. What are the activities your association is involved in?

- 1. Marketing produce
- 2. Conducting business training
- 3. Business advocacy
- 4. Licensing
- 5. Site allocation
- 6. Welfare support(Sickness, death, households)
- 7. Financial Support
- 8. Other (Specify)

NATURE AND EXTENT OF SERVICES

HIV/AIDS has negative effect on enterprise growth. We are looking at the extent to which business associations are working towards helping their members address the problem of HIV/AIDS affecting enterprise activity.

SE2	<p>What forms of support services are given to members affected either directly or indirectly by HIV/AIDS in your enterprise?</p>	<p style="text-align: center;">WELFARE SERVICES</p> <p>1. <input type="checkbox"/> School fees</p> <p>2. <input type="checkbox"/> Support during sickness</p> <p>3. <input type="checkbox"/> Support during funerals</p> <p>4. <input type="checkbox"/> Household support</p> <p>5. <input type="checkbox"/> Other (Specify)</p> <p>97. <input type="checkbox"/> None</p> <p>99. <input type="checkbox"/> N/A</p> <p style="text-align: center;">FINANCIAL SERVICES</p> <p>1. <input type="checkbox"/> Credit/loans services</p> <p>2. <input type="checkbox"/> Savings</p> <p>3. <input type="checkbox"/> Start-up capital</p> <p>4. <input type="checkbox"/> Other (Specify)</p> <p>97. <input type="checkbox"/> None</p> <p>99. <input type="checkbox"/> N/A</p> <p style="text-align: center;">BUSINESS SERVICES</p> <p>1. <input type="checkbox"/> Skills training</p> <p>2. <input type="checkbox"/> Business Information Services</p> <p>3. <input type="checkbox"/> Infrastructure support (sites, electricity, water)</p> <p>4. <input type="checkbox"/> Marketing services</p> <p>5. <input type="checkbox"/> Manpower employment</p> <p>6. <input type="checkbox"/> Other (Specify)</p> <p>97. <input type="checkbox"/> None</p> <p>99. <input type="checkbox"/> N/A</p> <p style="text-align: center;">ADVOCACY</p> <p>1. <input type="checkbox"/> Campaign for sites services</p> <p>2. <input type="checkbox"/> Campaign for better policies</p> <p>3. <input type="checkbox"/> Other (Specify)</p> <p>97. <input type="checkbox"/> None</p> <p>99. <input type="checkbox"/> N/A</p>
SE3	<p>How are the members provided with the services?</p>	<p>1. <input type="checkbox"/> From their savings</p> <p>2. <input type="checkbox"/> Through Special contributions (Daily, Monthly, Need basis)</p>

		<p>3. () Linkages with Financial Institutions</p> <p>4. () By virtue of Membership</p> <p>5. () Provision in the Constitution</p> <p>6. () Demand for the Services by affected members</p> <p>7. () Other (Specify) _____</p> <p>97. () N/A</p>
H1	How have the members benefited from the services?	<p style="text-align: center;">WELFARE BENEFITS</p> <p>1. () Improved Health of the affected member</p> <p>2. () General wellbeing of the household members</p> <p>3. () Acceptance-Reduced stigma of the affected</p> <p>4. () Promoted linkages with external support organisations addressing HIV/AIDS</p> <p>5. () Established HIV/AIDS welfare groups</p> <p>6. () Other (Specify) _____</p> <p style="text-align: center;">FINANCIAL BENEFITS</p> <p>1. () Increased Individual Savings after support</p> <p>2. () Credit/loan services from finance institutions</p> <p>3. () Established a savings scheme for the affected</p> <p>4. () Benefit from advice on financial management</p> <p>5. () Other (Specify) _____</p> <p style="text-align: center;">BUSINESS BENEFITS</p> <p>1. () Trained on business Skills</p> <p>2. () Updates on business information</p> <p>3. () Increased business output (profits)</p> <p>4. () Increased production (end product)</p> <p>6. () Available Manpower to run business</p> <p>7. () Technical training</p> <p>8. () Established an income generating activity</p> <p>9. () Other (Specify) _____</p> <p style="text-align: center;">ADVOCACY</p> <p>1. () Obtained sites of operation</p> <p>2. () Better treatment from local authority</p> <p>3. () Licence</p> <p>4. () Other (Specify) _____</p>

CHALLENGES

C1	What is the challenge your association is facing in addressing HIV&AIDS related problems affecting its members and their enterprises?	List and explain
C2	What would you like your association to improve on, in addressing the problem of HIV/AIDS affecting the enterprises	99. () N/A
S1	Do you think associations have a greater role to play in addressing HIV/AIDS related problems in MSI sector?	1. Yes 2. No Explain:
	I thank you for your time and response.	

APPENDIX 1(B): IN-DEPTH INTERVIEW GUIDE (KEY INFORMANT)

1. Name of institution.....
2. How do you support members of the enterprise affected by HIV/AIDS? (State the services and explain how each service is provided to the MSE sector).
3. What are some of the benefits that MSE enterprise operators affected by HIV/AIDS have been able to get because of these services provided by you?
4. Are there challenges faced in the course of addressing the HIV/AIDS related problems affecting enterprise activity in the MSE sector?
5. Describe the challenges.
6. What measures are in place to address these challenges?

APPENDIX 2

LIST OF KIBUYE MSE ASSOCIATIONS IDENTIFIED AND SELECTED FOR KEY INFORMANTS INTERVIEWS

Name Association	Selected for key informant interviews
1 Kibuye Market Traders Union	1. Kibuye Jua Kali Association (Jua Kali Association)
2 Kibuye Jua Kali Association	
3 Kibuye Lions Furniture Self Help Group	2. Kibuye Market Traders Union (Jua Kali Association)
4 Kibuye Carpenters Development Group	
5 Kiun Youth Development Group	3. Bahati Self Help Group (Jua Kali Association)
6 Kibuye Market Neighbourhood Group	
7 Kibuye Entrepreneurs Development Group	4. Kibuye Self Help Group (Jua Kali Association)
8 Kibuye Royal Self Help Group	
9 Kibuye Development Self Help Group	5. Kibuye Entrepreneurs (Jua Kali Association)
10. Kibuye Wadute Self Help Group	Development Group (Jua Kali Association)
11 Kibuye Outside Self Help Group	6. Kibuye Wadute Self Help Group (KSTFS)
12 Kibuye Bahu Kweli Self Help Group	
13 Bahati Self Help Group	
14 Kibuye Widows Group	
15 Marafiki Wema Self Help Group	
16. Umaja Carpenters Association	
17. Otonglo Jua Kali Association	
18. Korolele Jua Kali Association	
19 Kibuye Self Help Group	
20 Kibuye Cereal Development Group	
21 Super Thirty Development Group	
22 Kibuye Pamoja Development Group	
23 Meda Women Development Group	
24 Kivuli Self Help Group	
25 Kiun Stars Development Group, Kibuye	
26 Kulagge Self Help Group	
27 Kibuye Good Friends	
28 Kibuye Devoted Development Group	
29 City Star Women Development Group	
30 Kibuye Central Line Development Group	

APPENDIX 3

MULTIPLE RESPONSE TABLES

Table A1 Problems Facing MSEs

Problems	Totals (N)	Per cent %	Cumulative (%)
Lack of information on new technologies	48	27.9	27.9
Poor savings	31	19.2	47.1
Lack of appropriate skills	33	19.2	63.7
Lack of sites	23	13.1	79.7
Poor marketing of goods	16	9.3	89
Absenteeism	12	7.0	96
Interference	4	2.3	98.3
Sickness	3	1.7	100
Others	0	0	

Table A2 Financial Reasons for MSEs Joining Association

Financial Reasons	Totals (N)	Valid per cent %	Cumulative per cent (%)
Savings	74	47.1	47.1
Obtain credit	55	35.0	82.1
Others	28	17.8	99.9
Sub-totals valid	157	99.9	
N/A	81		
Total	240		

Table A3 Welfare Reasons for MSEs Joining Associations

Welfare Reasons	Totals (N)	Valid per cent %	Cumulative per cent (%)
School fees	28	33.7	33.7
Sickness	20	24.0	57.7
Funeral support	16	19.3	77.0
General sickness	10	12.0	89
Household support	9	10.8	99.8
Sub-totals valid	83	99.8	
N/A	77	18.8	
Total	160	100.0	

Table A4 HIV/AIDS Reasons for MSEs Joining Associations

HIV/AIDS Reasons	Totals (N)	Valid per cent %	Cumulative per cent (%)
Financial	34	37.8	37.8
Business training	18	20.0	57.7
Business marketing	16	17.8	75.5
Site allocation for new business	10	11.1	86.6
Employment opportunities	8	8.9	95.5
Others	4	4.4	100.0
Sub-totals valid	90	100.0	
N/A	70		
Total	160		

Table A5 Business Reasons for MSEs Joining Associations

HIV/AIDS Reasons	Totals (N)	Valid per cent %	Cumulative per cent (%)
Benefit from training	41	28.0	28.0
Helping each other in business development	39	26.5	54.5
Obtain a business site	29	19.7	74.2
Sharing information about business	19	13.0	87.2
Starting an income generating activity	12	8.2	95.4
Take part of in business development through advocacy	6	4.1	99.5
Others	1	.7	100.2
Sub-totals valid	147	100.2	
N/A	173		
Total	320		

Table A6: Activities that Associations are Involved In

Activities	Totals (N)	Valid per cent %	Cumulative per cent (%)
Financial support	23	27.7	98.2
Welfare support	17	20.5	70.5
Business training	11	13.2	23.6
Licensing	10	12.0	42.8
Marketing	9	10.8	10.8
Business advocacy	6	7.2	30.8
Site allocation	6	7.2	50.0
Others	1	1.2	99.8
Sub-totals valid	83	99.8	
N/A	77		
Total	160		

Table A7: Welfare Purposes of Associations

Welfare Purposes	Totals (N)	Valid per cent %	Cumulative per cent (%)
Support during sickness	61	45.5	45.5
School fees	50	37.3	82.8
Support during funerals	12	9.0	91.8
Household support	11	8.2	100.0
Sub-totals valid	134	100.0	
N/A	186		
Total	320		

Table A8: Financial Purposes of Associations

Financial Purposes	Totals (N)	Valid per cent %	Cumulative per cent (%)
Credit/loans Services	48	47.5	47.5
Savings	28	27.7	75.2
Start-up capital	25	24.6	99.8
Sub-totals valid	101	99.8	
N/A	59		
Total	160		

Table A9 Business Purposes of Association

Business Purposes	Totals (N)	Valid per cent %	Cumulative per cent (%)
Skills training	11	36.6	36.6
Business information services	30	36.6	73.2
Marketing services	10	12.3	95.5
Infrastructure support	8	9.8	100.1
Others	4	4.9	100.1
Sub-totals valid	82	100.1	
N/A	78		
Total	160		

Table A10 Advocacy Purposes of Associations

Advocacy Purposes	Totals (N)	Valid per cent %	Cumulative per cent (%)
Campaign for site services	37	41.0	41.0
Campaign for better policies	37	41.0	82.0
Others	11	15.6	97.6
None	2	2.2	99.8
Sub-totals valid	90	99.8	
N/A	70		
Total	160		

Table A11 HIV/AIDS Related Welfare Services

Services	Totals (N)	Valid per cent %	Cumulative per cent (%)
Support during funerals	25	30.5	30.5
None	13	17.0	47.5
School fees	11	13.1	60.9
Household support	11	13.4	74.3
Others	11	13.4	87.7
Support during sickness	10	12.2	99.9
Sub-totals valid	82	99.9	
N/A	78	81.3	
Total	160		

Table A12 HIV/AIDS Related Financial Services

Services	Totals (N)	Valid per cent %	Cumulative per cent (%)
Credit/loans services	48.0	37.8	17.8
Start-up capital	38.0	29.9	67.7
Savings	29.0	22.8	90.5
None	7.0	5.5	96.0
Others (Specify)	5.0	3.9	99.9
Sub-totals valid	127.0	99.9	
N/A	33.0		
Total	160.0		

Table A13 HIV/AIDS Related Business Services

Services	Totals (N)	Valid per cent %	Cumulative per cent (%)
Business information services	41	34.4	34.4
Manpower employment	25	21.0	55.4
Skills' training	21	17.6	73
Marketing services	20	16.8	89.8
None	7	5.9	95.7
Infrastructure support	4	3.4	99.1
Others	1	.8	99.9
Sub-totals valid	119	99.9	
N/A	41		
Total	160		

Table A14 HIV/AIDS Related Advocacy Services

Services	Totals (N)	Valid per cent %	Cumulative per cent (%)
Campaign for better policies	51	40.8	40.8
Campaign for site services	43	34.4	75.2
Others	18	14.4	89.6
None	13	10.4	100.0
Sub-totals valid	125	100.0	
N/A	35		
Total	160		

Table A15 HIV/AIDS Related Financial Benefits

Benefits	Totals (N)	Valid per cent %	Cumulative per cent (%)
Advice on financial management	32	38.5	38.5
Credit/loan services from financial institutions	21	25.3	63.8
Have a savings scheme	19	23.0	86.8
Increased individual savings	10	12.0	98.8
Others	1	1.2	100.0
Sub-totals valid	83	100.0	
N/A	76		
Total	160		

Table A16 HIV/AIDS Related Welfare Benefits

Benefits	Totals (N)	Valid per cent %	Cumulative per cent (%)
Improved health	75	31.3	31.3
General well-being of the household members	65	27.1	58.4
Promoted linkages with external support organisations	41	17.1	75.5
Acceptance/Reduced stigma	18	7.8	83.3
Established HIV/AIDS welfare groups	16	6.7	90.0
Others	5	2.1	92.1
Total	240	100.1	

Table A17 HIV/AIDS Related Business Benefits

Benefits	Totals (N)	Valid per cent %	Cumulative per cent (%)
Trained on business skills	59	28.1	28.1
Updates on business information	57	27.1	55.2
Increased production	25	11.9	67.1
Increased business output	22	10.5	77.6
Available manpower to run business	21	10.0	87.6
Technical training	11	5.2	92.8
Establish an income generating activity	11	5.2	98.0
Others	4	1.9	99.9
Sub-totals valid	210	99.9	
N/A	110		
Total	320		

Table A18 HIV/AIDS Related Advocacy Benefits

Benefits	Totals (N)	Valid per cent %	Cumulative per cent (%)
Better treatment from local authority	54	33.5	33.5
Obtain sites for business operation	46	30.3	63.8
Finance	38	25.0	90.8
Others	14	9.2	100.0
Sub-totals valid	152	100.0	
N/A	8		
Total	160		

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