

**THE CAUSES AND CONSEQUENCES OF THE INCREASE
IN SMALL-SCALE ENTREPRENEURSHIP IN MOSOCHO
DIVISION, KISII DISTRICT**

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STUDIES (IAS), UNIVERSITY OF NAIROBI, IN PARTIAL
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MASTER OF ARTS IN ANTHROPOLOGY**

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DECLARATION

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

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ABSTRACT

This study was done in Mosocho division, Kisii District. The study was prompted by the realization that there had been a marked increase in small-scale business activities in the area and in the country in general. It was argued that poverty and meagre resources are some of the factors that are explanatory to the resurgence of the small-scale entrepreneurship. Scholars such as Hart (1973), Stockes (1975), McCormick (1988) and Murphy (1996) have recounted observations of the rejuvenation of informal ways of earning a living such as small-scale enterprises. The population in the study area has in the past relied, largely, on small-scale farming for sustenance, albeit the high population density that has reduced acreage ownership. Poverty is a major problem in the area. This is characterized by high levels of unemployment, reduced agricultural production, poor state of infrastructure and type(s) of shelter. The study set out to investigate the contributing factors as well as the consequences of the increase in small-scale enterprise activities. The study takes an anthropological perspective, which takes into account the local cultural context. For instance, some cultural attributes were found to constrain entrepreneurship while others were promotive. These have a bearing on the causes as well as consequences of small enterprises as well as poverty reduction through the impact on peoples' socioeconomic status.

In the course of the study, data was collected using various methods such as participant observation, the questionnaire, focus group discussions, and key informant interviews. These data were analysed both by means of both quantitative and qualitative techniques.

The study revealed that poverty, unemployment as well as cultural factors are pertinent issues in the increase in small-scale enterprises in the study area. In addition,

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In the course of the study, data was collected using various methods such as participant observation, the questionnaire, focus group discussions, and key informant interviews. These data were analysed both by means of both quantitative and qualitative techniques.

The study revealed that poverty, unemployment as well as cultural factors are pertinent issues in the increase in small-scale enterprises in the study area. In addition,

there are various constraints to small-scale entrepreneurship such as lack of capital, infrastructural constraints as well as certain cultural factors. A major conclusion of this study is that small-scale entrepreneurship is contributing to the improvement of peoples living standards. The decision-making process involved in these investments as well as expenditure habits or patterns are influenced by both economic and cultural factors.

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CHAPTER ONE

INTRODUCTION

Small-scale enterprises have received academic interest as a result of their contribution to economic development both in the Developed and Less Developed Countries (LDCs). Less Developed Countries or Developing Countries are characterized by poverty which is in many cases attributed to underdevelopment. Underdevelopment in these countries is exemplified by factors such as unemployment, poor infrastructure, inadequate educational facilities, insecurity, poor housing and malnutrition. This situation is exacerbated by rapid population growth which has led to overwhelming pressure on existing resources.

The country's concern about entrepreneurship development is evidenced by the various strategies aimed at improving the entrepreneurial environment and promoting the entrepreneurship spirit. These include the Poverty Reduction Strategy Paper (PRSP) of the year 2000, one of whose objective is countrywide rural enterprise development programmes.

The realm of small-scale entrepreneurship is characterically heterogenous (Murphy (1996)). There has been a marked increase in the number of small businesses in many countries. However, it is not easy to be precise about what has caused the trend toward these economic activities.

The people's endeavour to get out of the unemployment trap is one of the reasons advanced in an effort to account for this trend. Other researchers are of the opinion that people have been encouraged by the greater willingness of the financial sector to support small-scale enterprises. These financial institutions include microfinance institutions. Another explanation given is the restructuring of work and the greater tendency towards

self-employment. This is in addition to advances in technologies that have reduced the importance of economies of scale and therefore increased new modes of production Murphy (1998). Other scholars such as Stockes (1995), Scarborough and Zimmerer (1996) account for this in terms of more economic opportunities due to the structural changes caused by international competition.

Apart from economic explanations of this trend, other explanations have to do with the social or psychological predisposition to start a business such as a shift from employee culture to the culture of greater self-determination.

Attempts have been made to evaluate the contribution of small-scale entrepreneurship to economic development. This field of economic activities is faced with some constraints which need to be understood. Also important in this study is the contribution of governments towards reversing or consolidating these trends. In some cases, certain aspects of government control have been seen as constraining progress in this sector. For instance, the government requirement for licensing of small businesses may deter some prospective small-scale entrepreneurs due to financial limitations. This has a negative impact on the promotion of the entrepreneurial spirit. In some cases the Kenya Government has played a supportive role as pertains to policies on promotion of small-scale enterprises. This has touched on financial and advisory or extension services among other factors.

The World Development Report (1997) of the World Bank states that in most modern economies the state's regulatory role is broad and complex covering such areas as environment as well as the financial sector.

This study undertook to investigate the causes and consequences of the increase in small-scale entrepreneurship in Mosocho division, Kisii District.

STATEMENT OF THE RESEARCH PROBLEM

The motivation for small-scale enterprises include such factors as unemployment, education, self-determination, declining size of land ownership or landlessness, availability of financial and other resources (through various financial institutions such as the microfinance sector) and availability of market.

Mosocho division is situated in Kisii District of Nyanza Province. The area is inhabited by people of the Abagusii ethnic group who form the majority. Members of other ethnic communities are mainly resident in the local urban area, Kisii town, which is the district headquarters. The area is partly rural and partly urban. This is because it includes parts of Kisii town and the surrounding rural area which administratively falls under Mosocho division. Therefore, the study was conducted in an area that can be referred to as a rural-urban interface. The small-scale enterprises investigated were those located in both the rural and urban areas of the division.

The district faces a number of problems relating to prevalent high levels of poverty as evident through factors such as meagre resources, unemployment and poor infrastructure. Kisii District is one of the districts in Kenya with the highest population growth rate and the highest population density. The population growth rate is 2.72% District Development Plan (1997-2001). This is due to its high agricultural potential which has led to a high population density.

Rural and urban development projects such as promotion of small-scale enterprises are meant to improve the people's quality of life with regard to income generation, employment, education, agriculture and health. They are also intended to make these areas more economically viable. This will, for instance, help curb such trends

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as rural-urban migration. Consequently, pressure on basic services such as housing, safe drinking water, schools, transport and health facilities in urban areas will be eased. On the other hand, overreliance on land as the main productive resource will be reduced. This shows that the effect is two-way as it applies to both rural and urban areas.

The small-scale enterprise sector in Kisii is characteristically both rural and urban and plays an important role in enhancing self-reliance and self-sufficiency. This implies that poverty alleviation through improvement in living standards of the poor population. It acts as an important source of income through creation of income generating opportunities and employment as well as a means of utilizing locally available productive resources.

It is also worth noting that some participants in these economic activities may not necessarily or generally be characterized as poor or unemployed. This makes entrepreneurship an open field where people can be engaged in to enhance their financial as well as social status. It symbolizes or favours a departure from overreliance on farming activities in favour of a shift to off-farm economic activities.

The existence of extension services in Mosoch division is almost confined to agricultural production. The influence of technical and advisory services on small-scale enterprises is not widely felt by the population in the area. The efforts of the government and some microfinancial institutions in the area are yet to benefit many entrepreneurs. Still, the majority of small-scale business-people are not adequately exposed to modern business management skills which places them at a disadvantaged position. The ineffectiveness of promotion efforts may be partly explained in terms of ignorance and lack of exposure to matters that pertain to business.

The perception of society on small-scale entrepreneurs, for instance, their

contribution and status needs to be understood as this has a bearing on the level and nature of participation in this sector. The study investigated the reasons why people start small enterprises, society's understanding or perception of success in business, it identified the problems faced by traders and explored the rural-urban linkage in this sector of economic activities. Understanding people's views on success requires a culture-specific approach i.e. an emic perspective. However, the etic approach is also applicable as the economic activities people engage in are part and parcel of the wider global economic system.

The present study focused on some constraints to small-scale business activities as well as the contributing factors. This is because of the importance this sector has evidently assumed in national economies worldwide.

Factors such as education, infrastructure, gender issues and credit facilities were investigated. These factors have a bearing on small enterprise formation, performance and consequences. Each one was focused in isolation as well as in relation to all the other relevant factors in the entrepreneurial environment.

The gender perspective, for instance, helped in understanding how women entrepreneurs have adjusted their domestic and or reproductive roles to the nature of their productive or economic activities. It was also found to be instrumental in shedding light on their barriers to entry into the sector and understanding how the benefits of such economic activities were distributed within the society.

By investigating the contributing as well as constraining factors to small-scale businesses, social, cultural and economic roots of participation were understood. In this way, it was possible to identify various pertinent factors which, if addressed, will

enhance the contribution of the small enterprise sector to individuals, households and the wider society or the national economy. This is in terms of job creation, addressing gender disparities, education, health, food security, poverty alleviation and boosting economic performance.

OBJECTIVES OF THE STUDY

The Kenya government has recognized the role of small-scale entrepreneurship or the informal sector in income generation, wealth creation and promotion of self-reliance. This is in line with the national priorities of alleviating poverty through employment creation, self-sufficiency, income generation, housing, education and health.

The broad objective of the present study was to investigate the causes and consequences of the increased interest in small-scale business entrepreneurship in Mosocho division, Kisii District. In order to achieve this goal the study was guided by the following specific objectives:

- i) To identify entrepreneurs (of both sexes) on the basis of their characteristics and the nature of their economic activities.
- ii) To identify the various factors that have attracted entrepreneurs to small-scale enterprise activities.
- iii) To assess the effect or consequences of starting and managing small-scale business enterprises on individuals, households and the larger society or the national economy.
- iv) To suggest what can be done to improve investment in and operations of small-scale entrepreneurship.

RESEARCH QUESTIONS

The following research questions are pertinent in achieving the objectives of the study:-

- i) What is the nature of small-scale business activities in Mosoch division?
- ii) What factor(s) motivated people to start a small-scale enterprise?
- iii) What constraints are faced by small-scale entrepreneurs?
- iv) What are the consequences of starting and running a small-scale enterprise to the household and the wider society?
- v) What can be done to ensure the success of the small-scale business enterprises?

JUSTIFICATION

The role of small-scale entrepreneurship has been recognized by governments globally. Examples of this recognition include the Kenya Government's Ministry of Finance and Planning Report of the Working Party on "Small Business Development" of 1972 and the British Government's "Bolton Report" of 1971. Entrepreneurship development, particularly through promotion of small-scale enterprise activities and entrepreneurial spirit are, therefore, part and parcel of the national development strategy. Prioritization of this sector is important as it leads to diversification in terms of providing employment and income generating opportunities through off-farm economic activities. Consequently, this has an impact on peoples' standards of living. The present study, therefore, has practical applicability in poverty alleviation and improvement of people's socioeconomic status in Mosoch division and other parts of the country.

The general socioeconomic status in Kisii Central District is at the moment low.

For instance, unemployment is on the increase and population pressure has significantly strained the available productive resources such as land. Because of the high population density poverty is reflected in the meagre resources owned by local people. For instance, households, on average, own land ranging from 0.5 to 4.5 acres Kisii District Development Plan (1997-2001). This situation could lead to the emergence of certain characteristics in income generating activities of the people which are worth knowing. An understanding of the factors which lead to increase in small-scale entrepreneurship as well as the implications of these activities will enhance the quality and the appropriateness of policy and planning activities on improvement of the entrepreneurship environment and promotion of the entrepreneurial spirit. The present study will, therefore, contribute to the integral information of what the government needs for policy formulation and development planning. The study undertakes to highlight the problems constraining operations in the small-scale enterprise sector in Mosocho division as well as the factors that promote or contribute to maximization of the benefits of these livelihood strategies. This will render small-scale enterprises viable as an indispensable tool for socioeconomic development.

There is need to investigate and understand people's cultural knowledge, attitudes and practices related to small-scale entrepreneurship. This requires an anthropological perspective, that is, from a holistic perspective. This is of both academic interest as well as relevant for the development of social policy with the aim of improving people's socioeconomic status. Government and other international bodies have in most cases in the past based their data on secondary sources, for instance, government census. These have been on macro level. This necessitates more exploration such as the present study,

that is, at the micro level. More case studies in various cultural settings will help bring about a broad and clear understanding of the causes and consequences of small-scale enterprise activities. In addition, this helps to highlight regional variations precipitated by various cultural backgrounds and facilitates the assessment of the impact of the small-scale enterprise sector in the lives of individuals, households and national development.

There is scanty literature available on small-scale entrepreneurship especially in areas that are partly rural and urban such as the study area. Therefore, further understanding of the rural-urban linkage requires studies such as this so as to establish the interrelationship between business activities in both rural and urban areas. So far, the mutual interdependence of rural and urban enterprises has not been fully explored.

Small-scale enterprises were found to be adaptive to changing socioeconomic circumstances both at the micro and macro levels, that is, local, national, regional and global. This is due to their flexibility as a form of self-employment and self-reliance which serves as a way of alleviating problems of unemployment and retrenchment resulting from public sector reform as well as insufficient remuneration. The factor of flexibility that characterizes small-scale entrepreneurship is important as it ensures adaptability and survival during difficult economic situations such as are being experienced in Less Developed Countries (LDCs). This study addresses these issues and recognizes gender issues in entrepreneurship. For instance, attention will be paid to cultural ideological assumptions about women and work as well as the intimate relationship between women's workload in the household and their engagement or participation in economically productive activities.

The findings of the study are crucial to the documentation of the manner in which small-scale business entrepreneurs contribute to economic development in Kenya and

other Less Developed Countries (LDCs). It also investigated and recommends ways of improving operations within the small-scale business sector and the informal sector or entrepreneurship so as to maximise its contribution to individuals, households as well as national development.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter reviews literature on some of the factors that have led to the resurgence of small-scale enterprises. It highlights the importance of small-scale enterprises in development and examines some of the consequences of engagement in these economic activities. It also takes a look at the constraints to efficient small-scale business management and start-up as well as the contributing factors to small enterprise success. These enterprises are not peculiar to Less Developed Countries (LDCs) but are also found in prosperous economies. The informal and formal sectors productively coexist in spite of their juxtaposition as means of earning a living. Efforts have been made by Less Developed Countries (LDCs) to address poverty which has been identified as one of the impediments to their development efforts. This poverty focus has led to more emphasis placed on income generation and wealth creation through the informal sector activities so as to realise socioeconomic development. It is believed that socioeconomic development will have a positive impact in alleviating poverty and thus improving people's standards of living or quality of life. This way they will realise self-reliance and self-sufficiency and also reduce their dependency on developed economies and other international organizations.

The significance of Kenya's small-scale enterprise activities has continued to grow since the sector was first brought into the limelight in 1972 in a report by the International Labour Organization (ILO) on "Employment, Income and Equity in Kenya"

Mullei and Bokea (1999). The paper underscored the sector's critical role in promoting incomes and employment.

This has led to a dramatically renewed interest by both international agencies and national governments in informal activities. The sector has also received political recognition. This has led to its image changing from that of employer of last resort to vibrant wellspring of technological capacity and aggressive entrepreneurship
Mullei and Bokea (1999).

Definition

Ever since the International Labour Organization (ILO) popularized the term "informal sector" scholars have searched for the true identity and economic role of the small-scale enterprises or businesses McCormick (1988). She situates the study of these economic activities within a broad political economy framework that regards society as an organic whole and the economic variables as comprehensive only in relationship to social cultural and political realities. This is in agreement with the view that change is a value-laden process and is only good or desirable if it is compatible with the images of goodness and good life held by the concerned populace.

The ILO study to examine the unemployment problem in Kenya coined the term "informal sector" which describes the sector as not just marginally productive but economically efficient and profit making. The sector is small in scale and limited by simple technologies, little capital and lack of links with the informal sector. It offers a full range of the basic skills needed to provide goods and services for a large though poor section of the population. The study states that the informal sector activities or firms escape the influence of government regulation and union activity. The report discounted the belief that the informal sector is stagnant, non-dynamic and a place for those who fail to secure jobs in the

informal sector. It recognizes that this sector could be the source of Kenya's future wealth.

The Ministry of Finance and Planning Report of the "Working Party on Small Business Development" (1972) defines the concept of "small business" as a term, which describes the predominant one-man or family enterprise as well as those firms which may be approaching medium scale in terms of in total employment. The ILO sometimes classifies enterprises with a range of 2-50 employees as small-scale.

Small-scale businesses come in a variety of forms. A definition could also be made in terms of level technology employed, the associated definition of labour and specialization of inputs into the enterprise Republic of Kenya Publication (1972). This sector encompasses those enterprises which have not as yet adopted sophisticated business techniques, regardless of whether they are operating in trade or industry.

Literature reveals that these enterprises are found in both developed and less developed countries. They are also found in both rural and urban areas in these countries where they have attracted entrepreneurs from a variety of socioeconomic and academic backgrounds.

Schumpeter (1934) defines the entrepreneur as one who carries out "new combinations of means of production." The Oxford English Dictionary defines the entrepreneur as one who organizes, manages and assumes risk of a business enterprise. According to Kilby the entrepreneur is a manager who engages in four main functions including; exchange relationships, political administration, management control and technology endeavours Kilby (1971). The entrepreneur can only innovate in a dynamic world where life is replete with various sorts and magnitudes of challenges, be they social,

cultural, economic, political or environmental Herbert and Link (1989).

Entrepreneurs are involved in creative adaptation of indigenous technology. The development and adaptation of traditional technologies popularly referred to by anthropologists as Indigenous Technical Knowledge (ITK) builds on knowledge developed or learned largely through culturally learned patterns or ethno-science Sturtevant (1964). This is an area that is best investigated using anthropological techniques in research such as participant observation, group discussions and key informants. This understanding can also be enhanced with the employment of both the emic and etic perspectives in studies such as those with interest in technology in entrepreneurship.

Some scholars have defined entrepreneurship as a spirit of recognizing opportunities and taking risks by investing resources in order to produce gainful results through creativity, innovation, increased efficiency and productivity. The entrepreneur identifies business opportunities and after rationally weighing the available viable options implements actions to maximize those opportunities.

An enterprise culture is an environment that prepares the community as a whole to take advantage of available opportunities in the society. It provides support for entrepreneurs at all levels of development to realize their potential regardless of education gender, religion, colour and race among other factors Mullei and Bokea (1999).

In the earliest discussion of economic development, small-scale business entrepreneurship was largely ignored. However, later, it became the focus of a major debate McCormick (1988). The neglect or exclusion of the small-scale businesses was a result of scholars and practitioners advocating large capital-intensive industry as the route to development.

The shift in emphasis of development economics from per capita income to distribution and its associated concern with employment set the stage for serious interest in small-scale entrepreneurship. Hart (1973), Weeks (1973) and Wallace (1973) all recounted observations of informal ways of earning a living and raised pertinent questions about the role such activities might play not only in individual survival but also in economic development.

According to the International Labour Organization Report (1972), informal sector activities are characterized by ease of entry, reliance on indigenous resources, family ownership of enterprises, small-scale of operation, labour intensive and adapted technology, skills acquired outside the formal school system and unregulated and competitive markets.

Causes of Small-Scale Enterprises

The International Labour Office as part of the World Employment Program attempted to identify the causes of unemployment in a number of countries. According to its Report (1972), one of the issues raised was the significance of small business to the national economies. The dual-economy model was applied to this sector. This refers to the dichotomy or marked difference between the formal and the informal sector.

The resurgence of the entrepreneurial spirit (a global phenomenon) is the most significant economic development in recent business history Scarborough and Zimmerer, (1996). They state that these businesses have created new jobs, opened foreign markets and some introduced new products (due to innovation). They also assert that, it is small business that has sparked the United States economy into regaining its competitive edge in the world. This partly explains its dominant position in global politico-business. Other states that have benefited from the surge in entrepreneurship include Eastern European

countries, China and Russia.

The importance of the informal and later the small enterprise sector has dominated the debate on employment generation in Kenya and much of the developing world Schmitz (1990). The 1972 ILO Mission to Kenya highlighted the potential of the informal sector as a source of new jobs (employment) and avenue for technological innovation and rapid acquisition of business management skills. The Kenyan government has also recognized and advocated the development of small-scale enterprises as a strategy for indigenization and revitalization of the economy.

Nzomo (1985) states that the 8-4-4 education system of Kenya is likely to impart the attitudes that would lead to development of entrepreneurship. This is because practical oriented education at all levels can lead to highly skilled and specialized manpower production. This will serve to ease unemployment as it leads to self-employment and job creation. Technical and vocational training at the secondary once plays a pivotal role in developing entrepreneurs for the informal sector in both rural and urban areas. This includes post secondary institutions that offer courses such as management, marketing, accountancy. Therefore, entrepreneurship flourishes when existing opportunity is met by skilled and motivated individuals.

The prevailing social philosophy in Kenya justifies differences in individual rewards and status at least partially in terms of differences in educational attainment. This implies appreciation of social status through acquisition as opposed to ascription.

Therefore, those without educational credentials and thus unable to access the best employment opportunities may view the small-scale business as an alternative to joblessness Court (1981).

Small-scale business development reflects both economic and social factors. Many people are engaged in these economic activities in order to earn a living as well as alleviate poverty. Poverty is manifested by socio-cultural, economic and political variables. Therefore, a comprehensive analysis of these activities requires a holistic approach that takes into consideration people's culture so as to understand the various factors that have a bearing on the informal sector activities.

Stockes (1975) identifies the reasons for increased interest in small-scale entrepreneurship as including:- the growth of service sector, and the new age (awareness of environmental and the lifestyle issues). Governments have tried to establish an "enterprise culture" which encourages and values entrepreneurial attitudes and self employment. This is the reason why efforts have also been made geared towards improvement of the entrepreneurial environment. As a result, the prominence that this sector has assumed in many Less Developed Countries (LDCs) as well as developed countries has led to some scholars referring to them as "entrepreneurial economies."

This increased interest or rejuvenation of the small enterprise sector may also be attributed to internal politics and the wave of Structural Adjustment Programmes (SAPs) sweeping over Africa and other developing economies under the promotion of the World Bank, the International Monetary Fund (IMF) and other donors. These Structural Adjustment Programmes have generally perceived the small and intermediate enterprises to play an important role in development and focused on the importance of creating an enabling environment McCormick and Pedersen (1996). This has led to changes in the policy agenda for small enterprise development support.

According to De Sotro (1989), faced with the realities of poor economic performance and spurred on by the successes of the New Industrialized Countries (NICs),

many Third World countries have focused on developing entrepreneurial capacity. For instance, Kenya embarked on looking for a small enterprise development strategy to supplement the dominance of the large firms in the economy (McCormick and Pedersen, 1996). The country is also currently searching for an employment creation strategy. Employment creation is a national priority in both developed and Less Developed Countries (LDCs) and small-scale enterprise sector development or the informal sector is likely to be the panacea to this problem of unemployment.

Literature reveals that there are many cases of entrepreneurs who are in formal employment such as professionals in various fields. This could be attributed to the desire to boost their earnings or income and for future financial security as well as self-realization and self-actualization. While this straddling between formal employment and investment in the informal sector indicates that its a sector considered important due to its economic productivity it is also revealed that entrepreneurs accrue social and cultural benefits.

Consequences of Small-Scale Enterprises

Some of the noted consequences of small-scale business entrepreneurship include: provision of opportunity for people to control their own destiny, the opportunity for them to reach their full potential, opportunity to reap unlimited profits and the opportunity to contribute to society and be recognized for one's efforts Scarborough and Zimmerer, (1996). Education and nutrition (e.g. health) have also been enhanced due to additional incomes resultant from utilization of locally available natural and human resources.

Households have reportedly become increasingly dependent upon market exchanges for their incomes as well as for goods and services. This is because development is accompanied by a growing specialization toward a fully monetized exchange economy. Therefore, household production for its own use has declined as

families become more engaged in income generating activities.

According to Murphy (1996), basically an economy has small businesses because of various reasons:- they help to diversify a nation's economic base and provide it with the opportunity for responding to a variety of market conditions, they help to create jobs (reduce levels of unemployment), they provide an element of local control, they can respond to local needs and they provide an opportunity to transcend social inequality – they are an expression of meritocracy and opportunity.

Murphy states that over-dependence on large enterprises supported by international financiers deprives regional economies of their independence. Also, the presence of small business in an economy is an expression of its competition policies - they stand for anti-monopoly. They contribute to nation's Gross Domestic Product (GDP) which is an important index of the performance of national economies.

Small-scale businesses encourage new uses of technology and absorb technological innovation. They also encourage higher levels of productivity by extracting more output per unit of capital Murphy (1996). He states that small businesses are an avenue for self-development and individual achievement and an expression of entrepreneurship.

Themes in Small-Scale Enterprise Studies

Some of the current themes that are potentially significant for the understanding of small-scale businesses that have been used by various scholars include: entrepreneurship management, rural-urban linkages, access to resources, enterprise management, flexibility and participation of women. Research on Micro and Small Enterprises (MSEs), or Small and Medium Enterprises (SMEs), or the informal sector in

general, has also focused on the legal and regulatory framework, gender equity, environment management, entrepreneurship development, credit and finance, physical infrastructure, technology, policies and strategies as well as markets and marketing. However, it is evident that studies on small enterprises with specific reference to global cultural diversity focusing on case studies of various ethnic communities is far from exhaustive.

Small-scale enterprises do not constitute an economic enclave of their own (McCormick and Pedersen (1996)). The different segments of this sector are closely interconnected with parts of the larger economy, which includes large businesses, multinationals, parastatals, non-governmental organizations and other non-business activities.

Researchers of the small-scale enterprises agree that these economic activities cannot be understood in isolation from the specific environment in which they are operated (McCormick and Pedersen (1996)). Environment here should be conceptualized in its broad sense that encompasses the economic, political and socio-cultural components. According to them, the interactions between the enterprises and their environment form networks based, to some extent, on personal relations, trust and reciprocity. Pure market and pure power relations may be involved as well.

Constraints to Small-Scale Entrepreneurship

Small enterprises are generally regarded as a critical means of addressing the social and economic problems of the country (Daily Nation 10th May (2000)). However, they are operated in an economically challenging environment. The entrepreneurial environment in Kenya has been recorded as crippled by various constraints including poor transport and infrastructure network, inadequate access to credit, marketing problems, lack

of adequate information on enterprise management, legal and regulatory obstacles, security and harassment. Therefore, the full potential of the contribution of the small enterprise sector as a viable anti-poverty strategy is yet to be fully realized.

According to Stockes (1975), the small-scale business sector is important in a wider economic and social context as well as the environment in which it is operated. Therefore, it is important to explore the management aspects which particularly affect the success of these enterprises. There is need of focus on extension and advisory services to entrepreneurs in their specific location(s).

Policy on Small-Scale Entrepreneurship

There has been significant efforts by the government and the donors to formulate policies on the micro enterprise, and small and medium enterprise (SMEs) sector. In this sense the government can be said to be a regulator of both the society and the economy. For instance, in Kenya Sessional Paper No. 1 of 1986 on "Economic Management for Renewed Growth" called for creation of a healthy legal and regulatory climate for informal sector activities. It also noted that direct assistance was to be provided to individuals and small-scale businesses. The Ministry of Planning and National Development was supposed to address key issues of the informal sector.

The Sessional Paper No. 1 of 1986 on "Economic Management for Renewed Growth" was as result of the government recognition of the need to renew economic growth in ways that will create employment and promote prosperity for the mass of the people in rural areas. This was believed to lead to an equitable and widespread sharing of the benefits of growth and ensure continuing provision of basic needs for all.

One of the measures of the state was promotion of the informal sector or non-farm activities so as to achieve balanced rural-urban development. It was recognized that

the informal sector possesses many positive characteristics and has a vital role to play in contributing to renewed economic growth in the country. Some of these characteristics include; they conserve scarce foreign capital, they require relatively little capital to create jobs, they rely primarily on family savings, they provide their own skill training and are a prime training ground for future African entrepreneurs, they create jobs, they support agricultural activities and they raise rural incomes.

According to the paper, macro-economic policies are important to the informal sector such as lowering of tariffs on raw materials. In addition, local co-operatives, non-governmental organizations and voluntary organization were identified as better placed to promote small-scale entrepreneurship than centralized agencies.

The Government of Kenya (GOK) in 1992 also made policy proposals and recommendations to open-up Kenya's industry as well as non-bank financial institutions and non-governmental organizations (NGOs) to micro and small enterprises. As a result, in 1994 the Kenya Rural Enterprise Programme (K-REP) decided to create a micro-finance bank.

The Micro and Small Enterprise (MSE) unit of the Ministry of Planning and National Development was upgraded to a division with two sections i.e. the Policy Section and the Deregulation Unit. The former was mandated to develop policy, monitor implementation, co-ordinate and disseminate information to target users and assess impact on the beneficiaries. The latter section was supposed to facilitate creation of an enabling environment for promoting micro and small enterprises by addressing the existing constraints.

Despite these efforts there is a gap between policies and what is happening on the

ground among small businesses and providers of those businesses. In addition to this, a number of policy constraints continue to inhibit the sector's realization of its full potential. Therefore, the awareness of the needs at the enterprise level, and how these needs can be met is still a challenge.

The current economic development goals should foster a dynamic and growth-oriented small-scale enterprise sector. The Government of Kenya's policy and strategy on Micro and Small Enterprises has a vision based on acceptance of a market economic system, private entrepreneurship and fostering a constructive partnership between the public and private sector players in the economy. Policies and small-scale enterprises are in tune with broader national and regional as well as sectoral development.

Chuta and Liedholm (1975) emphasize the importance of including small-scale businesses in employment and rural development programmes in Third World countries. As the division of labour increases in rural areas particularly in subsistence economies, much labour is absorbed in such activities as processing and trading. This implies that most activities become remunerative with development and the commercialization of the rural economy. In this context the small-scale enterprise sector has a great potential in fighting poverty and contributing to equitable distribution of income and other resources.

The Sessional Paper No. 1 of 1986 on "Economic Management for Renewed Growth" recognized that 80% of the population reside in rural areas where they are involved in off-farm income generating activities (i.e. under rural development). This is in addition to agricultural production. The informal sector and agricultural production co-exist in the rural areas and are mutually interdependent. Agri-businesses are also part of the informal sector activities in urban areas.

According to the World Bank Paper (1978) non-farm activities in rural areas and

towns merit special attention during the formulating of rural development projects and programmes. The poorest groups of the world's rural and urban population include those with little or no productive agricultural land. These people therefore depend on non-farm activities, like entrepreneurship, for employment and income World Bank Paper (1978).

Non-farm activities supply many goods and services to agriculture and contribute growth of agricultural output and to improvement of rural living standards. The concentration and growth of non-farm activities in rural towns also provide job opportunities for many people who leave agriculture and help decentralize urban industrial growth. Small-scale business enterprises are found throughout the rural-urban spectrum. The economic roles and functions of small and medium sized towns are closely and directly linked to agriculture and to the needs of the rural population Chuta and Liedholm (1975). In some rural areas non-farm work (for instance entrepreneurship) is commonly a secondary source of income on a part-time trading or seasonal basis World Bank Paper (1978). The most important component of non-farm employment is the rural informal enterprise sector comprised of small units consisting of an owner and a few workers (who may be relatives) UNDP(1989).

One of the current perceptions of rural development can be subsumed under the concept of Local Level Development (LLD) UNDP (1989). This applies to areas such as agricultural activities and entrepreneurship. Development at the local community level requires the presence of strong local institutions. These should provide avenues for participation to ensure development by people for the people such that economic growth translates into sustainable improved well-being of the people.

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knowledge, entrepreneurship and human capital. Important local level development organizations which need to be strengthened include governments, non-governmental organizations (NGOs), community organizations and co-operatives. These act as:- catalysts for local development initiatives and projects, disseminators of new ideas and innovations, providers of critical information and play the role of intermediaries between the people and the government.

Murphy (1996) points out that in many cases the businesses which emerged are often low technology, low skills and based on low capital investment. Business start-up, he says, is often related to barriers to entry. When the barriers are low for any given market, then there is a likelihood that too many businesses of a similar kind may start up, leading to an oversupply of products and services for the amount of demand available, that is, markets are saturated.

The small-scale business sector is affected by various problems, like lack of understanding of the technology involved and/or market being served, lack of knowledge on basic accounting and managerial principles, lack of knowledge on how to apply for financial and other assistance, credit either received at the wrong time or being misused, and inadequate capital, particularly working capital Daily Nation 10th May (2000). Credit is sometimes, due to ignorance, not viewed by local entrepreneurs as a source of investment capital.

In 1989 the Government of Kenya (GOK) published a document titled, "A Strategy for Small Enterprise Development in Kenya: Towards the Year 2000." This paper focused on the constraints the sector was experiencing. These were broadly classified as:- enabling environment, investment and finance, promotional programmes and

enterprise culture. These formed the basis for designing fairly focused policies on the sector. However, a number of policy constraints continue to inhibit the sector's realization of its full potential.

Many Less Developed Countries (LDCs) have sought to transcend the historical, economic, socio-cultural and political factors, which have prevented entrepreneurs from exploiting opportunities in their environment. These countries have tried to do this by using both interventionist and non-interventionist strategies. This is done with a poverty focus owing to the realization that promotion of income generating activities, such as small-scale enterprises, is one of the means of improving opportunities for sustainable livelihoods.

Gender and Entrepreneurship

The existing literature reveals an important difference between women engaged in small-scale entrepreneurship and their male counterparts. These differences sometimes are a function of culture-specific definition or distinction of gender roles in the wider scheme of division of labour. This broad scope of division of labour touches on both productive and reproductive tasks with reference to gender differences. Attitudes towards African women are usually ambivalent Little (1978). However, in some parts, for instance in Thailand, women are encouraged to the heights of business by their men folk Day (1996).

Boserup (1970) points out that women account for a half or more of the labour force in trade in many African countries. In a study in Ghana, she found out that seventy percent (70%) of the adult women were engaged in trade activities. However, many social and economic realities work to prevent equity between men and women in the informal sector. These have inconveniently placed women in a subordinate position as regards their

participation in income generating benefits. In addition, in most societies women are heavily committed to household production and reproductive duties. The division of a woman's time between market work and home production depends on her (potential) market wage rate, her productivity in the home, and the price of available substitutes for her time in the home. Thus the understanding of the variables affecting women's home production should contribute to improved analysis of the female participation in entrepreneurial activities.

According to UNICEF (1989), thirty-two percent (32%) of the households are, for reasons of death, migration or divorce, female headed. Apart from managerial farm functions wives need supplementary cash and often become involved in the market. Many analyses of the female labour supply are based on the assumption that market work is incompatible with household production - particularly rearing children but the degree of incompatibility is not so great in developing countries as it is in the more developed ones Lycette, Burnic, McGreevey (1983).

Culture and Small-Scale Entrepreneurship

Culture plays a central role in development. Certain aspects of culture, for instance, the existence of groups that practice rotational savings and credit schemes as well as reciprocity play a contributory role in the pooling of resources for business start-up. Therefore, some cultural traits or attributes have an inherent potential to lead people into some kinds of small-scale economic activities when need arises. Ardener (1964) notes that Rotational Savings and Credit Associations (ROSCAs) are found in Asia, Africa, West Indies, the Americas and Europe. It is a phenomenon that is cross-cultural as it exists in almost all parts of the world. This is despite the variation in ways they are organized and

operated or run in different sociocultural contexts. She attributes their origin and persistence to the obligation of kinsfolk to assist each other in times of distress. Native institutions like ROSCAs should be encouraged, improved and adapted to the over-growing complexities of modern enterprises Amogu (1956). In recognition of the importance of these institutions in the informal sector, Delancey (1978) states that the Rotational Savings and Credit institutions is the best known form of informal credit in Sub-Saharan Africa.

It is also important to understand the role of Indigenous Knowledge Systems (IKS) in development efforts. For instance, one should know the decision-making systems and organizational structures within society Brokensha and Warner (1989). These are instrumental in problem solving among groups such as those of entrepreneurs. In development, Indigenous Knowledge Systems (IKS) offers a relatively low-cost approach with potentially high benefits. This approach can be incorporated into existing efforts to enhance and expand effectiveness and efficiency and it can also serve as the basis of new initiatives. This shows that certain cultural values and practices have a bearing on informal sector economic activities and can only be ignored at the expense of sustainable entrepreneurial development.

Small-Scale Enterprise Promotion

The Working Party on Small Business Development (1972) recognized the need to; determine the kinds of institutions which are required for assisting small businessmen and businesswomen in Kenya, evaluate the existing institutions and the need to recommend to the government the reforms which are necessary to ensure an effective organizational

structure for assisting small-scale entrepreneurs in Kenya. However, this has not been fully accomplished.

Assistance to small-scale entrepreneurs can come from both the government and private organizations. However, it has been noted that some of the programmes have a strong locational bias in addition to having an unco-ordinated approach. Bhatt (1985) points out the need for the state to create a climate favourable to development of entrepreneurship. Small-scale business operators require training, extension services (in terms of follow-ups of an on-going nature), rental equipment, credit facilities, legal aids co-ordination, business analysis and advise on feasibility. More research must be done on the needs and problems of these entrepreneurs.

Among the institutions identified as instrumental agents in the delivery of credit and finance to Micro and Small and Medium enterprises (SMEs) are commercial bank, semi-formal financial institutions such as K-REP and Kenya Management Programme (K-MAP) and other NGOs such as the Kenya Women Finance Support Trust (KWFT), community-based organizations and trade associations.

External interventions are increasingly becoming part of the wider development agenda of the sector. This is in addition to the Government and other private sector organizations Mullei and Bokea (1999). A number of donor agencies including the United Nations Development Programme (UNDP), the British Department for International Development (DFID), the United States Agency for International Development (USAID), the German Technical Development Agency (GTZ) and the European Union (EU) have supported programmes aimed at promoting the growth and development of micro, small and medium enterprises (MSEMs) in Kenya.

THEORETICAL FRAMEWORK

The Situational Approach Theory

This theory was propounded by Thomas W. and F. Znaniecki in (1974). The theory has been used as a frame of reference to explain the reasons why people start small-scale enterprises and the consequences of such economic activities. It has been used to show the relationship between peoples socioeconomic situation and survival or livelihood strategies such as income generation and wealth creation activities.

It is worth noting that much research work on the linkage between small-scale entrepreneurship and peoples socioeconomic situation or standards of living has not focused on the sociocultural aspects. This, however, is a dimension that is indispensable if the net impact of small-scale income generating activities is to be fully understood.

The study has employed a holistic approach which includes both economic and socio-cultural aspects of small-scale entrepreneurship.

The basic assumption of this theory which bears relevance to this study is the idea of what to do when faced with a crisis. The theory holds that human behaviour occurs only under certain conditions in the sense that human actions are prompted by certain needs. Human behaviour is understood to be malleable and people are always trying to come to terms with or adjust to the situation in which they find themselves. This may involve the acquisition of new attitudes so as to avoid social and psychological disorganization.

The theory holds that when new influences appear to disrupt existing habits, when new stimuli demand attention, when the habitual situation is altered (for instance, the

economic situation) or when a group is unprepared for an experience, then the phenomenon assumes the aspect of a crisis. Therefore, a crisis is seen here as a threat, a challenge, a strain which calls for new action Volkart (1951). Crisis is regarded as the most significant of human experiences and it affects individual's and group's behaviour and influences the direction of social change.

Another major argument that is important here is that human behaviour is situationally determined. The human situation and definition of the situation is perceived to depend on:- psychological, biological, social, economic as well as cultural factors. These singly or collectively determine subsequent behaviour.

Evidently, the rejuvenation or the recognition of the importance of small-scale enterprise activities has been influenced by the increase in levels of poverty in Mosocho division. The situational approach theory is appropriate for this study as it helps in the understanding of the relationship between people's socioeconomic situation and their economic activities or survival strategy for individuals, households and the society. The situational approach can be used to explain how people are responding to public sector reforms and poor performance of the economy which has resulted, for instance, in retrenchment or laying-off of workforce in what is referred to as staff right-sizing. In addition, since the state offers employment to a relatively small number of people, unemployment can be seen as a crisis. These factors influence the renewed interest in small-scale entrepreneurship.

The small-scale enterprise sector is also attractive to people in formal employment. For instance, some people are simultaneously involved in formal employment and accumulation in private enterprise. This could be as a result of inadequate

remuneration leading to the desire for independence or self-sufficiency through additional income generation. The theory can also be used as a basis for understanding the rural-urban linkage in the small-scale enterprise sector. For instance, people in formal employment in urban areas sometimes make remittance for investment in off-farm income generating economic activities in rural areas. The rural-urban linkage in these economic activities can also be understood as an adaptive strategy in most countries. Agricultural production may be combined with urban or rural small-scale enterprise activities. This pattern ensures that some members of the society or household remain in the rural areas where they engage in agricultural production and some non-agricultural or off-farm income generating activities while others establish business in urban areas.

While psychological endowments may be difficult to determine, factors like education, age, sex and travelling exposure may influence one's definition of the situation. For instance, educated women may discern existent economic opportunities in their environment and venture into businesses and other economic activities that those without education cannot capitalize on. The same applies to the case where highly educated women engage in profitable economic pursuits that were previously perceived by society as a preserve or domain of men.

The interactions between enterprises and their environment form networks based on personal relations, trust and reciprocity McCormick and Pedersen (1986). These networks can be seen as equitable social support networks. In times of crisis the networks are instrumental in generating resources, which are redistributed in society. That environment or situation should be understood in its broadest sense that includes physical, economic and socio-cultural variables.

Actions taken in a given situation are those that make sense to the actor(s) although

they may seem illogical to an outsider observer. This is because the course of action to be taken, (for instance the kind or type and size of economic activity selected) is not reached at randomly or haphazardly. Various factors are considered which lead to the selection of the most viable or suitable action. When this is applied to business enterprises the decision to start one, the type and size of business is arrived at after considering various relevant factors. This implies the involvement of cost-benefit analysis or opportunity cost.

The situational approach theory is applicable in this study as it helps to explain the possible interaction between small-scale enterprise activities and peoples survival strategies or livelihood strategies. This is understood in the light of entrepreneurs standard of living which depends on factors such as employment and informal means of income generation, education, health and food security of individuals, households and the society in general. The theory also caters for cultural practices that are associated with economic activities. This assumption is based on the fact that economic activities are subsumed by or embedded in the peoples sociocultural matrix that includes ideological cultural aspects such as beliefs, values, norms, attitudes and worldview. These include the value attached to productive activities, exchange as well as communal work groups. These are cultural elements that are acquired by individual members of a society in the process of socialization and enculturation and passed on to subsequent generations. These factors may necessarily undergo some modification which makes them suit specific socio-economic circumstances or situations. In some cases, certain cultural attributes that had been discarded or neglected such as reciprocal relationships and Rotational Savings and Credit Association (ROSCAs) may be re-evaluated and re-adopted when a new situation reinforces their utility. Consequently, this helps in understanding the process of culture change and/or transformation.

CHAPTER THREE

RESEARCH METHODOLOGY

Selected respondents were both men and women who were engaged in small-scale enterprises. These were selected from the population or universe of the people engaged in the small-scale enterprise sector in the study area. The unit of analysis of this study is therefore, a small-scale entrepreneur. A total of sixty (60) business premises were visited during fieldwork and the same number of respondents representing their enterprises were interviewed.

The sample was selected by first listing all the administrative locations in the division. A few were selected by simple random sampling. This was done bearing in mind the total number of administrative locations so that the number of those selected could not interfere with their representativeness of the entire study area. Then all market and/or shopping centres in selected locations were listed and some purposively selected in such a way that all locations were equally represented. Both the divisional administrative headquarters, Mosoch Market and the local district headquarters, Kisii Town (some parts of which fall under the study area) were selected due to their importance as market centres for most of the goods and services produced around the divisions and other areas of the District as well as their being residential areas for many entrepreneurs. These were the areas with a high concentration of small-scale enterprises.

The questionnaire was administered to traders with permanent business premises and those with fixed semi-permanent premises. Selected key informants were also interviewed. In doing this, consideration was given to gender differences in terms of the proportions of each sex in the total sample population. In the course of the study, the interviews conducted yielded information on the entrepreneurs educational background and its relevance to their businesses.

Some financial institutions especially microfinance institutions operating in the area were contacted for information on their activities within the local small-scale enterprise sector. The information sought was on the kinds of assistance accorded small-scale entrepreneurs in Mosoch division. These institutions were mainly located in the local town which is the district headquarters. For written sources of information the local districts trading office was an important source of reference for relevant data on small-scale enterprise activities and the specific conditions of the entrepreneurship environment in the study area.

Important information was also sourced from groups of entrepreneurs, that is, mutual self-help associations locally known as *ebiombe*. These groups included those whose membership constituted women, men or both. The size of the data base, the variety of enterprises and the survey methodology combine to lend a great degree of confidence to the representativeness and significance of the findings.

METHODS OF DATA COLLECTION

Survey Technique

(i) The Questionnaire

An appropriate questionnaire was prepared with both open-ended and closed questions. This was administered to sixty (60) small-scale entrepreneurs. Some questionnaires were left with respondents and in some cases were administered face to face by the researcher. The data collected reflected the facts and opinions of the entrepreneurs or the study population as the questionnaire was administered to a sample that was adequately representative. The size of the sample and the variety of the enterprises combined to ensure this representativeness.

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This yielded data on issues such as reasons for starting enterprises, sources of investment capital, constraints to entrepreneurship, land ownership, expenditure of earnings, educational status, record keeping. The data collected also included the subjects attitudes towards small-scale entrepreneurship such as the entrepreneurial environment, contribution and successfulness of enterprises and the perceived future of these economic activities.

(ii) Informal Interviews

Interviews were conducted in the sample business premises using interview schedules to guide discussions. They also took the form of casual observations between the researcher and informants. This facilitated face to face interaction with the informants. Selected respondents' provided information touching on their feelings, attitudes and beliefs and their views on small-scale entrepreneurship, the entrepreneurial environment and how they felt it can be improved. It is a method best suited for collecting data from people who may be illiterate and have no written records for their activities. Efforts were made to establish rapport with the informants. Probing was also done where necessary so as to access relevant information.

The questions posed during interviews are those that arose from the use of the standardised questionnaire of the study. This is justified by the fact that it makes variations in the responses given to the questions to be genuine variations. Interviews based on standardised questionnaire were designed to collect data from the personnel in the Trading Office at the District Headquarters. This was time consuming but it has the strength of providing relevant information that may not be clear from the structured schedules.

FOCUS GROUP DISCUSSIONS

Focus group discussions were conducted at the largest trading and shopping centres at the Mosocho division Headquarters and Kisii Town. This involved twelve respondents or participants and a facilitator. The discussion was guided in a way that yielded information relevant to the objectives of the study. The number of participants was controlled to ensure active participation by all members in the discussion.

Middle-aged and elderly entrepreneurs were selected to provide information on beliefs, attitudes and other practices linked to small-scale enterprise activities. Younger and new entrants into this sector provided information on the reasons for starting small-scale enterprises as well as challenges presently faced by aspiring entrepreneurs.

Focus Group discussions yielded information on issues such as differences in entrepreneurs perceptions. The group was constituted with the assumption that individuals with same characteristics such as involvement in the same kind of economic activities share a common perspective or worldview. This technique facilitated the collection of data on group attitudes and perceptions such as the reasons for starting small-scale enterprises, their benefits and, the entrepreneurial environment in general. The participants also gave information on the problems they encountered while operating their businesses and gave suggestions on possible solutions. This approach broke the monotony of moving from one business premise to another and enabled the researcher to get information that could not emerge from face-to-face interviews.

KEY INFORMANT INTERVIEWS

Adequate time was allocated to talk to selected key informants. These were elder members of the community as well as younger small-scale entrepreneurs. Focused in-depth interviews were carried out with elder members of the community involved in small-

scale enterprises. Four key informants were interviewed. Though no formal questionnaire was formulated for this purpose, they provided valuable contextual and specialized knowledge on small-scale entrepreneurship. Questions from the standardised questionnaire were carried further with the selected respondents. One key informant was an elderly businessman who was presumed to be well versed with his culture by virtue of age and being a long-time successful entrepreneur. The aim was to access relevant information from entrepreneurs who can be said to be thoroughly enculturated and were, during the study operating small-scale enterprises. These people were found to apply knowledge of their culture to daily actions such as managing their enterprises.

A Trading Officer, based at the local District Headquarters, who is trained in his field and is in charge of provision of extension services in the area and acquainted with the types of business activities in the area, was also selected. The selection of key informants was, therefore, based on judgement sampling which entailed careful selection of informants based on their distinctive qualification on the issues relevant to the research.

SIMPLE OBSERVATION

This technique does not involve participation in the entrepreneurs activities but rather observation and recording of relevant information to the objectives of the research. Observation is basic to any kind of research. This involved observation of the activities of small-scale entrepreneurs on daily basis. Relevant information was recorded as field notes as the research proceeded. Observation enabled the researcher to see what people were doing. Other valuable data collected using this technique included the general nature of infrastructure, other economic activities in the area, gender participation, the type of premises and the distribution of the small-scale enterprises in the study area. "On spot,"

observation technique was used during the frequent visits to premises as well as 12-24 hour recall.

This method facilitated observation of real-life situations, that is, social actions within their natural environment or context. This yielded important data on the daily activities of the subjects especially on how they operate their enterprises. In using this technique familiarity with the local language was advantageous as it ensured operation within the respondent's cultural context. Of particular interest to the research were activities of the members of trading groups or associations and Rotational Savings and Credit Associations (ROSCAs). The aim was to find out from their group activities how they conducted themselves and important issues to them that are related to their small-scale enterprise activities.

At the commencement of the research I took the initiative to inform the local administration (that is, the Chief and the Assistant Chiefs) about the planned research. A courtesy call was paid to the local District Commissioner who was handed the letter of authorization to do the research. In addition, a letter of introduction from the District Commissioner was delivered to the Chiefs and Sub-Chiefs and the objectives of the research explained to them. Ceremonies were attended and Visits to various business premises were made as a way of establishing rapport with the respondents. The technique enabled the researcher to see what people were doing and listening to what they were saying. This made it possible to obtain in-depth data as well as data on the actual behaviour of entrepreneurs as it occurs as they operated their enterprises. Participant observation makes it possible to test the truth of statements made and it enables one to draw the context of the culture thereby giving meaning to attitudes, behaviours, practices and opinions.

WRITTEN SOURCES

During the study I visited the local district headquarters in Kisii Town to access information from records from the District Trading Office on the informal sector in the area, and entrepreneurship development. This was information on the types of small-scale enterprise activities that people in the study area were engaged in. This information helped in understanding of the documented problems that entrepreneurs were facing. In addition, the records gave an insight into the government's efforts to promote income generating activities in the informal sector as well as the role of the informal sector in sociocultural and economic development. This information was very useful for the study.

PROBLEMS ENCOUNTERED DURING FIELDWORK

The study encountered some problems during fieldwork. Most roads in the area were untarmacked and were rendered impassable during the rainy season. This situation was further exacerbated by the physical terrain which is mainly hilly. As I had to walk to visit some respondents due to financial limitation the exercise was time and energy consuming.

In some cases respondents in the sample were unco-operative or declined to volunteer information that was sought after. This was sometimes due to absentism or some respondents were too occupied with their activities to attend interviews and focus group discussions. Some found difficulties in answering the questions in the questionnaires due to illiteracy.

At times subjects targeted declined to give information demanding to be told the likely material benefits of the research. Others suspected their activities were being spied on and were not willing to volunteer some information that they considered personal or

private. This was the case when I sought information on sources of capital for investment, success of the enterprises, possession of trading licence, expenditure of profit or income from the enterprises and the entrepreneurs' future plans for their enterprises. All these made the study time-consuming and sometimes caused delays and affected the rate at which I got the responses required.

To counter these delays I had to explain the objectives of the study clearly and the importance of the research. In some cases I got the assistance of informed people with whom I visited the subjects and asked them (subjects) to co-operate during interviews. Here, also I found assistant chiefs and village elders very helpful. Other measures included being patient and making more visits to the respondents. Due to financial limitations and the poor road network in the area I had to walk around a lot on foot to visit some respondents. Those respondents who had problems with filling the questionnaires due to illiteracy were assisted to do so.

However, in spite of these problems, I finally managed to collect all the information that was required from the field.

Characteristics of the Study Area

Kisii District, where the study was conducted, is an area characterized by good yield potential for a number of crops District Socio-Cultural Profiles (1984). The crops cultivated include tea, coffee, bananas (*Musa sp.*) maize (*Zea mays*), sorghum (*Sorghum vulgare*), sweet potatoes (*Ipomea batatas*), millet (*Eleusine coracana*). Fruits produced include avocados, mangoes and guavas. There is also small-scale dairy production whereby people keep small herds of cattle, predominantly traditional zebu breeds and more recently mixed breeds.

Rapid increase in population has led to diversification and intensification of

agricultural practices as exemplified by mixed farming. Traditionally, the main source of labour was the family i.e. household members. This is still the case today in many parts. This family could be monogamous or polygamous. Among the Abagusii the family is patriarchal, that is, descent is traced through male members of the society. There were also well defined roles in agriculture and elaborate home production systems. However, due to changes in traditional agricultural practices and the introduction of cash economy coupled with increasing importance attached to education, the traditional division of labour is no longer rigidly observed. Labour has been commercialized to some extent.

From the Kisii District Development Plan (1994-96), it is noted that there are no major manufacturing firms in the District. Retail and wholesale businesses are undertaken in the small market centres of the District and the local district headquarters, Kisii town is a major trading centre in the area.

Informal activities have become common in the area.. The sector is engaged in activities like motor vehicle repair garages, dealers in agricultural products such as fertilizers and tools, sale of agricultural products, hotels and restaurants, furniture and fixture, hair salons, barber services, jua kali services, hardware, posho milling, sale of second-hand clothes, metal fabrication, retail and wholesale services businesses, computer services and training among others.

The informal sector has gained prominence as a result of lack of opportunities for employment in the modern (formal sector). The high employment potential in the informal sector principally results from the multiplicity of the informal sector activities Kisii District Development Plan (1994-96). This makes straddling or diversification of income generating activities possible. These activities use simple and inexpensive technologies which do not require specialized skills. They have higher labour intensity

and are characterized by ease of entry making them attractive to most people intending to venture into business. These factors permit more jobs especially with little capital investment. Government policy is to enhance the growth of this sector with a poverty alleviation focus.

The Development Plan identified the major constraints to development as including - high population growth rate, poor road maintenance and telecommunications network, declining agricultural productivity, environmental degradation and inadequate education and social amenities.

The increase and expansion of commercial activities could also be attributed to the investment of income earnings from agricultural products. Division headquarters and sometimes locational also serve as centres of commercial activities. The goods produced and services offered by small-scale entrepreneurs are in most cases relatively cheap. This ensures a steady market.

According to the 1989 population census, the size of the labour force in Kisii District was 365,102 persons. By 1997, the labour force totaled 385,23 . The biggest employer in the District is the agricultural sector. However, there is a lot of disguised unemployment in this sector.

The number of people engaged in the informal sector was projected to reach 20,071 in the year 2001. This sector is important as it will offer a solution in the face of unemployment resulting from the decline in economic performance in the country and public sector reform (for instance retrenchment), insufficient remuneration and underemployment of the labour force.

In order to develop the small-scale business sector there is need to open up new market opportunities and to assist entrepreneurs to apply effective and efficient marketing strategies. There is also need to upgrade skills in business management. This is because

training needs among enterprises are many and diverse. These enterprises should also choose appropriate technologies.

Upgrading technologies used by small-scale businesses in Kenya has been problematic. The country does not have effective institutions or mechanisms for facilitating choice of technologies, or for creating awareness of the need to improve the technologies in use in Kenya's small-scale businesses. The country's market has been derogated and globalization has exposed these businesses to competition from all over the world, where there is mass production of goods using superior technology Daily Nation (10th May, 2000). If small-scale businesses are to compete and grow (in order to create jobs and incomes) they will have to make progress in terms of technologies they use and have the ability and potential to choose such technologies.

According to the Article "Kenya's Future lies in Small Businesses" The Daily Nation (May 10th, 2000) there is need for marketing support for small businesses. This is because of the demand for market access by businesspeople. Research, has shown that basically the major constraints faced by small-scale business enterprises is the inability to market the products they produce, profitably. So, the need to apply modern and effective marketing strategies is big among small businesses. Some entrepreneurs do not conduct proper assessment of what market opportunities exist. It is an expensive process for them.

From this literature review it is clear that the dynamism of the small-scale enterprise sector can contribute to sustained economic growth and alleviation of poverty. However, the realization of its full potential is inhibited by various constraints. There are also contributing factors that can be important in ensuring that the full dynamism of the sector is adequately tapped. As the current management thinking calls for down-sizing and

dis-aggregation of large firms, it seems opportune to propose the development of small-scale enterprises through linkages between large and small firms Mullei and Bokea (1999).

The economic situation that most Less Developed Countries (LDCs) are in (Kenya included) requires more efforts to be made towards greater development of the small-scale enterprise sector. Therefore, more research is required in order to understand its various aspects, particularly from a cultural perspective or dimension involving both emic and etic perspectives as well as holistic approach, so as to provide the right assistance that will ensure its success in alleviating poverty and improving peoples standards of living or quality of life in both rural and urban areas.

DATA ANALYSIS AND PRESENTATION

Fieldwork involved the collection of both quantitative and qualitative data.

Qualitative data include: ideological cultural aspects such as cultural definition of gender roles, division of labour, the activities of mutual self-help groups, views on entrepreneurial environment, social organization and the contribution of small-scale enterprises. I collected these data using participant observation, direct observation, key informants, focus group discussions as well as interviewing subjects. Quantitative data include: age, reasons for starting small-scale enterprises, total acreage owned, expenditure of income from businesses, record keeping, location of the enterprises, level of education attained and occupational status of the respondents. These data were obtained mainly through interviews conducted at the business premises as well as the questionnaires that were administered to the respondents.

The data have been analysed using descriptive statistics and the test of significance called Chi-square. To sustain the validity as pertains to the existence of relationship between the independent and dependent variables the hypotheses have also

been analysed. This is in line with the need to interpret the data in a way that looks for the possible associations between the variables in the study.

Quantitative data have been expressed as percentages to facilitate illustration. Simple and cross tabulation tables are employed as a tool for analysis as they make it possible for the data to be easily understood.

CHAPTER FOUR

FACTORS CONTRIBUTING TO INCREASE OF SMALL SCALE ENTERPRISES

Reasons for Starting Small-Scale Enterprises

One of the objectives of the present study was to find out the various factors that have attracted people to small-scale entrepreneurship. Table 4.0 shows the various reasons that led respondents to start small-scale enterprises.

Table 4.0

REASONS FOR STARTING SMALL-SCALE ENTERPRISE	N	%
Income generation	36	60
Possession of Expertise	4	6.66
Market opportunity	4	6.66
Desire for Independence	14	23.33
Forced Entrepreneurship	2	3.33
Others	-	-
Total	60	100

These findings can be explained by the various ways in which the respondents view the importance of small-scale enterprises. Table 4.0 established that of the total number of respondents, 60% resorted to small-scale entrepreneurship because they considered it viable for income generation and 23.33% attributed this trend to the desire for financial independence. The desire to increase one's income was found to be the motivation for both the unemployed and those employed in the modern sector. The explanation for this may be two-fold. Firstly, people in the study area presently live in a difficult economic situation. Secondly, this may have resulted partly from a shift in the local people's perception of wealth with more inclination towards accumulation of cash in addition to material assets such as land, cattle and number of children. Income from small-scale enterprises were viewed as enabling people to meet their daily needs as well as

boosting their social status.

Table 4.0 further illustrates that 6.66% of the respondents attributed their involvement in the small-scale enterprise sector to their possession of expertise, another 6.66% attributed this to the desire to exploit a market opportunity and 3.33% gave their reason as forced entrepreneurship. Although these three reasons were cited by fewer respondents further investigation and in-depth analysis revealed more on the local peoples views on the importance of these economic activities. For instance, the desire for financial independence was found to be tied to two strands of reasoning. These are, the younger generation's apprehension about continued reliance on their parents and/or guardians for sustenance as well as the older people's desire not to financially rely solely on their children in future. Both categories, therefore, engage in small-scale economically productive enterprises so as to ensure their financial security or to boost their financial independence. The rationale for this is that financial independence leads to self-reliance as it enables people to meet their various needs such as food, education, shelter, clothing and medical care. Therefore, the desire to generate income "pushes" people to small-scale entrepreneurship.

Possession of expertise as a factor in small-scale enterprise formation is linked to the kind of formal education that the educational system imparts on learners as well as the objectives of such knowledge. For instance, technical education and vocational training was aimed at according school leavers skills vital in self-employment and self-reliance. The study found out that the respondents with post-primary and post-secondary technical training had opted for enterprises along the line of their specialization or knowledge and skills. Examples of these enterprises include, furniture and fixture, and motor vehicle repair. Entrepreneurs in the study area have mostly acquired such training or skills from Gusii Institute of Technology located in Kisii Town, the local district

headquarters, as well as a polytechnic located in Mosoch division called Nyaore Polytechnic. In the face of financial difficulties artisans resort to sell the skills that have been inculcated in them through formal education. However, it was also found that artisanal skills are also offered by successful small-scale entrepreneurs in their premises in the form of apprenticeship to those interested in various trades. The successful entrepreneurs in these cases have served as role models and the motivation to aspiring new entrants into the small-scale enterprise sector. Therefore, possession of expertise can be understood as a “pull” factor into small-scale entrepreneurship. However, when one has artisanal skills and is unemployed then expertise can be seen as exerting a “push” on people into small-scale entrepreneurship.

Some entrepreneurs in the study area started enterprises with the intention to exploit market opportunities that they perceived in the area. Therefore availability of market is a factor that “pulls” people into the small enterprise sector. These opportunities have, for instance, been discerned by the relatively more educated people. It evidently involves calculation related to cost-benefit analysis and opportunity cost. In larger shopping centres and the major urban centre or town in the area some entrepreneurs have ventured in offering computer services, a field that is relatively new. There are also entrepreneurs who offer communication services for instance telephone services. These enterprises require higher capital to start as well as the availability of electric power.

It was found that the factor of forced entrepreneurship that was cited by some respondents is linked to financial difficulties in the sense that there were no other means of income generation. Therefore, these people are pushed or forced to venture into small-scale businesses as they have no other viable options for survival.

The poor agricultural production, in spite of the study area’s rich agricultural

potential, has been partly occasioned by the prevailing high population density. This has drastically reduced the size of acreage owned by individuals and households which has led people to turn to the informal activities sector in the area as a viable option for survival. Growth of small-scale entrepreneurship was, therefore, found to have multiple causes and is particularly tied to poverty. The poor can be said to be those members of society who are unable to afford minimum basic human needs comprising food and non-food items. Some of the major attributes of poverty include landlessness, lack of education, lack of access to good infrastructure such as rural access roads, lack of clean water and sanitation, unemployment, poor agricultural production and lack of good housing. These are some of the aspects that are pertinent to the present study.

Unemployment was found to led people to small-scale entrepreneurship. The research revealed that this was in addition to underlying causes such as prestige and social status. Table 4.1 shows the employment status of men and women in the study sample.

Table 4.1: Employment Status

Employment Status	Men	Women	%
Regular income	9	3	15
Farmer and casual labourer	19	20	31.66
Farmer and businessman/ Businesswoman	9	-	15
Total	37	23	100

Table 4.1. illustrates that most of the respondents are not in formal employment as those with regular income account for 15% of the total sample. These findings also indicate that there are less women entrepreneurs informal employment compared to their male counterparts, in the selected sample. This confirms that unemployment contributed to the

increase in small-scale enterprises in the study area. The explanation for the small number of women found in the labour market probably results from gender inequalities skewed against women in terms of access to secondary and higher education in areas such as technical and vocational training. This is partly rooted in or related to the prevailing cultural beliefs and practices on gender roles in the study area. Traditionally among the Gusii, women were mostly supposed to perform their reproductive and productive within the domestic realm and only men could venture out to the labour market. The repercussions of this, for instance, the fewer number of women in salaried employment is evident despite the fact that this perspective is changing as most parents are paying for their sons and daughters to acquire education. The other reason for fewer women being in formal employment is possibly a function of the limited job opportunities available in the labour market.

It is valid, then, to argue that due to unemployment, partly resulting from the decline in the performance of the national economy, people tend to start activities such as small-scale enterprises so as to be self-reliant and improve their standards of living or quality of life. It is also important to note that the majority of those entrepreneurs in formal employment were found not to earn high income due to the nature of their jobs.

The study revealed that illiteracy levels are declining (see Table 4.3.) in the study area particularly among the youth, due to various factors such as the availability of relatively free primary education, the increase in the number of primary schools and the local peoples recognition of the role of education in personal development and in the development of the society in general. Illiteracy is disadvantageous as it is an expression of ignorance. It was also found that those who were unemployed due to lacking higher education were attracted to small-scale entrepreneurship as a means of income generation.

From Table 4.1, it is revealed that whereas the illiterate-unemployed respondents

resorted to small-scale entrepreneurship as a last resort those in regular employment became entrepreneurs due to the desire to diversify their economic base and boost their earnings. It is for this reason that if small-scale entrepreneurship is attractive to both the employed and the unemployed. This also explains the straddling between small-scale entrepreneurship and other economically productive activities such as farming.

One of the indicators of the peoples socioeconomic status is the type of shelter they live in. Table 4.2 shows the type of shelter owned by the respondents.

Table 4.2: Type of Shelter

Type of Shelter	N	%
Grass-thatched and mud-walled	10	16.66
Iron-roofed and mud-walled	38	63.33
Semi-permanent	7	11.66
Permanent	5	8.33
Others (specify)	-	-
Total	60	100

Table 4.2 illustrates that most respondents 63.33% live in iron-roofed houses which are mud-walled. 16.66% of the respondents live in iron-roofed houses which are mud-walled. It is also indicated that both semi-permanent and permanent houses are fewer, that is 11.66% and 8.33% respectively. The two types of shelter that predominate in the study area sometimes co-exist in homesteads. For instance, the main house may be iron-roofed while grass-thatched huts are used for food preparation and are residence for younger household members like boys who stay in a house called "esaiga." The internal sub-division of shelter is basically functional. For instance, a hut that is used for food preparation is normally compartmentalized into a section for food preparation called "eriko" and a part for storage of firewood called "rirongo" (firewood may also be hung from the roof over the fireplace, a form of storage or preservation called "risangina").

There is also a sub-division, normally on the outer side, called “*eero*” which is a resting place or sitting place. Reliance on firewood for food preparation is partly due to the people’s low socioeconomic status as they cannot afford other types of fuel for food preparation such as cooking gas. Rural electrification is also not extensive and, therefore, electric power is beyond the reach of the majority of the local people.

The adaptive response to their situation, as regards to shelter, is that most people have resorted to utilization of locally available and relatively affordable material to construct their shelters. These materials may be used in combination with those that are produced using modern sophisticated technology such as iron-sheets. Examples of the locally available resources that are used for constructing houses are the three types of grass used for roofing thatched houses. These are, the fine grass that usually grows in high altitude areas called “*ekenyoru*” and two other types that grow in swampy areas locally called “*ekebabe*” and “*esasati*.” Granaries, “*ebiage*” (singular, “*ekiage*”) were traditionally, grass thatched with a weaved cylindrical base for storage that was raised from the ground using stones or pieces of wood. Although this type still exists, there is a gradual transformation leading to their replacement with the iron-roofed granaries. It is partly from these storage facilities that what the local people produce from their farms can be observed. It was found that grain produced, that is, maize, millet, sorghum and beans, was declining. These cereals could be found in the granaries immediately after the harvest but they run out before the next harvest season. This shows the insufficiency of what most people produce in their farms to sustain their households for a long time. Lack of food reserves has implications on household food security and nutritional status which is an indication of the socioeconomic status of the household. In this sense, therefore, most households in the study area may be categorized as living in poverty. This is one of the

reasons why people have ventured into income generating activities such as small-scale enterprises.

It was also observed that the traditional form of shelter, with slight modification, was being used for aesthetic purposes and to attract customers to small-scale business premises. This was the case, for instance, where shades in restaurant premises and other recreational spots in shopping centres and the major town in the area were constructed using local materials and traditional techniques. These shades are grass-thatched and circular and are attractive to people who want to relax or rest as they take a drink. This supports the view that modernization does not necessarily require wholesale rejection of what is traditional in preference of foreign or western cultural trends. African cultures have aspects that, if harnessed, can lead to socioeconomic development. This form of conservative modernization shows that modernization is not synonymous with westernization and that development can be realized in the absence of western cultural imperialism.

Contributing Factors to Increase of Small-Scale Enterprises

(i) Sociocultural Factors

The study found out that some of the enterprises were considered successful by their proprietors. This was in spite of the various constraints in the local entrepreneurial environment (see Chapter 5). The views of small-scale entrepreneurs also revealed that the local people's perception of success of enterprise is not only confined to economic returns. In addition to profits from their economic activities, the benefits of entrepreneurship were also found to be locally assessed in terms of sociocultural benefits. This is based on the judgement and value system of the local culture and this finds expression for instance, in appreciation of one's status and recognition in society. This also

includes the society's appreciation of one's involvement in productive activities rather than being a social misfit.

Contributing factors to small-scale enterprise success were found to include economic, social and cultural variables. Successful enterprises were evidently those that were not constrained by difficulties in accessing supplies or raw materials and insecurity. These enterprises were located within or in proximity to areas with a relatively good road network. Demographic factors also have an important contribution to entrepreneurship in the area. For instance, the high population density in the area provides a ready and accessible market for certain products for instance, consumer durables that are available in retail outlets.

It was also found that in the study area, other factors that have played a contributory role in small-scale entrepreneurship include Rotational Savings and Credit Associations (ROSCAs), kinship networks, the indigenous knowledge system, Indigenous Technical Knowledge (ITK) and social groupings not necessarily based on blood relations such as rotational work groups and, mutual self-help associations. The prevailing attitudes towards education (both formal and informal) were also found to be influential in entrepreneurship. These are sociocultural contributor factors that were found to play an important role in, for instance, mobilizing resources for enterprise start-up or investment. Rotational Savings and Credit Associations (ROSCAs) locally popularly known as "*sindigisa*" and merry-go-rounds or mutual self-help groups locally known as "*ebiombe*" (singular, "*ekeombe*") are all linked to the entrepreneurial spirit in the study area. Important in the provision of labour are rotational work-groups called "*ebisangio*," (singular, "*egesangio*"). These groups are characteristically formed on the basis of group solidarity for economic survival and socialization aspects of the wider

Gusii culture. These associations are important in providing labour and sometimes encouragement or moral support in the process of running their enterprises. In doing this they make the process of investment self-financing and self-sustaining. In addition, they were found to be suitable fora through which entrepreneurs could exchange ideas especially in matters pertaining to investment and business management and group leadership. Among the Abagusii, kinsmen share responsibilities and may demand assistance to various degrees and in practice, they may act as a corporate group. This has implications on enterprise formation such as pooling investment resources as well as provision of labour during the management of the business.

The cultural dimension of success or failure in business among the Abagusii is sometimes tied to the belief in powers, "*ebirecha*" which existed traditionally. For instance, there is a belief that killing Luo traders who travel in donkeys and exchange with the Abagusii commodities such as cattle-salt, pots and papyrus mats could predispose one to misfortune such as illness or failure in economic activities. This belief was found to still persist in the study area which extends to the border between the Abagusii community and the Luo. The trade still persists but to a lesser extent compared to the traditional period. There is co-existence of small-scale entrepreneurs from both communities, for instance, in the border shopping centre called Eroga (in Gusii language) and Ruga (in Luo language). The Luo traders exchanged their wares with their Gusii counterparts or other people, not strictly in cash but sometimes through barter trade. The rationale for this probably rests on the community's realization or knowledge that these commodities that the Luo neighbours traded in with the Abagusii are not produced by the local community. Hence, this could be a way of securing and protecting supplies even in

times of inter-ethnic feuds or tensions. Anyone who committed this offence was supposed to offer a sacrifice locally known as "*ekengwanso*" (sacrifice) or appeasement "*okoosia*." This demonstrates that a set of beliefs does not necessarily die out with social change. In addition, the traditional Gusii concept of a curse or "*okoragereria*" in the local language, was understood to be potent in all activities including business or trading. For instance, where a person died as a debtor, ghost intervention may be held to account for his family's failure in business or other economically productive activities. This is rooted on the belief that a curse may be inherited by the deceased's descendants. The conceptualization of corporate personality was the basis of rationalizing that a curse on one member can affect his or her kin.

It should be noted here, however, that inter-personal explanation of failure of enterprise does not invariably exclude the financial or market explanations as well as other explanations. The rationale for functional basis of interpersonal explanation among the Abagusii is to impute responsibility for business or enterprise failure and thus answer the "why" question. Such an explanation is culturally important as it addresses concerns of anxiety and stress.

Kinship networks, particularly within the extended family and the household, were found to be functional or supportive in income generating activities. Their importance is reflected by the fact that some entrepreneurs raised their investment capital from their family members and relatives as gifts or loans. In addition to this, the household, which is the basic unit of reproduction and production, was found to play a supportive role in family enterprises. This was, for instance, the case when family

members such as children and siblings provide labour in family enterprises run by their parents. The family, therefore, involves its mature and able-bodied members in ensuring its future financial security and economic stability so as to be self-sustaining. Therefore, it can be argued that these efforts can be scaled up to the national level as overall productivity in the country, through contribution to the Gross Domestic Product (GDP) is enhanced. These contributing factors constitute some of the prerequisites of a conducive entrepreneurial environment which nurtures entrepreneurship development.

The investigation also revealed the potential of the traditional attribute of sensitization through the village elders called "*abagaka b' ekenyoro*." These are respected people in their own villages and sometimes make important decisions that affect the villagers. This is one aspect of leadership by gerontocracy that was traditionally practiced. The leadership by elders is an effective way of propagating progressive ideas about the importance of entrepreneurship as a livelihood strategy at the micro or local level. It improves local people's participation and forms a means of sharing information relevant to present and aspiring small-scale entrepreneurs.

Drawing from the traditional social organization and division of labour, small-scale enterprises were found to draw their labour partly from the domestic front. This minimized the cost of operation of such enterprises. It also ensured co-operation of family members in income generation and wealth creation.

Entrepreneurship is sometimes construed to refer to shifting of resources from areas of low to those of higher productivity. It, therefore, thrives in the presence of certain prerequisites or preconditions such as entrepreneurial opportunity and entrepreneurial capacity. The concept of opportunity to be exploited could be real or perceptual. Perception may be understood as the process by which an individual acquires and interprets or processes information from his/her immediate environment. This process is basically

inherently subjective in the sense that one's cultural background or context conditions, to some extent, the aspects of reality that are emphasized or held to be important such as available viable investment opportunities and possible outcomes or consequences. This is achieved through socialization and/or enculturation. Opportunity and capacity are influenced by other important factors such as education, age, infrastructure, demographics and culture. These are definitive of whether a society is comprehensively entrepreneurial or otherwise. Infrastructure encompasses all the requirements necessary for producing and exchanging goods and services. The importance of education is underscored, for instance, by the attainment of necessary skills to exploit opportunities available. It was found that the demographic characteristics of the respondents were various. However, there was found to be a particular range of age at which people were more active in business that is between 20-45 years. Age sometimes found expression in the size of the enterprises as well as their ownership. For instance, below the lower limit of this age range, individuals are perceived in local cultural terms as "too young" or children and cannot therefore, own their own property such as land and or enterprises. However, they can participate in economically productive activities through provision of labour.

Starting of small-scale enterprises closer to their home areas is partly as a result of entrepreneurs attachment to their ancestral land. This is tied to a sense of security, sense of belonging and socialization. This shows that cultural aspects or considerations influence location of small-scale enterprises and this has contributed to the increase in small enterprises in the study area.

The preceding discussion validly demonstrates that the cultural aspect or dimension cuts across the entire entrepreneurial environment and entrepreneurial spirit. It has a bearing on decision-making involving opportunity cost, perception of available

opportunities or investment alternatives, the type of enterprises, gender participation or issues in entrepreneurship and motivation to pursue or exploit entrepreneurial opportunities to mention a few. Successful entrepreneurship depends on its social acceptability and in some cases is bolstered by the respect and recognition as well as privileges and obligations placed on entrepreneurs by the wider society.

ii) Education and Entrepreneurship

Since the colonial era formal education has been widely perceived as a stepping stone to the labour market or employment in the formal or modern sector. Education and professional training was regarded as a way of increasing chances of one securing employment in the private and the public sector. This view of education that was held by colonial authorities has anthropological roots or dimension. One of the assumptions of the colonial authorities is that Africans had inferior mental capacity relative to people of European origin. For this reason, colonial authorities deliberately programmed to offer Africans skills and knowledge that prepared them for employment in low-paying and less influential jobs such as teaching, nursing and working as clerks. At this time the levels of illiteracy, therefore, remained high. However, this trend changed and Africans acquired higher education partly because the concept of psychic unity regardless of race became more widely embraced by scholars. This view challenged the notion of the psychic inferiority of Africans.

In order to investigate the relationship between education and the small-scale enterprise activities in the study area in Table 4.3, education was cross-tabulated with the types of enterprises run by the respondents and the Chi-square test worked out to find out if there was any relationship between the two variables.

Table 4.3: Education and Type of Enterprise

Education Level	Type of Enterprise												
	Retail Trade	Hotels/ Restaurants	Tailoring	Motor Vehicle & Bicycle Repair	Furniture & Fixture	Posho Mills	Matatu Business	Computer Business	Hardware	Bookshop	ShoeMakers	Barber/ Beauty Shop	Total
None	-	-	-	-	-	-	-	-	-	-	4	1	5
Primary	10	-	2	-	2	1	-	-	1	-	-	3	19
Secondary	7	6	2	-	4	2	2	-	3	2	-	1	29
Technical	1	-	-	2	-	-	-	1	-	-	-	-	4
University	-	1	-	-	-	-	-	1	-	1	-	-	3
Total	18	7	4	2	6	3	2	2	4	3	4	5	60

- Degree of freedom: 44
- Chi-square = 61.568742589
- P is less than or equal to 0.05246

The Chi-Square shows that the relationship or association between education and type of enterprise is statistically significant. This consistent pattern of influence can be explained in terms of the potential of education to enlighten and expose potential entrepreneurs to issues pertinent to enterprise formation. This particularly influences decision-making on the choice of the available investment options as well as allocation of resources to the business that is perceived as viable. This is aimed at achieving the goals of maximization of the benefits of entrepreneurship such as self-reliance, self sufficiency and appreciation of social status. A good educational background equips potential entrepreneurs with knowledge and skills that facilitate their entry into enterprises that are the realm of the informed. These include: artisanal and mechanical-based enterprises as well as computer services. The informed entrepreneurs, for instance through formal education, can actually offer the required services due to the skills they possess. They are also able to handle financial matters regarding their enterprises better. These include: seeking credit, utilization of available banking services and good record keeping. Education is also associated with formulation of a good programme of activities that minimize time wastage and it also ensures better organization and motivation of employees. These entrepreneurs' disposition to appreciate cultural values in development efforts evidently leads to active participation in income generation and contribute to the realization of sustainable socioeconomic development through actualization of the local entrepreneurial potential.

The study found out that the majority of the respondents have attained primary and secondary education, that is 31.66% and 48.33% respectively (see Table 4.5). Table 4.4 below shows the relationship between educational level and employment status.

Table 4.4: Education and Employment Status

Education Level	Employment Status			
	Regular Income	Farmer and Casual Labourer	Farmer and Businessman/ Woman	Total
None	-	5	-	5
Primary	1	18	-	19
Secondary	9	16	4	29
Technical	1	-	3	4
University	1	-	2	3
Total	12	39	9	60

From Table 4.4, it is clearly indicated that all those respondents in formal employment had attained at least secondary level of education. Further investigation revealed that the respondents in formal employment occupied such jobs as clerical, administration, extension and salesmanship. This means that the majority of the respondents in the labour market do not hold posts that fetch high income. This may be partly explained by the fact these respondents have not attained very high levels of education or in terms of the scarcity of well-paying jobs in the labour market. This demonstrates that these respondents probably started small-scale enterprises so as to boost their income as the proceeds of their salaried employment were meagre.

Table 4.5 shows the respondents educational status.

Table 4.5: Respondents Educational Level

Educational Level	Men	Women	Total
None	1	4	5
Primary	8	11	19
Secondary	23	6	29
Technical	2	2	4
University	3	-	3
Total	37	23	60

The findings in Table 4.5 indicate that fewer women i.e. 13.33% have attained education beyond primary level compared to men, that is, 46.66%. This gender differentiation in educational achievement is one of the factors that have adversely affected

women's access to well-paying jobs in the formal sector. This has the implication that, lack of income from salaried employment has pushed women entrepreneurs to small-scale enterprises with the objective of income generation and economic survival. It is likely that the less emphasis laid on education of the girl-child was related to the patrilineal descent system practiced by the Gusii. In this system, inheritance passes through the male line and post-marital residence is invariably patrilocal.

During the study, interviewees were found to hold the view that education is the foundation of a good life. Further investigation revealed that education is absolutely essential in business. For instance, this importance is evident in the context of enterprise start-up, for instance, in consideration of opportunity cost in rational decision-making as well as the daily management of the business affairs. This also applies to entrepreneur's decisions that have implications on the performance of their enterprises in the long-term. It can therefore, be validly stated that education informs all the important decisions that businessmen and businesswomen make as pertains to their small enterprises.

Table 4.6 is an illustration of the performance of enterprises in the study area. This is based on respondents' views or perception of enterprise performance or success. The views of entrepreneurs regarding the success of their enterprises was taken into consideration owing to the fact that it was not possible to determine entrepreneurs' income by converting the value of goods to their exact equivalent in monetary terms.

Table 4.6: Performance of Small-Scale Enterprises

Success of Enterprise	Men	Women	Total
Very successful	2	-	2
Somewhat successful	22	9	31
Not successful	13	14	27
Total	37	23	60

Table 4.6 illustrates that more men compared to women perceived their enterprises as very successful or somewhat successful. 40% of the enterprises owned by men were successful or somewhat successful compared to 15% of the women-owned enterprises which respondents rated as very successful or somewhat successful. The explanation for this is partly as a result of gender imbalance in access to formal education. This imbalance is, in effect, partly occasioned by certain cultural attitudes and practices such that women's role in the domestic realm and the tendency to prefer paying for male children's higher education compared to girls. Therefore, these cultural attitudes towards education were found to impact differently to the economic or productive, activities they engage in. This differentiation, for instance, based on cultural definition of gender roles and division of labour, has resulted in limited participation or the nature of their income generating activities due to the prevalence of high illiteracy or inadequate technical and vocational training among them and lack of enterprising spirit. This is worsened or further compounded by women's preoccupation with productive, reproductive and socialization activities that consume a lot of time. Therefore, the resultant inability by women to access high education can be said to be connected with or linked to the limited success levels of their enterprises. This points towards the role of education in business. Hindrances to the ability to maximize on the benefits of enterprises in the study area may be validly pinned down to illiteracy or low levels of formal education among other factors.

The strategic importance of education is evidently emphasized by the fact that the developing global environment is influenced by factors such as knowledge and information. In this, information technology plays a leading role. Therefore, for a society to develop it is imperative to recognize the role education plays in the process of socioeconomic development.

The study found out that education has, at personal level, contributed to all-round development of entrepreneurs. This situation has obtained probably due to the influence of education on a person's perception worldview, tastes as well as preferences. This improves one's independent thinking and decision-making. For this reason people are able to seize investment opportunities as well as utilize the available resources for their own and the society's development. One way of doing this is through initiation and efficient management of small-scale enterprises as a means of wealth creation and development. These economic activities were found to be promoting or improving entrepreneurs social status (acquired as compared to ascribed status). Education was found also improve one's ability to socialize or interact with people of various socioeconomic background, that is, human relations, particularly in the major and growing market and shopping centres in the study area which are increasingly becoming, demographically, multiethnic. Therefore, it is revealed that a good educational background contributes positively to people's empowerment as it opens for them opportunities and equips them with the knowledge and skills to meet the challenges of modern business. This is, for instance, because due to illiteracy people may lack the capacity to capitalize on the available opportunities and, therefore, education opens for them opportunities that could have been inaccessible in its absence.

The study found out that some respondents with higher education started enterprises because they identified existing profitable or viable investment opportunities (Table 4.1). The explanation for this is probably because education enlightens entrepreneurs a fact which leads them to identify the available resources and opportunities in their local environment and, consequently exploit them for their own benefit. Modern entrepreneurship flourishes when there is opportunity and skills acquired through formal education such as arithmetic as well as business oriented knowledge enables the educated to

have an advantage over those who are illiterate. For instance, such knowledge and skills makes learned people more effective and to suitably employ cost-benefit analysis in the process of making investment decisions. By such calculation they have a sense of opportunity cost which leads them to invest in more potentially profitable enterprises. The educated also are exposed to modern banking or thrift as well as sourcing of funds from financial institutions such as mainstream banking institutions and microfinance institutions that target small-scale entrepreneurs. Such credit is important as credit is an indispensable component of modern entrepreneurship. This way some educated small-scale entrepreneurs were found to be able to sustainably exploit available resources and opportunities which leads to sustainable socioeconomic development.

The educated are able to access or seek constructive information from various sources such as available literature or magazines and journals on successful management of private enterprises. They, therefore, become informed and exposed to current ideas and trends in business such as marketing, diversification and sources of finance or investment capital. It was found that the more educated respondents read magazines and newspapers regularly and paid attention to educative programmes on enterprise management in the broadcast media such as radio and television. This also exposed them to government policy and national development issues and priorities.

Table 4.7 shows the entrepreneurs' educational status in relation to record keeping.

Table 4.7: Education and Record Keeping

Educational Level	Record Keeping		
	Yes	No	Total
None	-	5	5
Primary	6	13	19
Secondary	21	8	29
Technical	4	-	4
University	3	-	3
Total	34	26	60

It is evident from Table 4.7 that most of the entrepreneurs who have attained higher formal education tend to keep good records on their business transactions compared to their uneducated counterparts. 60% of respondents have attained higher education, that is, post-primary education out of the total study sample of 60 respondents. Out of these 46.66% keep records of their business activities. 40% of the total sample have attained up to primary education and 30% of them were found not to maintain up-to-date records of their enterprise operations. Further investigation revealed that the entrepreneurs who keep good and up-to-date records were found to be able to keep track of the daily activities of their enterprises. Record keeping is a good business practice and a better way of managing investments. From this table it can be deduced that success of business is partly tied to maintenance of good records. Further investigation also revealed that most of the respondents who kept good records also agreed that their enterprises were either successful or very successful. Therefore, record keeping evidently informs decisions that contribute to profitable business management.

Further, it was revealed that entrepreneurs with relatively higher academic qualifications were more effective in self-expression, which is a vital social skill in marketing their products and entrepreneur-client interaction in the business setting. This aspect enhances self-fulfillment and personal growth. Such entrepreneurs also exhibited propensity to accrue or experience inner satisfaction as a result of appreciation of change of values. This includes change in the covertly valued view of economic independence not necessarily resultant from formal employment. Therefore, education evidently leads to overt articulation of what has been covertly valued by society. It promotes rational decision-making in income generation and creation of wealth as opposed to ignorant and reactive response to difficult situations or crises such as lack of employment opportunities. This is in line with the situational adaptation perspective that recognizes interpretation and

evaluation in people's actions as well as the process of social objectification and selectivity.

Involvement in small-scale entrepreneurship evidently depicts a relationship to entrepreneurs' social, psychological and physical environment and this relationship is ever emerging or is characterized by dynamism rather than rigidity. People's adaptive response to economic pressures through small-scale entrepreneurship can be understood in this context.

Formal education exposes people to the way the monetary system works which is a modern way of conducting business as opposed to the barter system of exchange that was traditionally predominant. Knowledge on how banks and other financial institutions such as microfinance institutions operate assists small-scale business people to understand the importance of credit in investment and how to access such credit. This understanding is also of importance in encouraging thrift or saving for future financial security. This is particularly helpful having in mind that credit and savings are increasingly becoming important sources of capital for business start-up and operation or management.

Some of the respondents were found to have started small-scale enterprises along the line of their technical knowledge or training. Examples of these entrepreneurs include those who were in enterprises that required specialized skills such as motor vehicle repair, metal fabrication and computer services or applications. This technological knowhow is vital and is largely accessible through formal education. In these business ventures the entrepreneurs' knowledgeability in their areas of specialization has a bearing on the quality of products produced and services offered to clients. Therefore, technical and vocational training at all levels of education evidently has contributed to the development and adoption of artisanship among potential small-scale entrepreneurs. Some entrepreneurs said that they acquired artisanal skills or training that is formally provided in some schools, a local polytechnic

called Nyaore and an Institute of Technology based in the local district headquarters.

However, a pattern that emerged is that women were more inclined towards enterprises that were not technical oriented such as retail trade and hotels and restaurants. One reason for this trend is that they lack technical training in various technical fields like motor vehicle repair, furniture, and fixture. These types of enterprises were found to be dominated by male entrepreneurs. Another reason for this is the local cultural perception or stereotype of women as weak and cannot therefore pursue education in such fields as mechanics.

It is important to note that in addition to formal education, it was found that informal education is important in starting or formation and management of enterprises. This includes knowledge and skills based on or embedded in the local community's culture. For instance, people who offer services involving administration of traditional medicine are engaged in economically productive activities. They can be said to be entrepreneurs who sell their skills so as to generate income to meet their needs. Skills in such a trade are informally propagated or learned through apprenticeship, that is, by working, learning and/or observing under experts or specialists. This sometimes involves inculcation of culture-specific ethnoscientific information or knowledge based on cultural traditions (beliefs and practices) or what is sometimes referred to as Indigenous Knowledge Systems (IKS). This also applies to informal propagation of indigenous technical knowledge. An example of this is ethnobotanical knowledge that is crucial in dispensing traditional medicine by traders involved in this profession. This knowledge, for instance, pertains to varieties of herbal remedies and their curative properties as well as cultural traits such as beliefs and practices governing their administration to clients. People consult these specialists for reasons including the accessibility of such services and their affordability. Therefore, these entrepreneurs' entry into small-scale entrepreneurship is also a manifestation of the social and economic conditions which presently prevail in their

community. This is an example that shows that existing traditional systems comprise a fundamental body of knowledge, beliefs and practices that are an important source of adaptive strategies to various situations including economic situation. Indigenous knowledge, therefore, confers information that enhances entrepreneurship as a livelihood strategy that is important to the survival, continuity and socioeconomic development of society.

iii) **Land Ownership and Small-Scale Entrepreneurship**

Table 4.8 illustrates the respondents' land ownership. Land ownership is valued property in the study area both as a productive resource and as a maker of socioeconomic status.

Table 4.8: Entrepreneurs' Land Ownership

Land Ownership	N	%
Own Land	44	73.33
Expect to own Land (e.g. through inheritance)	3	5
Neither own nor expect to inherit but intends to buy in future	13	21.66
Other	-	-
Total	60	100

It is clearly indicated in Table 4.8 that the majority of the respondents, 73.33%, owned land. This is probably due to the community's land tenure system that ensures that adult male members of society have a right to inherit land. The inherited piece of land then accessible to the entire family that is the husband, wife and children though under the ownership of the male household head. It is for this reason that female entrepreneurs asserted that they had land at their disposal. The other reason is that the enterprises were family owned property and therefore the respondent considered the enterprises as family

property belonging to them alongside land. It was observed that the acreage owned by individual entrepreneurs is small. This partly explains attempts to diversify their economically productive activities so as to include peasant farming and small-scale entrepreneurship. 5% of the respondents expected to own land in future, particularly through inheritance. This is due to the cultural practice in the community that ensures that land is passed on to subsequent generations through sub-division.

Although farming activities are the mainstay of the study area's economic and subsistence activities, this sector has been constrained by adverse factors such as shortage of arable land, high cost of farm inputs and low prices of farm produce. Rapid population increase has exerted pressure on land as evident through sub-division into progressively smaller holdings. Traditionally, ancestral land among the Abagusii community was corporately owned and all community members had usufructory rights. Married women could obtain these rights through their husbands. This is because the rights of ownership were vested in male members. Land was neither disposable nor could it be rented. However, some changes have obtained precipitated by individualism of land tenure. Land is nowadays consolidated under individual freehold titles. One perspective of understanding this change is through the trend of modernization. This probably led to the desire for individuals to own land as individualistic lifestyle and preference of the nuclear family is becoming more appealing. This is in comparison to the traditionally predominant collective or communal way of life. It should be noted that the small acreage owned by individual is a factor that has determined the size of the enterprises that entrepreneurs have started. This is because the small tracts of land produce fewer resources leading prospective and entrepreneurs who source their investment capital from their farming activities to start small-scale enterprises as opposed to large-scale enterprises which have high capital requirements. Additionally, the local cultural norms

that require that land is only inherited by male members of the society negatively affects women's access to land and this validly explains the prevailing gender disparity in distribution and access to productive resources. This has had two consequences; there has been a decline in agricultural production as the population increased and more women have made inroads into small-scale entrepreneurship. Further investigation revealed that most entrepreneurs who were landless i.e. both men and women expressed the desire to own land in future either through inheritance or purchase. The views further point to the scarcity of this productive resource as well as the local people's perception of its economic importance in production and investment in particular. It is also probable that starting of small enterprises closer to their homes is a reflection of entrepreneurs attachment to their ancestral land. This, as a cultural aspect, has also contributed to increase in small-scale enterprises in the study area.

Farming activities, being the main source of livelihood and survival, are also part of the sources of capital for investment in small-scale enterprise ventures in the study area. Arable agriculture is mainly focused on maize "*ebituma*" or "*chibando*." Other food crops grown in the area include grains such as finger millet, "*obori*" and sorghum, "*amaemba*" and bananas, "*amatoke*." There is also cultivation of various horticultural crops such as vegetables and fruits. Local people also grow cash crops such as coffee, tea and pyrethrum. However, this is less profitable because such crops are cultivated in small-scale and payments for them are meagre and often delayed. The local people also practice animal husbandry as they keep cows, goats and poultry. However, inadequacy of the land resource has negatively impacted on the presumed benefits of this diversification in agricultural activities and suitability of the ecological and climatic conditions as evident through meagre harvests. Intensive agricultural practices has led to decline in productivity. These are some of the factors that obliterate reliance solely on land

for survival. Therefore, there has been a gradual departure from overreliance on farming activities in favour of straddling as evident through people engaging in agricultural production concurrently with other off-farm income generating activities such as investments in small-scale enterprises as a livelihood strategy.

v) **Political, Ideological and Technical Factors**

As in other Less Developed Countries (LDCs), the political process in Kenya is central to socioeconomic development. This process is crucial in the mobilization of resources for development. These resources are invested in productive economic activities that are aimed at boosting peoples socioeconomic status. The rationale for this is that lack of means of sustainable livelihood aggravates poverty.

During the study, both written sources at the District Trading Office as well as interviews of personnel revealed the Kenya governments active involvement in promotion of entrepreneurship through informal sector activities. For instance, the government recognizes the role of small-scale entrepreneurs in poverty reduction in its Poverty Reduction Strategy Paper (PRSP 2001-2004). Therefore, the poverty eradication campaign is partly responsible for the increase in small-scale entrepreneurship in the study area. This campaign also touches on issues relating to governance and decision-making at the policy level as part of planned socioeconomic change.

Table 4.9 shows the number of respondents within the selected sample who felt that they were “harassed” by government representatives.

Table 4.9: Harassment of Entrepreneurs

Harassment by Government Officials	N	%
Yes	43	71.66
No	17	28.33
Total	60	100

The table reveals that 71.66% of the respondents claimed to have been harassed in the past in the course of running or managing their enterprises compared to 28.33% who had not been harassed. Further investigation revealed that most of them reported that the course of this treatment is lack of valid trading licence as well as improper location of premises. In depth analysis of this response shows what was locally perceived as "harassment" was in most cases resultant from efforts of the local district trading officials to implement government policy on small-scale entrepreneurship. For instance, proper licencing of enterprises was aimed at reducing illegal businesses as well as curbing crime in congested enterprise locations such as Daraja Mbili. This had in some cases, led to insecurity. The result of these government efforts was found to be improvement in security. Therefore, more people had started enterprises in areas that were in the past prone to theft and robbery. This shows that when the government addresses entrepreneurs security concerns, small-scale entrepreneurship becomes viable and profitable and thus attracts more entrants.

The introduction of cost-sharing by the government was found to have further contributed to depletion of local people's resources as they partly pay for services such as health care and education. This situation is further compounded by a marked decline in agricultural production that is partly resultant from limited government expenditure in supporting agricultural activities or agricultural extension and poor pricing of agricultural products due to international trade imbalances. Therefore, people have resorted to start small-scale enterprises so as to supplement their proceeds from peasant farming activities such as cash crop production, food crop production and animal husbandry. These activities have become more concentrated in areas where the government has invested in facilities such as roads and rural electrification. These, though limited in geographic coverage, are a reflection of the implications of a supportive official policy environment to

entrepreneurship.

The study found out that information on government policy, development priorities as well as other development matters was passed or propagated to people through the local chiefs' barazas. The organization and function of these barazas are modelled on the local traditional political organization and leadership by a council of elders known as "*abwaka b ekemyoro*." Decisions made today, as in the past, for instance, on promotion of livelihood strategies such as entrepreneurship are still respected and taken seriously.

Traditional ideological assumptions among the Gusii, for instance, about women and work have for a long time confined women to the domestic realm both in productive and reproductive activities. This is one of the reasons why women were not accorded formal education to very high levels. Over time, particularly due to the advent of the monetary economy, the result of these assumptions is that many women missed employment opportunities due to lack of academic qualifications. Some of these women have ventured into small-scale entrepreneurship so as to meet the challenges of modern life that need one to be financially prepared. This is a survival strategy aimed at meeting their needs and those of their families as well as contributing to the development of the society as an obligation.

It was noted that presently there has been a significant change among the Gusii as far as religion is concerned. Traditional religious beliefs and practices are not as strictly adhered to as in the past. In spite of some of these beliefs still being held as important, the community has been permeated by Christian patriarchal ideologies of the family. One of the consequences of this development is that it has, to some extent, rectified the local traditional perception of women as disposable objects. As a consequence women are increasingly being seen as playing an important role in creation of wealth as well as managing and safeguarding family property. This shift in thinking has led more women to

become entrepreneurs as a strategy for income generation and wealth creation. This course of action has been preferred, for instance, by women who are the heads of their households as well as members of women groups. Therefore, it may be validly argued here that religious affiliation has acted as a catalyst or agent for social change that has impacted positively on small-scale entrepreneurial development.

Traditional African cultural aspects such as African socialism with its recognition of and appreciation of socioeconomic status partly through acquisition was found to be contributing to individual efforts in income generation. Recognition through individual effort, as opposed to ascription, acts as a motivation for prospective entrepreneurs to invest. This is compatible with the modern trend of individualism. Therefore, continued entry of more people into these informal sector activities can be said to have its roots in the African cultural context or matrix.

The study revealed that the technology that is accessible or employed by entrepreneurs was simple or rudimentary. In some cases, some technological devices like tools used by artisans were improvised and therefore, despite the creativity, of lower quality. The low technological level at which most small-scale entrepreneurs operate leaves them with few options as pertained to the types of enterprises, they can establish. Further investigation revealed that entrepreneurs failed to modernize their technology and remained technologically unsophisticated due to financial limitations as well as limited access to electric power to operate advanced technology. They cannot be able to purchase expensive technical devices due to the general lack of financial support in the area. One reason for this is that microfinance institutions operating in the area have not extensively broadened their outreach to lend to many entrepreneurs. It was also revealed that the technical knowledge and skills imparted on learners and prospective entrepreneurs in both the formal educational system and through apprenticeship is relatively simple. The

available technological knowhow leads people to start enterprises that are commensurate with their abilities. This state of affairs makes small-scale enterprises attractive as they characteristically utilize relatively less sophisticated technical knowledge and skills as well as technological devices. Therefore, artisans in technical-oriented enterprises can, in a sense, be said to be operating within the confines or constraints of their material conditions.

The technology most entrepreneurs use is low-cost, relatively easy to operate, easy to maintain and easy to repair as well as multipurpose in some cases. These characteristics are apparently compatible with the local social and cultural environment and fit in the notion of appropriate technology in relativistic terms. This is the view that appropriate technology pays attention to the normative or cultural context. The local community in the study area is characteristically not industrialized. It is therefore, arguably, from the realization of the social optimality of technology in small-scale entrepreneurship that upgrading and technological advancement can be initiated so as to realize socioeconomic development and meet people's needs.

PUBLIC SECTOR REFORM

To investigate the contributing factors to small-scale entrepreneurship further the study undertook to find the total number of those affected by the public sector reform within the selected sample of the study population. The table below shows the proportion of those affected. The subjects are categorized into retrenchees and those not affected by the reforms. Also included are those respondents who had gone on voluntary early retirement which preceded the retrenchment exercise. This is because the two were carried out for more or less the same reasons.

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Table 4.10 shows the number of respondents that were affected by public sector reform.

Table 4.10: Public Sector Reform Entrepreneurship

EMPLOYMENT STATUS	N	%
Retrenched	7	11.66
Voluntary Retirees	4	6.66
Not Affected by Reforms	49	81.66
Others	-	-
Total	60	100

Table 4.10 illustrates that the total number of those affected by public sector reform comprise retrenched and voluntary early retirees who account for 11.6% and 6.66% of the study sample respectively. The unaffected respondents account for 81.66%. It should be borne in mind that the apparently small number of those affected masks the actual number of individuals and households affected in Mosoch division.

Retrenchment is adopted as a measure taken with the view that benefits are expected in the long run. These include reduction of operational costs (so as to maintain equilibrium for maximization of profits) and more efficient delivery of services. Public sector reforms were proposed to the government by the International Monetary Fund (IMF). In addition to this, the poor performance of the national economy adversely affected profitability of private business forcing some employers to lay-off workers so as to maintain favourable profit margins. The earlier practice of encouraging employees to go on early voluntary retirement was aimed at achieving results similar to those of laying-off workers in what is referred to as staff right-sizing.

Some of the other reasons for poor performance of the economies of Less Developed Countries (LDCs) include globalization and liberalization. These countries have been forced to take difficult decisions that include lay-offs of staff for the sake of

88strategic internal reorganization. The situation has been further aggravated by withholding of donor aid to those countries that have commitments with the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) commonly known as the World Bank. These two institutions are also sometimes referred to as the Bretton Woods Institutions.

Although the present study reveals that the number of those affected constitutes a small proportion of the overall sample further investigation and indepth analysis of the views of these respondents raised important issues pertaining to the role or significance of small-scale enterprise activities.

It was found out that most of those laid-off from the civil service and other organizations are young and able-bodied men and women mostly within the 20-45 age bracket. Some of these people have families and sometimes other dependants such as the extended family members. This is due to the cultural importance attached to kinship obligations, for instance, within the extended family. Respondents revealed that they had nowhere else to turn to in order to earn a living. This may be partly due to the current high unemployment levels resulting from a decline in the ability of the economy to create employment. The national economy has performed poorly since the early 1990s. In addition, respondents revealed that they did not have alternative sources of income or livelihood apart from their former salaried employment.

Therefore, the decision by the government in the year 2000 that led to laying-off of over 25,000 civil servants may be validly viewed as going against the national priority or goal of poverty alleviation. This matter arguably raises moral-ethical and governance issues. The affected respondents argued that the exercise had led to destruction of their

means of earning a living and livelihoods. This is exemplified by the fact that they were subjected to unemployment, and some, homelessness. This has led to increase in levels of poverty. They felt that the resultant unemployment notably may lead to idleness, despair and may breed crime or insecurity.

Public sector reform, it was found out, affected people from various socio-economic backgrounds such as the youth, young graduates and professionals. Some of these complained that their terminal benefits or severance package was not enough. The same view was held by even those who, due to their duration of service were entitled to some pension. By the time of the study, it was found, most of them had spent a considerable proportion of their benefits on their daily needs such as food, rent and education. This is because they did not have other sources of income.

This situation that had presented them with limited options and difficult decisions to make so as to survive has led some to invest in small-scale enterprises so as to generate income and support themselves and their families. Their terminal benefits were found to be an important source of business start-up capital. Since this money was not sufficient they had made rational decisions to start small enterprises as they were seen as a viable option in the face of limited capital available for investment. However, this may also point towards the general ignorance of the available means of raising capital for business start-up apart from personal saving such as credit from microfinance institutions.

The training that was organized for the laid-off employees by the government was found to have borne some fruit as some respondents reported that it had been beneficial to them in decision-making on investment or alternative income generating opportunities. The aim of this training programme was to train them on how to cope with their new socioeconomic situation. This knowledge, some claimed, had helped them on how to start

their own small enterprises as a means of income generation. It had influenced their decisions as well as business activities. It should also be noted that some entrepreneurs have brought in expertise, knowledge and skills from their early occupations into business such as craftsmanship, manufacturing and accounting skills in keeping good business records.

On the basis of this information it can be validly argued that the retrenched have boosted the image of the small-scale enterprise sector. Their entry into the sector has also numerically led to more participants or people running small enterprises. This has impacted on the local people's thinking or view of business as more people now seem to understand and appreciate that faced with hard economic situations and left without other options like formal employment or charity and handouts, it is socio-economically viable beneficial or profitable to venture into business. Involvement or participating in these income generating activities leads to self-reliance and can enable one to survive during hard economic times.

They have realized that participating in such activities will enable them to generate income and create wealth for themselves. They may also, in the process, create employment opportunities for others such as their family members and other unemployed people. Their acquired socio-economic status will automatically and sometimes irreversibly improve as a result of successful entrepreneurship which will lead to them earning respect among their peers and within their own society. The usefulness of one as a member of society in the area of study was found to be a function of one's social standing and the functions or responsibilities that one assumes in the public realm. This is partly tied to wealth which is nowadays viewed more from the monetary perspective in contrast to traditional measures of wealth such as large families and cattle.

Therefore, it can be argued from the premise of public sector reform that small-scale enterprises can be a viable income generating option in unfavourable socio-economic circumstances. They contribute to income generation that contributes to improvement of the quality of life for the disadvantaged or ensure their continued survival in the face of hard economic times. This is also important, partly, because it reduces people's dependency in favour of self-determination so that they can be self-reliant, self-sufficient and determine their own future. Small-scale enterprises are therefore important for the survival of the poor in the Less Developed Countries (LDCs) as they contribute to addressing the endemic poverty. They also promote wealth creation in the developed world.

The fact that it was observed that some respondents had voluntarily quit or retired from their employment in the formal or modern sector to start their own enterprises raises an important issue. This is because it points towards business or entrepreneurship as an open field that anybody can venture into. It shows that great potential exists in the informal sector for income generation. This potential can be tapped by both the unemployed and those in formal employment to boost their income especially these economic times characterized by a slump in the performance of the national economy.

Lastly, successful entrepreneurs who had started enterprises as a result of public sector reform reported that they were now able to meet their needs and their families needs such as food, housing and education.

CONCLUSION

In conclusion, the research revealed that there are multiple causes of the rejuvenation of small-scale entrepreneurship in the study area. The data shows that the reasons why people start small-scale enterprises are, broadly speaking, both economic, socio-cultural.

These are economic, social, political, technical and ideological factors. This supports the view that culture has a role to play in entrepreneurship. The basis of this argument is the reasoning that the above stated factors are some of the variants of any cultural system. This is because culture encompasses people's way of life that includes the economic system, the political system, social organization, religious system, technology, ideology and aesthetics. These are some of the characteristics attributes that form the complex-whole referred to as "culture."

The technical causes include technology, knowledge and skills that are acquired by an individual either formally or informally or by both means, such as a saleable trade or artisanal skill learned through formal training or apprenticeship. Social factors were found to include culturally embedded property relations (such as rules governing inheritance), gender roles, division of labour and power structure (such as hierarchical relationships in decision-making). These are linked to ideological aspects as exemplified by religion and traditional beliefs and practices. The political factors include the legal system, national institutions, income and tax policies, subsidization policies and pricing.

The various factors that have contributed to the increase in small-scale enterprises in the study area are interrelated. For instance there is an interrelationship between education policy and the country's economic and political goals. It's for this reason that the educational system is geared towards imparting knowledge and skills that enable people to be self-reliant. One way of being self-reliant is through engaging in small-scale entrepreneurship. Self-reliance contributes towards easing the crisis of unemployment which is a national goal with both economic and political implications. It is also worth noting that sociocultural factors cut across both education and land issues. The contemporary Gusii

culture attaches great value to formal education. The interconnectedness between sociocultural factors and land is exemplified by the culturally sanctioned, beliefs and practices that have a bearing on land ownership, its use and value attached to land as a productive resource. For instance, the Gusii culture attaches great value to land and agricultural or farming activities. The study found that one of the important sources of start-up capital for enterprises was personal savings from farming activities. The study found that one of the important sources of start-up capital for enterprises was personal savings from farming activities.

Finally, the causes of people's involvement in the small-scale enterprise activities and the informal sector in general may also be broadly conceptualized under "push" and "pull." "Push" factors encompass those aspects that force people to start enterprises, for instance, due to lack of employment that leaves people with no other viable productive alternative other than starting their own small-scale enterprises, that is, out of necessity. "Pull" factors subsume those reasons that draw people to income generating activities on the rationalization that there are opportunities and benefits that accrue from such investment that are not necessarily economic. Such people may be drawn into entrepreneurship by anticipating appreciation of one's acquired social status in society, as opposed to ascribed status, due to success in business which leads to improvement in socioeconomic status. However, the majority of the respondents were found to operate businesses so as to fend for themselves. This is a result of the prevailing poverty, meagre resources and unemployment.

CASE STUDIES

Successful Female Entrepreneur

1. Teresia Bonareri

She is a prominent businesswoman in the division. Her retail business is well run and the premise is large. The business premise is large and stocks a variety of goods.

Because her business is successful she is recognized by other entrepreneurs as one of the best in the area. Some entrepreneurs visit her frequently to learn business management skills. They acquire knowledge on how to get supplies, how to keep good business records and how to deal with customers and workers.

She informed me that she regularly reads magazines on how to run one's own enterprise which she gets from some microfinance institutions and other sources. This is possible because she is educated and is employed as a teacher. In addition, she also can regularly read newspapers and pay attention to business columns.

She started the enterprise from her personal savings. These were mainly from her monthly remuneration as a teacher. She buys her supplies from local wholesalers located in Kisii town. Purchases are always bought in large-scale. The business is located along a good tarmacked road and a relatively big trading centre where many people reside. This provides a good market.

Because of her commitment to the enterprise she seeks information concerning her enterprise from various sources such as microfinance institutions on how to run the business. She also said that she normally holds discussions with people who conduct business like her own. The information she acquires is vital for the success of the business.

Some of the benefits she mentioned of her business include: being able to build a permanent house, buying food and clothes as well as paying school fees for her children.

Her high income, by local standards, is reflected in her standard of living. Therefore she recognizes the importance of the small-scale enterprise sector in income generation, wealth creation, creation of employment opportunities and improving people's standard of living in the area. She agreed that during these hard economic times small-scale enterprises have a potential to help people meet their needs. This shows that the situational approach theory is applicable in the area. Small-scale enterprises benefit people economically and socially in the area of the study.

Some of the money she earns is invested or ploughed back into the business. This is because she plans to expand the business and diversify her business interests.

She has trading licence and always renews it in time which is why she has not experienced any form of harassment from local authorities. She also told me she belongs to a women group that raises money for women to start their own enterprises and buy household items. The group has plans to approach a local microfinance institution for financial aid. She also belongs to a Rotational Savings and Credit Association (ROSCA).

Successful Male Entrepreneur

2. Michael O. Mekenve

He is a prominent businessman in the Division. He runs a furniture and fixture enterprise in the Divisional Headquarters which is also the biggest market in the area, (Mosocho Market). He is married with five children and two dependants. He has attained technical education. He also owns four acres of land on which he grows various crops such as bananas, maize and coffee.

Objectives of starting the business include desire for independence, income generation and self-employment. The capital was invested in the business was accumulated through personal savings especially from farming activities. Later, he joined a Rotational

Savings and Credit Association which further financially boosted his business.

Good records are kept on the business' activities such as purchases, stocks and sales. He sometimes seeks advice from other successful entrepreneurs and microfinance institutions in the area. This is in addition to other successful entrepreneurs in the area.

He always buys supplies in cash but gives credit to some customers whom he described as trustworthy. He said that he maintains good relations with his clients who come from the Division and other parts of the District. In addition, he keeps good business records.

The enterprise has a licence and is located in a large market and along a tarmacked road. He is also assisted by family members and by the time of the study he had three apprentices or trainees and three workers.

From the proceeds of his enterprise he said he was able to pay himself a monthly salary, he has completed a modern permanent house he had started. He also said that most of his income is spent in buying food, clothes and paying school fees for his children. He also saves part of it as part of realizing his long-term dream of financial security. This has led to improvement of the living standards of his family. He has also bought a TV set, a radio and good household items. Some of the money is ploughed back into the business through buying equipment and other materials for the business.

He told me his business also contributes to his farming activities, sometimes he buys farm inputs from the proceeds of his business. These include fertilizers, seeds for planting, jembes among others.

In addition, he said that due to the success of the business he is now recognized in the society. Sometimes he is invited to meetings, for instance, for fund raising. He is

also one of the leaders in his Rotational Savings and Credit Association (ROSCA). This is as a result of the success of his business and contribution to the community's development projects. Therefore, it can be said that his social status has improved in the society.

His future plans are to expand his enterprise and start similar enterprises in other parts of the Division so as to exploit the potential market in the area.

CHAPTER FIVE

CONSTRAINTS TO SMALL-SCALE ENTREPRENEURSHIP

The study presumes that if the constraints facing entrepreneurs are addressed and contributing factors promoted, the small-scale business sector will contribute to the economy. The table below shows how the respondents rated some of the constraints to success of their small-scale enterprises.

Table 5.0: Problems Encountered by Small-Scale Entrepreneurs

Constraint	N	Percentage
Lack of Capital	40	66.66
Raw Materials not Available	3	5
A Good Location	6	10
Transportation Problems	10	16.66
Insecurity	1	1.66
Others	-	-
Total	60	100

It was observed that the area of the study has a high potential for small enterprise development. This is due to factors such as the prevalent rich agricultural potential which can produce adequate raw materials and the large population in the area which can provide market for the goods and services provided by the small entrepreneurs.

The table shows clearly that the most prevalent problems include:- lack of capital, 66.66% transportation problems due to inadequate and poorly maintained infrastructure, 16.66% difficulty in accessing supplies or difficulty in obtaining raw materials 5%, and finding a good location or a strategic site for the enterprise premises, that is, 10%. The problem of security was evidently the least significant as it was cited by 1.66% of the respondents.

Lack of Capital

Capital is important in business start up as well as running of a business. Lack of it or its insufficient availability in the area may be attributed to a number of reasons. First the general high levels of poverty in the area as characterized by meagre resources and unemployment makes it difficult for people to raise funds to start or run enterprises. Secondly, respondents have not come to appreciate the benefits of seeking credit from financial institutions or such credit is not easily accessible. Many entrepreneurs did not access or seek credit due to ignorance of existing credit opportunities and facilities in the area as the respondents indicated a general lack of awareness of the availability in the area of microfinance facilities and other sources of credit for small businesses. This explains why they had not sought credit in the past. Fear of default was found to constrain utilization of credit facilities. Credit is, in some instances, seen in a negative light as people thought it may lead to debts that could create problems for them in future due to default. Lack of information on credit has led some entrepreneurs not to appreciate the benefits of seeking credit from financial institutions.

The microfinance institutions operating in the area that sought rural outreach were found to give credit to entrepreneurs who were affiliated members of groups with business interests such as women groups. This was the case, for instance, with the Women Finance Trust Fund (WTF). This ruled out those entrepreneurs who lacked group membership or did not belong to business associations for various reasons. It is also worth noting that the problem of finance is more pronounced among female entrepreneurs as they generally lacked collateral security for bank loans. The explanation for this is partly due to the local cultural tradition that does not allow women to inherit

land. Land is one of the valuable properties that may be used as security to secure credit from financial institutions. Therefore, evidently, this is a case of some cultural factors constraining entrepreneurship development or mitigating against the entrepreneurial spirit. This has a negative impact on efforts to institute gender balance in the small enterprise sector as it excludes a large section of potential actors. Some entrepreneurs also lack credit management skills. The lack of capital, therefore, has a negative effect on raising start-up capital as well as the financial means to successfully manage an enterprise.

Poor Infrastructure

Poor infrastructure was found to have a negative effect on business success. The poor state of these facilities such as roads in the study area is partly due to environmental and/or weather conditions. The hilly terrain that characterizes the area causes transportation problems a situation that is worst during heavy rains which render the roads impassable and increases transportation costs. This hampers easy transportation of people and products such as business supplies and goods to be marketed. The area of the study and Kisii District in general experiences two rainy seasons i.e. long rains from March to June and short rains from September to November. In addition to this, is the poorly developed and poorly maintained infrastructure facilities such as telecommunications and energy. An efficient and effective modern communication network that can facilitate success of enterprise is generally lacking in the area.

Some respondents stated that they raised capital to start their small-scale enterprises from personal savings, for instance, from their peasant farming activities. Therefore, the fact that poor infrastructure negatively impacts on farming activities, means that this factor also affects small-scale entrepreneurs who have no other source of investment capital other than farming. In addition to this, the poor road network and the

attendant high transport costs renders it difficult and more expensive to access enterprise supplies, for instance, from Kisii Town. This shows that the suitability as well as the sustainability of small-scale entrepreneurship as a livelihood strategy is intricately intertwined with the state of infrastructure in the study area.

It was observed that infrastructure in the division and the entire district is generally poorly developed. Both the transport and communication aspects have not been well developed and are not well maintained or sustained. For instance, among the six locations that constitute Mosochi division, the only tarmacked road passes through three of them. Some few areas are served by poorly maintained roads that are impassable during the rainy seasons and are dusty during dry seasons. Most parts of the study area were found to be served by paths which are not accessible to motor vehicle transport. Additionally telecommunications and rural electrification are localized.

It is for this reason that certain areas within the study area that are served with good roads, telecommunications network and electric power such as parts close to Kisii Town and the divisional headquarters are major trading and shopping centres. Thus these facilities have made these areas attractive as prime areas for investment. The only other areas served with electricity are the small shopping centres along the Kisii-Kisumu road that passes through the division. These market centres include Daraja Mbili, Nyamaturo, Mosochi, Nyakoe and Eroga. These have become important market and shopping centres in the area and attractive to aspiring small-scale entrepreneurs.

Lack of Suitable Business Premise

Finding a good location and site was observed to have a positive effect on the success or profitability of businesses. However, many respondents cited this as one of their drawbacks. A good location is that which has the optimum conditions conducive to profitably running a business venture. Some of these conditions include a ready market, good transport network and other infrastructural facilities such as telecommunication network and electricity, water, security and where entrepreneurs are not harassed by authorities. For this reason, it was observed that business people whose enterprises had premises located in proximity to these conditions (e.g. nodal points) were more successful.

Availability of or proximity to a good location for small-scale enterprises is still a problem in the study area. Some entrepreneurs reported that they had opted for places that they perceive as unsuitable as they had limited choice or options. Apart from this being a reflection of cost-benefit analysis in the process of making investment decisions, unsuitably located enterprises are less profitable. Entrepreneurs generally agreed that it is for this reason that areas such as road intersections and junctions have higher concentrations of small-scale enterprises. It is particularly in these areas where acts of "harassment" by local authorities were reported probably due to high demand leading, in some cases to lawlessness and insecurity.

Lack of Markets

The study revealed that some entrepreneurs experienced marketing problems. The explanation for this situation is threefold. Firstly, there are poor marketing systems in the area due to absence for instance, of strong marketing co-operative societies to

assist small entrepreneurs. This reduces profitability of business. Secondly, the marketing situation is aggravated by lack of funds. This incapacitates local entrepreneurs in their endeavours to find market, say, outside the division. Lastly, this problem may be explained in terms of unhealthy competition that is created by, for instance, concentration of enterprises in certain types of enterprises such as retail shops. This concentration is partly due to these enterprises being characterized by ease of entry due to relatively less capital required for start-up. The problem of market calls for diversification of economic activities to avoid competition and formation of local marketing initiatives as well as mobilizing mutual self-help groups to collectively raise funds to facilitate marketing. This will ensure success and profitability of enterprises.

Sociocultural Constraints

Some constraints are related to or embedded in the local cultural elements or context. For instance, some cultural norms of the local community such as rules governing inheritance and gender roles, in some cases, lead to social inequality against women in areas such as education, land ownership, allocation of productive and reproductive roles and engendering of enterprise types. There are also legal and regulatory constraints facing women in the informal sector which disempower them thus limiting their entry or reducing their effective participation and success of their business activities.

Decision making on household investment in income generating activities is also largely entrusted to men. Men were, in addition, more poised, as heads of households, to control decision making in expenditure of income from business. Women were, therefore, found to be operating from a more or less subordinate position especially when

their lack of business training and limited of access to extension services in the area is taken into consideration. The explanation for this is twofold: firstly, many women do not often attend public barazas such as those convened by chiefs where important information is passed. The second explanation can be pinned down to their active involvement in socialization activities such as women group meetings, and initiation ceremonies such as weddings and funerals. Apart from this, technological change(s) has not benefited women much in technical or mechanical-oriented enterprises such as metal fabrication and motor vehicle repair. Therefore, the cultural perception of women as being weaker in strength has partly contributed to women in small-scale entrepreneurs to generally lack unfettered access to, efficient and appropriate technologies. These are technologies that are compatible with the local, cultural and social environment. Therefore, their participation is limited and the enterprises they are concentrated in are those that characteristically utilize less sophisticated and more or less obsolete technology.

Division of labour is culturally defined on the basis of sex or gender and age. In depth observation and analysis of this aspect reveals that labour is assymmetrically allocated in the household. For instance, in cases where the households are female headed, women have assumed certain tasks formally vested in the hands of men. This is in addition to their culturally defined roles, meaning that their workload has increased. However, the enduring situation is that of mature household members contributing to the economic survival of the family unit.

Women's Limited Access to Land

The present study revealed that in Mosocho division and Gusii community in general land is owned by men and women only have access to land through their husbands. This has negatively affected their ability to start income generating activities such as on-farm income generating activities as well as raising capital for investment in off-farm income generating enterprises. Women provide labour for both subsistence farming and cash crop farming. This situation constrains women's opportunities to devise different strategies for survival on their own land. The situation for female-headed households is even more compounded as men are absent due to bereavement or reside in areas away from their families.

The study also found that farm proceeds are in most cases controlled by men by virtue of their owning land. This is the case particularly for cash crop payments. Therefore, women cannot independently make investment decisions based on the income from their farming activities. In addition, since credit is an important component of modern enterprise women in the study area are disadvantaged as they cannot use the available land as collateral security to access loans from financial institutions. The reason for this is the culturally embedded fact that women cannot own land through inheritance. This reason limits the expansion of female-owned and run enterprises and, therefore, reduces the chances to capitalize on the available profitable investment opportunities. However, women were found to contribute to both paid labour (as employees in small-scale enterprises) as well as unpaid labour (as a contribution to the household's productive activities such as small scale enterprises).

Lastly, it is important to note that most of the small-scale entrepreneurs sometimes cited more than one constraint or problem facing their enterprises in addition

to what they considered their most serious constraint. Also, these constraints, on further, investigation, were found to be interrelated or interconnected as they collectively define components of an entrepreneurial environment, that is, it is conduciveness to business or lack of it. This environment was found to be multifaceted. Efforts to counter the undesirable conditions, therefore, suitably demands multidisciplinary as well as interdisciplinary approach. This implies a holistic dimension best addressed through the anthropological perspective.

CASE STUDIES

Unsuccessful Female Entrepreneur

3. Hilda Kwamboka

She runs a retail shop in the area. She has primary level education and is single with four children, three of whom are schooling.

She told me that she raised her capital from personal savings to start the enterprise. She could not access a bank loan because she claimed she had no security for such loan as she possesses no land or any other property. This is because according to the local culture women do not inherit land as it is sub-divided among male members of the family only. She also said she had no information on the presence of microfinance institutions in the area.

Some of the reasons why she started the business include the desire to generate income and self-employment. This way she thought she could meet the needs of her family. The business location lacks a good road and the nearest market or trading centre is located far away from her premises. In addition, there are other similar businesses in the area which considerably limits her market as a result of stiff competition for customers. According to her these are some of the reasons why the business was not successful.

The poor performance of the enterprise can also be attributed to the fact that she does

not keep business records and does not read literature on business management or how to run one's own enterprise. She also has not received any form of assistance, financial or otherwise, from organizations that assist entrepreneurs in the area.

She told me she could not continue with her education beyond primary level because her parents were poor and could only afford to educate some of her male siblings. This happened despite the fact that she performed well in her primary level.

She always buys her supplies from her suppliers in the local town in cash but is sometimes forced to give credit to some customers such as relatives and friends. This sometimes leads to bad debts which adversely affects her business.

However, despite limited success for the enterprise, she is sometimes able to buy food and clothes from its income. The money is not enough for requirements such as school fees for her children.

She is optimistic that with time the business will succeed and she has plans to improve her business. These include moving the business to a more favourable location. She also said her dream will only materialize if she gets assistance such as financial and advisory services. She felt that other issues that should be addressed are security harassment due to lack of trading licence as well the poor state of roads in the area and lack of power supply.

She believes that if entrepreneurship environment is improved, small-scale enterprises have a future and will contribute to improvement of entrepreneurs standards of living and contribute to the national economy.

Unsuccessful Male Entrepreneur

4. Julius Njuguna

He runs a restaurant but his business is not successful. He attained secondary level education but he has no regular income due to lack of employment. He is married with four children and two dependants. Two of his children and one dependant attend local schools.

He started the business so as to generate income and become self-reliant as he is not employed. He also aimed at exploiting the market that he identified in the area for his services. In choosing the type of enterprise, he said his decision was based on the amount of capital that was available.

The main source of his starting capital was personal savings. This is because he does not belong to any credit association or group in the area. He was also unaware of the microfinancial institutions in the area which he could have approached for financial and other assistance. He said he feared taking bank loans as they are risky and may lead to debt which he may fail to pay back and lose his meagre resources.

I found that he does not keep records for the business and rarely reads literature such as magazines on small-scale enterprise management. This is possibly due to lack of exposure to information on the importance of the two in business.

Although the enterprise is located in a relatively good site along a good tarmacked road, there are many similar businesses leading to stiff competition for customers. This competition has reduced sales and sometimes forces him to sell these goods at low prices hence reducing profit.

He said he has a trading licence but is subjected to harassment in most cases due to inability to renew it on time. This negatively affects his business. The reason is that income from the business is hardly enough to pay for his needs and renew the licence on time.

He pays cash for his supplies but sometimes gives credit to some of his clients. Those customers given credit are those he described as having the potential to pay their debts such others residing nearby and employed people. However, this has, in some cases, led to bad debts which failed to recover.

The little income he generates from income goes into buying food, clothes and paying his children's school fees. However, it is not enough. His future plans are to improve his business by seeking financial assistance and advisory services. He has a view that if he is so assisted he can attain his goal of self-reliance and thus improve his family's standard of living and contribute to the development of the society in general.

CHAPTER SIX

CONSEQUENCES OF SMALL-SCALE ENTERPRISES

Expenditure of Income from Small-Scale Enterprises

Having looked at the constraints to small-scale entrepreneurship as well as the potential contributing factors, let us now turn to the consequences precipitated by these economic activities. Table 6.0 shows how the respondents spent income or profit realized from their businesses ventures.

Table 6.0: Expenditure of Entrepreneurs Income

EXPENDITURE	N	%
1. Buying Food	31	51
2. Paying School Fees	12	20
3. Buying Clothes	11	18.33
4. Investing	1	1.66
5. Helping Kinsmen	4	6.66
6. Entertainment	1	1.66
7. Others	-	-
Total	60	100

The study presumes that income and its allocation is very crucial in determining the consumption patterns, tastes and preferences and consequently this has a bearing on people's standards of living. For instance, increased income that respondents obtained from small enterprise activities was found to contribute to easing the problems of food shortage and paying school fees.

From Table 6.0 it is evident that 51% of the respondents spent their income on buying food, 20% on paying school fees and 18.33% on buying clothes. Fewer entrepreneurs spent their income on helping kinsmen and entertainment, that is, 6.66% and 1.66% respectively. This points towards the areas of importance as perceived by the

local entrepreneurs.

It is shown that the increase in income resultant from small-scale enterprises was channeled into a variety of purposes. Other uses that were mentioned, but to a lesser extent, included: paying debts, contributing to payment of bridewealth, purchase of furniture and utensils and contributions in fundraising for various reasons such as education, medical fees, funeral expenses and weddings among others.

These expenditure patterns reflect rational prioritization of needs as more income is realized from the enterprises is spent on basic needs like food, clothing and education. This is in comparison to other expenses such as entertainment (which may be said to be a luxury or leisure activity) and helping kinsmen which is external to the immediate individual and household needs. However, it should be noted that the more successful entrepreneurs were tending towards the purchase of durables and are not merely concerned with consumer perishables. This shows that part of income is spent on the purchase of items such as radios, television sets and modern furniture. Therefore, it is evident that consumption patterns gradually change as people become more stable and more independent financially. This is the case when higher cash income is available and choice or preference is a function of individual's or household's hierarchy of priorities or needs.

Employment Creation

The significance and potential of small-scale enterprises can be demonstrated by employment creation. This is partly as a result of the characteristic nature of these businesses as they need less capital to start, they utilize locally available resources (such as raw materials and human resources), they have few technological requirements and, in

most cases, they harness family labour. The study revealed that successful enterprises have employed people including family members. This is in addition to entrepreneurs being self-employed by paying themselves a salary. Some have also helped foster the spirit of entrepreneurship by giving constructive advice to others and training apprentices in their premises who later employed themselves. The creation of employment particularly in the face of dwindling employment opportunities resulting partly from the poor performance of the national economy meets the growing demand for jobs of the rapidly growing population such as those leaving or graduating from learning institutions. Therefore, off-farm employment in small-scale enterprises was found to enhance peoples livelihoods. This is a positive contribution to individual household and national development.

It can also be validly argued that small enterprise activities based in the rural areas have helped in curbing rural-urban migration as rural areas are rendered more economically viable. This is demonstrated by the fact that entrepreneurs have started enterprises in their rural homes as well as other rural market centres in their community. However, although through successful enterprises incomes have been raised and employment opportunities in the informal sector created there is still in existence the problem of income distribution. This skewed distribution is evident through the urban-rural differential in living standards and social status. The society is still largely structured in a pyramidal form that indicates that there are few wealthy people at the top and the majority generally live below the poverty line.

There was found to be an interrelationship or interconnectedness between non-farm and on-farm activities. For instance, some respondents reported that income from farming activities is sometimes invested in small-scale enterprises. Therefore, in the study area, farm proceeds are an important source of personal savings for enterprise start-up.

Farming still remains the main economic and subsistence activity in the area. This sector produces food crops such as maize, *chibando* or *ebituma*, sorghum *amaemba*, finger millet in the local language called *obori* and bananas *amatoke*. There is also small-scale cultivation of cash crops such as coffee and tea. People also keep small herds of cattle particularly of the traditional Zebu breed and few mixed breed cattle and poultry. However, the contribution of this sector is constrained by shortage of arable land and the increasing demands of the high population density among other factors. The link or mutual interdependence between the small-scale enterprise sector and agricultural is reflected in the fact that some enterprises are related to farming activities. They act as suppliers or sources of farm in-puts and some at the same time deal in farm produce. Also, it was found that many small entrepreneurs were concurrently actively involved in farming activities. Farming activities were mentioned to be part of the source of personal savings that enabled the entrepreneurs to raise capital for business start-up. Some entrepreneurs are involved in marketing of farm produce and sometimes invest proceeds from their business in farming activities such as hiring labour for cultivation *ekonda* and purchase of inputs such as hybrid seeds for planting and fertilizers. Therefore, it is demonstrated that this relationship is interdependent or two-way and reciprocal in nature. It contributes to all-round development by initiating a multiplier effect in development.

The study revealed an existing relationship between urban based income generating activities and rural off-farm businesses. Most entrepreneurs who were interviewed agreed that family members who are formally employed and/or engaged in other economic activities in urban areas periodically remit money to their homes which is sometimes invested in small-scale enterprises. This can be partly attributed to the Gusii culturally embedded kinship obligations which lead to channeling of resources for

investment in rural areas through kinship networks. Also, urban businesses in the local town are suppliers, on a large scale, to rural based small-scale retail outlets. This relationship shows the potential of the contribution of small-scale enterprises to the rural-urban continuum. The study was carried out in an area that was rural and included parts of the local town that is, the district headquarters. The area can therefore, be said to be a rural-urban interface. Some respondents indicated that those members of their households residing and working in the urban area or conducting business there sometimes sent money to their rural homes. Such remittance was in some cases invested in business and in farming activities. Therefore, this promotes or contributes to a balance between rural and urban development. This is an important contribution bearing in mind that Kenya is a mixed economy.

Women's involvement in small-scale entrepreneurship in Mosoch division has led, to some extent, to significant change of their traditional roles. This was the case for women whose husbands reside in urban areas leaving their wives in their rural ancestral homes. These men have left their homes for reasons such as wage employment in urban areas or other areas. Therefore, their wives are involved in domestic activities as well as running income generating activities. This partly explains the phenomenon of female headed households in the area characterized by long absence of some men. Additionally, due to economic pressure women are increasingly performing duties traditionally designated as the realm of men. This was found to apply, for instance, to certain types of enterprises that were in the past seen as a preserve of men. However, most married women stated that their enterprises were owned by their husbands who are the heads of households or were family businesses rather than their own. This was despite the fact that many women were in the small enterprise sector.

Analysis of expenditure patterns or tendency by women to find out their priorities or preferences, revealed an inclination towards channeling of profits to expenses that directly benefited their families. This was in contrast to men who were sometimes likely to divert part of such income to other uses such as entertainment. Therefore, women, particularly breadwinners were found to be committed to improving the living standards of their families. In such cases, increase in income was for instance, found to lead to improved dietary habits and clothing. Therefore, small enterprises were generally found to boost the socioeconomically marginalized people's potential to earn a living and improve their standards of living.

Socio-cultural Consequences of Small-Scale Entrepreneurship

The advent of the monetary economy with particular reference to the small-scale enterprise sector, has initiated changes and transformation of some local traditional cultural attributes. This has contributed to the redefinition of gender-based division of labour and a shift in thinking from subsistence in favour of specialization in other economic activities that are potentially economically viable such as business. One reason for this scenario is the influence of the market system that has penetrated the society and particularly the household. Socially and economically, the entrepreneurs were becoming more independent and more self-reliant. They no longer rely so much on social networks to provide labour in their income generating activities as they can hire labour for such activities as farming and transportation of business supplies as they concentrated on business ventures. Communal labour that was traditionally organized around family members, relatives and friends joining hands to form a large force that rotationally provided labour, *egesangio*, is on the decline due to commoditization of labour. The utility of such

networks has become more oriented towards raising funds for starting business enterprises. Some aspects of the traditional kinship organizational patterns include close attachment to relatives for instance, from the extended family and neighbourhood interactional patterns. Though some degree of close attachment to ancestral land still prevails and most neighbourhoods are still inhabited by patrilineal lineage members, people especially in trading centres are increasingly permanently residing alongside people not necessarily related to them through blood i.e. non-kin. In larger trading centres the entrepreneurs were found to belong to various Abagusii clans such as Abagetutu, Abanyaribari, Abamachoge and Abagirango as well as other ethnic communities.

In addition to this, adoption of the individualistic lifestyle as opposed to the traditional communal or collectivistic lifestyle is increasingly becoming the basis for investment and capital accumulation. Much of the benefits of increase in income from enterprises, therefore, benefit entrepreneurs and their families or households. This was found to be the motivating factor behind their hard work and striving to manage their enterprises better. This is an example of a situation where a change in some cultural aspect was found to result in a positive socioeconomic change leading to benefit. Alongside this there is also a marked decline in the area of certain traditional cultural practices such as sponsoring beer drinking parties and periodic dances known as *ribina* for entertaining kinsfolk and friends. These activities have become more confined or restricted to special occasions such as initiation ceremonies, funerals and wedding receptions. Therefore, it can be argued that the resurgence of the spirit of enterprise through investment in small enterprises has contributed to a change in the local value system. This is from the premise that change is a phenomenon that is value-laden.

In the process of this study it was found that entrepreneurs have less time for socialization and leisure activities because they are busy in their business premises and locations. However, the overall social organization has not significantly been altered. People still maintain traditional socialization such as visiting friends and relatives and attending funeral and weddings. Social activities are very important as they enhance and perpetuate communal social solidarity or social cohesion as they induce a sense of belonging. This togetherness creates oneness in society. It is on the basis of these that bonds of reciprocity are reinforced and these are important for each individuals' culturally-acceptable or appropriate behaviour and social investment. Reciprocal exchange refers to a balanced distributive transaction in which the forces of supply and demand are masked in contrast to market exchange where such forces are highly visible.

Reciprocal exchanges are being carried out in many different ways, that is, ceremonially, formally and informally. These mechanisms are embodied in sociocultural institutions. Social cohesion and peaceful coexistence was also found to be the case in the multiethnic urban setting and other trading centres where people from various socioeconomic and ethnic backgrounds lived together. Specifically, contacts among entrepreneurs were observed to be threefold, that is, between neighbours because they are relatives (kinship relations), contacts between neighbours because of the general spirit of neighbourhood and contacts between neighbours on the basis of business (e.g. sharing ideas and activities pertaining to business or economic pursuits).

Traditionally among the Abagusii community the size of one's family and cattle played a symbolic role as a measure and store of wealth. This has changed presently as included also are valuable items such as residential and rental houses, education and money generating activities like small-scale enterprises. These are increasingly becoming the more

conspicuous indicators of wealth. Land, in spite of its shortage or scarcity, still remains an important resource for sustenance.

The traditional mode of exchange was through barter trade, "ogoonchoreria." Nowadays cash transactions have become predominant as exemplified by cash transactions in income generating activities that has rendered the barter mode of trade more or less obscure. This was a form of exchange that was not necessarily based in cash such as exchange of goods for goods or services.

Trading centres have grown and developed and these are the centres of small-scale business activities among other activities. Some of these areas are the traditional market places that existed from the precolonial time while others are relatively recent. It was observed that residents of these centres exhibit urban characteristics such as individualism, predominance of nuclear families, division of labour and permanent residences. These characteristics also include ownership of radio and television sets (which are instruments of mass communication) and mode of dressing which reflects western styles and fashion trends. These instruments of mass media make people more informed and entrepreneurs purchase them as a result of improved purchasing power and change of tastes. These can be said to have altered people's worldview of perception hence precipitating observable behavioural changes.

Investment in small-scale enterprises was found to be an economic and sociocultural variable. People in the area of the study have acquired a tendency to target or focus on long-term investments probably due to their sedentary lifestyle. Such investments include business enterprises which are important in ensuring financial security. This is in contrast to nomadic or non-sedentary communities such as hunter-gatherers which do not lay much

emphasis on long-term investments. This is due to the nature of their wealth or belongings and their lifestyle that requires them to move from one place to another for reasons such as subsistence.

The direction of influence which the resurgence of the small-scale enterprise takes is not always predictable. This explains the fact that some enterprises were found to be unsuccessful in the area of the study and therefore the entrepreneurs' dreams had not fully materialized. This is probably as a result of the presence of various impediments in the entrepreneurial environment. These factors should be carefully assessed from a socioeconomic perspective.

In conclusion, the study has revealed that the increase in income due to involvement in small-scale enterprises and its wise expenditure does make a significant difference to the majority of peoples' standards of living and consequently quality of life in general. Quality of life is considered in terms of indices such as health status, education, clothing, agricultural production, income and food security. This confirms Malinowski's (1944) assertion that human behaviour and human institutions arise as a result of the biological need of humans. This study revealed that people, faced with economic difficulties, act rationally for personal benefit or gain. The best or appropriate course of action is arrived at, for instance, through consideration of opportunity cost and involvement of cost-benefit analysis. This influences decision-making regarding investment and expenditure of income from small-scale entrepreneurship.

Social and economic gains have resulted in improvement in the welfare of the small-scale entrepreneurs in areas such as health and wellbeing of household members in terms of education, shelter, clothing, investment and ranking in society. It was found that small-scale entrepreneurs in the study area are improving their diet and clothing. From their proceeds

they also meet education and medical expenses. For instance, the mode of dressing still depicts one's financial status and standing in society. Among the Abagusii one's mode of dress particularly in public occasions such as parties and initiation ceremonies is still expected to be presentable. Failure to meet this, for instance, when one is not smartly dressed, may be interpreted as a resultant from financial difficulties or deprivation. Appropriate dressing is, therefore, perceived as one of the indicators of financial security or well-being, therefore, higher social status.

Small enterprises were found to stimulate growth linkages with other segments of the national economy such as the formal sector, tourism and agriculture. This sector is, therefore, a means of increasing the incomes of rural and urban populations. This way it effectively addresses the urban-rural income differential through creation of employment and income generation which helps curb rural-urban migration as development is achieved in both spheres. Therefore, it is seen that small enterprises are benefiting the rural and urban populations. The local community practices a mixed economy of cultivation, that is, *oboremi* and animal husbandry *obotugi*.

It is assumed that the amount of income generated by an individual influences his or her tastes, preferences and expenditure habits. This applies to expenditure in areas such as education, shelter, nutrition and clothing. These are important because the level of education, type of shelter, nutritional status and mode of dressing are aspects of an individual's or household's ranking in society, that is, as rich or poor. Therefore, the contribution of the small enterprises sectors to poverty reduction is put in clear perspective if placed within the standards of living or quality of life frame of reference. These benefits are also largely acquired rather than ascribed engaging successfully in economically productive activities was also found to contribute to one's acquired social status. This

explains economic activities in relation to social relations in society. A persons socioeconomic status implies certain obligations e.g. the rich are believed to be philanthropic or to share with others.

Therefore, it can be validly argued that though certain modern changes pertaining to entrepreneurial activities have obtained, the basic framework of the local cultural matrix still endures. It is on this basis that social relations are organized as well as other human activities.

SUMMARY

This study was prompted by my observation that small-scale enterprises have increased considerably in many parts of the country including the area of the study, Mosoch division, Kisii District.

Existing literature points towards a trend characterized by the rejuvenation of the importance or significance of the Small-Scale and Micro Enterprises (SMEs) and Medium enterprises. Literature review reveals that small-scale enterprises have a positive contribution to individuals' and households' living standards and some yielded contradictory results. However, this literature is far from exhaustive and has not focused on all aspects of small-scale entrepreneurship. This has led to absence of or insufficient details particularly because there are few case studies of specific areas. These areas include rural and urban areas. There are also those that straddle the rural and urban areas in what is referred to as the rural-urban interface. The area where the study was carried out can be suitably characterized this way.

The aim of the study was, therefore, to investigate the causes of the marked increase in small-scale enterprises and also to explore the consequences of these

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economic activities. The consequences of these activities were to be viewed in the light of their impact or contribution to entrepreneurs' standards of living. This focused on entrepreneurs' as individuals as well as their households in terms of housing, food security, health and education among other factors as socio-economic indicators.

The study employed the Situational Approach Theory as its frame of reference to understand the causes of increased interest in and the importance of the small-scale enterprise sector or the informal sector. This helped reveal the possible interaction between small-scale businesses and livelihood strategies or survival and standards of living. Important factors that were considered here included: income generation, wealth creation, employment, expenditure, health, food security and education. These factors gave important insight into the standards of living of individuals, households and the society in general. In other words, these are important indices in the assessment of the society's levels of poverty. The theory also caters for cultural beliefs and practices associated with economic activities or survival or livelihood strategies. This is because the society's economic system can be understood as part of that complex-whole that is a people's culture. It can be viewed and comprehensively understood alongside social organization, religion or ideology, political organization and aesthetics that constitute a people's way of life.

The study also focused on entrepreneurship with particular reference to the constraints to small-scale enterprise formation and management as well as the contributing factors to successful management of small-scale enterprises. These factors are decisive on the performance and by extension contribution of small enterprises to society's development or well-being.

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analysis stage. It was hypothesized that: unemployment, poverty and meagre resources are some of the factors likely to lead people to small-scale enterprises, formal education is an important determinant of the formation and management of a small-scale business enterprise; public sector reform has influenced and increased the number of entrants into the small-scale enterprise sector and if constraints facing entrepreneurs are addressed and contributing factors are promoted the small-scale business enterprise sector will contribute to the economy.

Anthropological data collection techniques were used namely: direct observation, interviewing, participant observation, focus group discussions, and key informants. This was in addition to administration of the questionnaire with both open-ended and objective questions. For assessment of the contribution of the small-scale enterprise reference was made to individuals or households by investigating factors such as housing or shelter, food security and nutrition, education, employment, clothing and housing. Constraining factors in the entrepreneurship environment focused on infrastructure, education, credit and finance, harassment, site of enterprise, accessing supplies, pricing, security and unhealthy competition among entrepreneurs.

During fieldwork some problems were inevitably encountered which had to be dealt with. These included the poor roads and communication network which made research work time and energy consuming. The unwillingness of some respondents to readily respond to some research questions, for instance, due to suspecting that their activities were being spied on, demanded that the objectives and benefits of the study had to be clearly explained in terms that they understood. Illiterate subjects were assisted in filling the questionnaires. Other respondents were available to give the required information only after multiple visits to their premises. However, in cases of total failure

to respond to the interview, alternative entrepreneurs were randomly selected to replace them.

The data collected were analysed using descriptive statistics i.e. for qualitative data. The Chi-square test of significance was also used specifically to demonstrate association between independent and dependent variables (or lack of association).

The investigation's results show that poverty and meagre resources are some of the factors leading people to start their own small enterprises. The resurgence of the small-scale enterprises was found to have multiple causality. The findings also reveal that if the entrepreneurship environment is improved the small-scale enterprise sector can contribute to the standards of living of individuals, households and the society in general. This will also be realized if the contributing factors are promoted. This is because the study revealed that most entrepreneurs spent proceeds of their enterprises wisely for instance in buying food, paying school fees, buying household items, saving, housing and investing in ventures such as buying land and buying cattle which reflects rational prioritization in expenditure of income from their enterprises.

The findings also revealed that the participation in the small-scale enterprises reflected the cultural definition of gender roles. This has led to gender inequality skewed against women in matters such as workload, accessing credit, acquiring education, decision-making on income generation and spending and the types of enterprises that can be started. This is despite women's active participation in productive activities such as small-scale income generating activities and reproductive duties such as childcare and domestic chores.

CHAPTER SEVEN

CONCLUSION AND RECOMMENDATIONS

Conclusion

The study sought to establish the reasons that have led to the increase in small-scale entrepreneurship in Mosochi division as well as the consequences of small-scale enterprises. It was found out that both economic and socio-cultural factors have a bearing on the resurgence of the small-scale enterprise activities. It was also realized that the consequences of the rejuvenation of small-scale enterprise sector had both economic and socioeconomic implications on the participants lives and the society in general. Findings show that a number of factors lead people to start small-scale enterprises. Each of these factors influence different people at one time or another. Overall, poverty, unemployment and meagre resources were among the most influential factors in this sector.

It was revealed that most entrepreneurs have spent their income from business wisely. Ways of spending include buying food, building houses, buying household items such as furniture, paying school fees, buying clothes and buying food. Therefore, it can be validly stated that small-scale enterprises have led to improvement of peoples' standards of living. They have also provided them with an alternative way of earning a living apart from farming. New employment opportunities have been opened up. This has led to more people becoming self-reliant as they can generate income and create wealth.

The benefits of the resurgence of small-scale income generating activities has rejuvenated peoples sense of self-confidence and self-worth or esteem as human beings. They have discovered that their socioeconomic status can appreciate through successful business activities.

Small-scale enterprise growth has given rise in society to characteristics akin to those found in most urban areas. Some entrepreneurs lifestyle, especially in larger and expanding trading centres, tend to portray an individualistic perception of life as opposed to collectivism which was traditionally more prevalent in the area. Other characteristics of this lifestyle include division of labour where people sell various skills to earn a living, as well as residing in modern permanent houses complete with modern furniture and T.V. sets.

Investment in small-scale enterprises in the study area was found to be both an economic and social variable. People invest in various activities with economic objectives in their minds such as income generation. Such investment has social implications as they, for instance, affect peoples way of life and their social status (acquired status). The entrepreneurs attitude towards investment in the area of the study may be regarded as a function of their lifestyle or culture. This is because they are permanently settled in the area. A sedentary lifestyle permits long-term investment. This is in contrast to, for instance, the situation in hunter-gatherer societies that lead a non-sedentary way of life. This lifestyle does no allow long-term investment as they move from place to place in search of livelihood. Contrary to this small-scale entrepreneurs can purchase land and establish permanent business premises for their enterprises. Purchase of land is a departure from traditional cultural beliefs and practices as land, then, was held in communal trust. Therefore, this reflects an aspect of culture change or transformation.

Since investments have social and economic implications, they influence future consumption patterns. This, with time, may lead to change or transformation of certain cultural traits or elements. The growth and expansion of the small-scale enterprise sector was found to have led people to abandon or transform some socio-cultural practices as they develop into more self-reliant individuals without relying much on kinship-based or oriented

networks. In addition, the peoples perception of wealth has changed. For instance, the measure and store of wealth in the area traditionally used to be viewed in terms of land, cattle and number of children among other items. Today this has changed to money and other assets. Trading activities involving money (i.e. the cash economy) has played part in this. Therefore, in the study area, small-scale entrepreneurship is a manifestation of the prevailing social and economic conditions.

The study revealed that the local community's culture significantly influences small-scale entrepreneurial activities. Some cultural traits or elements were found to be contributory to the success of small-scale enterprises i.e. in both starting and running these economic ventures. For instance, Rotational Savings and Credit Associations (ROSCAs) and traditional mutual help groups *ebiombe* and work groups locally known as *amasaga* were found to be important in raising funds to start the enterprises. On the other hand, kinship networks could be harnessed in running the enterprise, for instance through sourcing labour from one's family members. In addition, Indigenous Knowledge Systems (IKS) for instance, indigenous technical knowledge based on local ethnoscientific information is important in entrepreneurship.

The increase in small-scale enterprises was found to partly result from the government's encouragement and recognition of the role of entrepreneurship in poverty alleviation. This has led people not to look down upon certain means or ways of income generation. People have become increasingly aware of how the national economic system works better. In this respect they have identified with the government policies and development programmes such as improvement of educational levels, food security, better health care, self-employment and self-reliance.

When people identify with government policies or other development initiatives

this improves the quality of their participation. Their participation can play a part in the process prioritization of local needs and participation in the implementation process as they feel that they own their development programmes. This is an important aspect of sustainable socioeconomic development. The practical applicability of this approach is based on the fact that the biggest challenge facing development initiatives is how to incorporate the contribution of the local people in development efforts.

It was found that concept of small-scale entrepreneurship is not entirely new among the Gusii community. Traditionally, people used to engage in such trading activities or exchange. These transactions were largely in the form of barter trade. They also involved women more than men. Trade was both an intra-community and inter-community affair. For instance, members of the Abagusii community exchanged various items (food and non-food) across their borders for instance with the Luo and Kalenjin communities. Intra-community transactions sometimes involved reciprocal exchange such as balanced reciprocity and generalized reciprocity. Therefore, the practice of entrepreneurship may be said to be embedded in the peoples culture. It has only been modified by the current socioeconomic situation to serve the peoples present socioeconomic needs.

The study revealed that there are various constraints to small-scale entrepreneurship in the study area. Respondents identified the major impediments prevailing in the area as including lack of capital, poorly developed infrastructure and finding an appropriate site for the location of the enterprise. However, the respondents' opinion as to whether the small-scale enterprise sector was beneficial and whether it has a future in the area, show that they had confidence that these economic activities will continue to be viable income generating ventures and sustainable livelihood strategies. On decision-making, findings show that most

entrepreneurs are rational. This is in terms of weighing investment options through opportunity cost or cost benefit analysis as well as in expenditure of income from small-scale enterprises.

Small-scale enterprise promotion initiatives can, therefore, be viable programmes for social and economic development. This way they will contribute to poverty reduction or alleviation through income generation and wealth creation as well as national development. The Kenyan public should, therefore, recognise and participate in these economic activities as there is a lot of potential for development in them. This will help boost the development of enterprise or entrepreneurial culture.

Recommendations

INFRASTRUCTURE

Since the study revealed that small-scale entrepreneurship is important in income generation and contributes to improvement of peoples socioeconomic status, the government and the small-scale entrepreneurs should work together for overall the success of the small-scale enterprise sector. This is because the socioeconomic status and benefits of entrepreneurship depend on the entrepreneurs efforts own and the government's effort. It is, therefore, recommended that the government should help create and foster a conducive entrepreneurial environment for business to thrive. This is applicable especially during the current hard economic times and therefore the situational approach is applicable in these circumstances.

Policy makers should come up with appropriate strategies aimed at promotion of private sector income generating and wealth creation activities. This should touch on various prerequisites for a good entrepreneurial environment. These aspects include:- infrastructure such as roads and power supply; advisory services and improving security.

These were found to be largely lacking in the study area. For instance, most roads are in poor condition and are rendered impassable especially during the rainy season. This negatively impacts on the entrepreneurs efforts to access supplies and market their products. The situation is further aggravated by lack of extensive rural electrification and security concerns. If these issues are addressed the prevalent potential for enterprise in the area will be tapped and entrepreneurs will contribute more to the national economy and improve their standards of living.

Improvement of physical infrastructure such as roads and power and complimentary services such as marketing and advisory services will initiate a multiplier effect with benefits reaching many people. This should be done with the orientation towards improving the balance between rural and urban development as a way of reducing poverty levels.

POLICY RECOMMENDATIONS

Private sector initiatives should be encouraged to promote business creation and growth. These private sector players should liaise with local entrepreneurs to exploit resources and development potential in the specific areas. This collaboration should bring in enterprise professionals, policy makers and development planners and implementers. This will ensure appropriate response by community members towards new socioeconomic situations or circumstances and opportunities in matters that have a bearing on their lives and livelihoods.

During the study it was revealed that one of the most serious impediments to small-scale enterprise development was lack of capital. This refers to financial resources to start an enterprise as well as managing it. Therefore, there is need for more financial institutions at the local level such as microfinance institutions and banking institutions to assist entrepreneurs. The government can also play a leading role in addressing financial needs of

entrepreneurs.

These financial institutions should ensure effective outreach to small-scale entrepreneurs as individuals and groups. This can be realized, for instance, by locating banking facilities closer to the entrepreneurs. This will help decentralize their services through ensuring proximity to businessmen and businesswomen.

Financial institutions should find ways of lending relatively small amounts of money to the economically disadvantaged and other prospective entrepreneurs so as to enable them start income generating activities. This helps in promotion of livelihoods and poverty alleviation. Commercial lending is centred around collateral which makes credit inaccessible to the poor small-scale business operators. Most poor businesspeople lack collateral or financial security. This can be addressed through formulation of innovative and effective methods of availing credit to small-scale operators such as providing credit without tangible security. One way of doing this could be through developing a financial scheme where entrepreneurs pay through proceeds of their businesses. This is based on the fact that credit is important as development cannot be attained without capital for investment. In addition to this the traditional views of both small-scale business operators and financial institutions need to change. For instance, banks should not view the small-scale enterprise sector as a high risk area because the participants lack the mandatory security for credit. The present study found out that some microfinance institutions give loans only to groups of entrepreneurs such as women groups rather than individuals. This is partly as a result of conceptualization of entrepreneurs as a collective abstraction and not as individuals who can be beneficiaries of credit. Entrepreneurs should be sensitized so that they do not fear or shy away from taking loans by viewing loans as a way of creating debt which they may default in paying. This can be achieved by explaining

the benefits of credit to them. These efforts will ensure sustainable delivery of financial services to small-scale businessmen and businesswomen. It will also discourage reliance on charity and handouts as this helps perpetuate dependency. Therefore, decision making on entrepreneurial development should pay attention to credit as it is an indispensable element of socioeconomic development.

The study found out that education is important in enterprise development. It is recommended that the local community should be actively motivated through entrepreneurial education. This is vital in bringing about desirable change in their knowledge, attitudes and practice so as to promote small-scale entrepreneurship as a livelihood strategy. Therefore, there should be improvement in the organization of small-scale enterprise training programmes. This way entrepreneurs will access or acquire vital information on enterprise management skills. Such training programmes should recognize that entrepreneurs' information needs are heterogenous. There is still a challenge as pertains to addressing the many and diverse information needs of entrepreneurs and their needs to be addressed. Efforts to meet this challenge should necessarily pay attention to traditional cultural beliefs that are related to adaptive strategies alongside the modern ones.

Small-scale entrepreneurs need marketing support. This is because they are generally unable to engage in mainstream marketing such as that conducted by large businesses. The research found out that small-scale businessmen and women in the area did not undertake regular modern and effective marketing. The problem of marketing can also be eased by diversification of economic or income generating activities. Small-scale entrepreneurs should be discouraged from overconcentrating in certain types of businesses as this saturates the potential market. Diversification will enable them to better utilize available resources. Therefore entrepreneurs need assistance so as to be able to apply

effective marketing strategies.

Gender imbalance in the informal sector should be addressed at the policy level.

It was found that businesswomen are more disadvantaged compared to their male counterparts. The reason for this is partly due to the cultural definition and distinction of gender roles. It was also found that some constraints to female entrepreneurs originate from the legal realm, that is the legal and regulatory framework. This has created an anomalous situation that has led to gender inequalities skewed against women in areas such as education, domestic roles, inheritance of property and the types of enterprise one can start. This is despite the fact that women were found to be the majority of the participants and they have the welfare of their families at heart. This state of matters can be alleviated by ensuring equal access to relevant information and opportunities as well as removal of cultural prohibitions, sometimes referred to as fetters of tradition, affecting women. This will ensure gender balance and reduce discrimination in entrepreneurship.

Successful enterprises should be recognized and used to act as demonstration centres for planned socioeconomic change. This will help people recognize alternative ways of generating income, creating wealth and being self-reliant. It will also ease overreliance on land in overpopulated areas such as the area where the study was carried out as well as other areas in the country.

Since entrepreneurship development has sociocultural and economic implications, it is important to understand local people's culture. This is because people, being the most important socioeconomic resource, the potential for development lies in their socioeconomic organization which is embedded in their cultural system. This knowledge is vital as it will help identify cultural traits conducive to entrepreneurial development and

those that may constrain it. Incorporation of this information in development planning and policy making will ensure that peoples' culture should be the springboard of operational programmes for efforts in their specific local contexts.

FURTHER RESEARCH

Therefore there is need to study indigenous cultural systems so as to unearth the various adaptive livelihood strategies that are embedded in them. These strategies will form the basis of response to current and future situations or changes. Therefore the situational approach is applicable. Understanding local cultures will help enhance benefits and mitigate negative consequences for the communities involved. This is because development leads to alteration of a set of circumstances resulting in a new set of circumstances and this leads to change. However, change, though an inevitable phenomenon, is not necessarily desirable. Understanding local cultures will contribute towards ensuring that such change is not deleterious of the existing positive cultural traits. It also ensures that human factors or moral-ethical issues are paid attention to in the process of development. These can be identified through culturally specific ethnographic information. This information includes peoples social organization, beliefs, customs, attitudes and economic organization. This way, modern business is likely to benefit from ideas if the inherent potential in local people's culture is tapped. This is important as people are realizing that informal ways of income generation are as important as employment in the modern sector.

The situational approach theory is practically applicable in entrepreneurship because entrepreneurial development is part of overall socioeconomic development. This development is aimed at changing situations considered undesirable such as poverty and unemployment. In changing this situation there is need for understanding the desired

goals or objectives. This has an effect on sustainable utilization of local resources and in addressing local concerns such as food security, financial security, income generation, wealth creation and unemployment. Sustainable exploitation of locally available resources should ensure their utility for the present generation and conservation for posterity. Understanding local cultures is helpful in responding to these needs and working with the local communities to achieve the desired goals.

Finally, there is need for more studies on socioeconomic implications of the growth of small-scale enterprise activities to be done for the purpose of comparison. Such studies should lay special emphasis on the impact of small-scale enterprise development on the local culture and vice-versa i.e. the interrelationship or interplay between the two. Research findings of such studies should be disseminated so that the information can be used to make small-scale entrepreneurship development successful.

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APPENDIX

THE QUESTIONNAIRE

IDENTIFICATION

1. Name of Respondent
2. Age
3. Sex: Male Female
4. What is your marital status?
 - (a) Single
 - (b) Married
 - (c) Separated
 - (d) Divorced
 - (e) Widowed
5. Employment Status:
 - (a) Regular income
 - (b) Farmer
 - (c) Farmer and Businessman
6. Indicate the amount of education you have had:
 - (a) None
 - (b) Primary
 - (c) Secondary
 - (d) Technical
 - (e) University

7. Have you had any other education or training since leaving school?
- Yes No
8. If yes, what kind?
- (a) Adult Education Classes
 - (b) Technical Training
 - (c) Apprenticeship
 - (d) On the job training
 - (e) Other (specify)
9. Type of Business
10. When did you start the business?
- (DATE)
11. Why did you choose this type of business?
- (a) I had been trained in this kind of work
 - (b) Personal preference (if satisfactory)
 - (c) I could not find any other work
 - (d) Other (specify)
12. What do you think about the motives for people to start Small-Scale Enterprises?
- (a) Marketing opportunity
 - (b) Desire for independence
 - (c) Forced entrepreneurship
 - (d) Income generation
 - (e) Procession of expertise
 - (f) Others (specify)

13. Give a list of the people who assist you in your business.
- (a)
 - (b)
 - (c)
 - (d)

14. How did the nearest town important to your business?
- (a)
 - (b)
 - (c)
 - (d)

15. What are some of the cultural traits of your community that have helped you in your business?
- (a)
 - (b)
 - (c)
 - (d)

16. How did you raise the money (capital) to start the firm?
- (a) Personal savings
 - (b) Gift/loan from relatives
 - (c) Loan from friends
 - (d) Loan from commercial bank
 - (e) Loan from co-operatives or credit association
 - (f) From Rotational Savings and Credit Association (ROSCA).

17. Do you have any dealings with commercial financial institutions e.g. banks.
- Yes No

18. Have you approached any financial institution for financial assistance e.g. (loan).

- Yes No

19. If yes, did you get it?

- Yes No

20. If you did not get it what reasons were given?

- (a)
- (b)
- (c)
- (d)

21. How do you think can commercial financial institutions be made to serve entrepreneurs better?

- (a) /
- (b)
- (c)
- (d)

22. Do you keep records for your business?

- Yes No

23. Do you own land in your home area or elsewhere?

Own land

Expect to own land (e.g. through inheritance)

Neither own nor expect to inherit but intends to buy in future

Other (specify)

24. If you own land, how many acres do you own?

.....

25. Do you put your money in a bank?

Yes No

26. List the major cash crops you usually cultivate.

(a)

.....

.....

.....

27. What type of house do you live in?

Grass-thatched

Iron-roofed

Semi-permanent

Permanent

Others (specify)

28. How do you consider income from your other economic activities?

High

Low

29. Is your education important in the management of this firm?

Yes No

30. If yes, how?

.....

.....

.....

31. Do you currently do any kind of work other than this business?

- Yes No

32. If yes, what is the other work?

(a) Part-time or full-time farming

Full-time paid employment

Another business

Part-time paid employment

33. If you are not employment in any kind of work other than this business what reasons can you give?

.....
.....
.....
.....

34. What is the nature of the site of your business?

(a) Permanent:

Shop

Market

Respondent home

(b) Shed or other semi-permanent structure

(b) Jua kali

35. What are the characteristics of the location of your business?

(a) In established market

(b) On side road

(C) Inside residential area

(d) Other

36. Is the site convenient for the business?

Yes No

37. How was the site selected?

.....
.....
.....

38. Is public transport available at your business location?

Yes No

39. What facilities are lacking at your place of work?

(a)

(b)

(c)

(d)

40. Does your business have a Licence?

Yes No

41. If yes, how much does it cost?

..... Kshs.

42. How frequently is it renewed?

.....
.....

43. Have you been “harassed” by any representative of the Kenyan government?

- Yes No

44. If yes, under what circumstances?

- (a)
- (b)
- (c)
- (d)

45. What other government requirements must be met before starting this type of business?

- (a)
- (b)
- (c)
- (d)

46. How many people have you employed to work regularly in this place?

- (a) Full-time
- (b) Part-time
- (c) Trainees or apprentices

47. Are some of the workers in the business members of your family?

- Yes No

48. If yes, why?

-
-
-

49. What is the highest level of education of your workers?

.....
.....
.....

50. Do you pay salaries/wages to workers?

- Yes No

51. What type of products or services do you deal in?

- (a)
- (b)
- (c)
- (d)

52. Do your suppliers charge you a fair price for the products or services?

- Yes No

53. If no, why do you still buy from them?

- (a) There is no other source of the products
- (b) They are accessible to the public transport
- (c) They are willing to give credit
- (d) Others (specify)

54. How do you pay for your raw material?

- (a) Must always pay cash
- (b) Some give credit
- (c) Always given credit

55. What is the source of the products you deal in?
- (a) Rural
 - (b) Urban
 - (c) Both rural and urban
 - (d) Others (specify)
56. Who buys your products?
- (a) People who live around here
 - (b) People from town
 - (c) People from the rural areas
 - (d) Exporters
57. Do your customers or clients have to pay cash or you sometimes give credit?
- (a) They pay cash
 - (b) I sometimes give credit
58. If b (above), who is eligible for credit?
-
59. What group of the society comprise the majority of your customer or clients?
- (a) The rich
 - (b) The poor
 - (C) Both rich and the poor
60. What are some of the biggest problems involved in starting this type of business?
- (a) Lack of capital
 - (b) Raw materials not available

(C) Finding a good location

(d) Others (specify)

61. What problems have you encountered in the course of running or managing this enterprise?

(a)

(b)

(c)

(d)

62. How can the problems encountered be eliminated?

(a)

(b)

(c)

(d)

63. Did you start as an individual or a group?

(a) As an individual

(b) As a group

64. Who owns business and controls resources of the firm?

(a) Self

(b) Spouse

(c) Self and spouse

65. Are you involved in any group or Community Development activities?

Yes No

66. If yes, what area they (i.e. type of business)?

- (a)
- (b)
- (c)
- (d)

67. In the group what are the major obligations of the members?

- (a)
- (b)
- (c)
- (d)

68. Do you belong to any kind of business association?

- Yes No

69. If yes, what kind of assistance do you receive from the organization?

- (a) Technical training
- (b) Financial assistance
- (c) Entrepreneurial training
- (d) Others (specify)

70. Has your business at any time been involved in a development project or been the recipient of funds, materials or consulting assistance from a development organization?

- Yes No

71. If yes, what kind of assistance did you receive?

.....
.....
.....

72. Do you think there would be any advantages if small business get together to form larger organizations?

.....
.....
.....

73. This type of enterprise has attracted both men and women. Do they face same experiences and/or problems?

.....
.....
.....

74. How do you spend the income from the business? (Tick appropriately)

- (a) Buying food
- (b) Entertainment
- (c) Buying clothes
- (d) Paying school fees
- (e) Investing
- (f) Helping kinsmen
- (g) Others (specify)

75. Of the following items, which ones have you purchased from the proceeds of your business?

- (a) Bought or built a new house
- (b) Radio or television
- (c) Pick-up vehicle(s)
- (d) Sofa sets
- (e) Bicycle
- (f) Tractor

76. What in your opinion are the major economic benefits of this enterprise?

- (a)
- (b)
- (c)
- (d)

77. What are the major economic disadvantages for starting enterprise?

- (a)
- (b)
- (c)
- (d)

78. What are the major social benefits of this enterprise?

- (a)
- (b)
- (c)
- (d)

79. What are the major social losses for starting this enterprise?

- (a)
- (b)
- (c)
- (d)

80. Has your income increased since you started the enterprise?

.....
.....
.....

81. What is the contribution of this enterprise to other economic activities you are engaged in?

- (a)
- (b)
- (c)
- (d)

82. Do you feel that your business is successful?

- (a) Very successful
- (b) Somewhat successful
- (c) Not successful

83. What are your future plans for the business?

- (a) To expand it to a large enterprise
- (b) To grow large enough to enable me to meet my family expenses
- (c) I am satisfied with the business as it is now

84. How do you perceive the future prospects of the business?

.....
.....
.....

85. In your opinion, does the small-scale enterprise sector contribute to the national economy?

.....
.....
.....

86. Do you think small-scale enterprises have a future in the Kenyan economy?

.....
.....
.....

87. Would you prefer to have two small businesses or one large one?

- (a) Two small
- (b) One large

88. What are some of the things that are most important to have if businesses like yours are to succeed? (four most important)

- (a) Better places to work
- (b) No harassment
- (c) Low-interest loans for working capital
- (d) Technical assistance to make better products
- (e) Consulting assistance to help in the better management of businesses
- (f) Assistance in getting materials

- (g) Assistance is getting products to the local and export market
- (h) Nothing we do not have
- (i) Others (specify)

88. If your business earned large profits in the near future what would you be most likely to do with the extra money?

- (a) Pay school fees
- (b) Buy additional equipment for business
- (c) Help relatives or friends
- (d) Buy things my family needs
- (e) Buy raw materials for the business
- (f) Building – residential
- (g) Building – rental
- (h) Buy land
- (i) Save it in bank/post office
- (j) Non-farm business
- (k) Cattle buying
- (l) Others (specify)