

**SMALL SCALE ENTERPRISE IN NAIROBI:  
THE SOCIO-CULTURAL FACTORS  
INFLUENCING INVESTMENT  
PATTERNS AMONG INFORMAL  
SECTOR WOMEN ENTREPRENEURS**

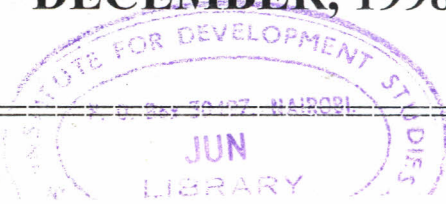
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## 1. BACKGROUND

### 1.1. Introduction

Many developing countries experienced remarkable economic growth before the 1970's. In the 1970's, however, it became increasingly clear that economic growth based on support to the formal sector *per se* was of little or no benefit to the populations in question. This underscored the need to support the informal sector. By addressing such problems as limited access to land, credit, education and employment opportunities, among a host of other considerations, the informal sector tends to facilitate more access to basic needs (Kamunge, 1990).

A variety of views have been noted regarding the definition of the informal sector, but most scholars and researchers tend to agree on a number of characteristics that distinguish the informal from the formal sector. These include: use of simple technology, family ownership of the enterprise, common use of family labour in the production process, ease of entry and small-scale operation (ILO, 1972).

Attempts have also been made to differentiate the informal sector from the small scale enterprise. Masinde and Nzioki (1991), for example, have argued that while the informal sector caters for the self-employed, operating with simple hand tools and often without permanent business premises, the small scale (and micro) enterprise is frequently defined as a small industry, established as a registered/licenced business in a permanent place of business and often employing two or more individuals. This distinction may require further articulation, given that there are many "formalized businesses" falling

under the informal sector category. There are also many businesses, fitting the above description of small industry, which are by all means "small" and are yet to be registered. The consensus has been a tendency to use the two concepts interchangeably, given that, in practice, many informal sector businesses are also small scale establishments.

In Kenya there is widespread support for the informal sector, given its benefits and in view of the growing need to create more jobs. Thus the Kenya Government (GoK) has directly encouraged the promotion of the small enterprise and supported the "Jua Kali" programme through the Kenya Industrial Estates. Over-emphasis on economic aspects has, however, resulted in inadequate attention being given to some critical socio-cultural and economic constraints against expansion and growth of entrepreneurs in this sector (K-REP, 1991; K-REP/GEMINI, 1991). Yet the economic and non-economic factors have complementary functions in the development of small scale enterprise.

Some structural and gender focused efforts such as those manifest in **women in development** programs have, for instance, supported participation of women in basic income generating activities through informal sector programmes which are largely welfare-oriented, operating at the subsistence level of production and designed to cater more for enhanced confidence and awareness than to create sustainable profit centers. Such programmes are based on the premise that women can successfully develop themselves along the traditionally welfare-oriented roles.

On a more balanced presentation, however, one of the popularly cited benefits of the small enterprise development programs has been their tendency to cater equally for the needs of both men and women, on the presumption that entrepreneurs of both sexes experience similar constraints to business start-up and expansion. The Kenyan social systems are, however, known to be inherently biased against women, hence giving marginal attention to women's needs (Kariuki, 1985; Seidman & Anang, 1992). As such, women face problems that are often qualitatively different from those encountered by men, with regard, for example, to access to information, training and credit (K-REP, 1995). Studies by ILO (1984), Keino and Ngau (1996), Hay and Stitche (1991) and UNECA (1990), recognize this but fail to adequately address the existence and impact of some adverse African traditions that constitute barriers to women's participation in the informal sector enterprise, emphasizing instead, the economic forces. Design and implementation of assistance programs should thus incorporate gender-specific needs, while noting the nature and impact of the socio-cultural, economic and other institutional factors which inhibit women's participation in the informal sector.