

TECHNOLOGY AND SMALL AND MICRO ENTERPRISE SME DEVELOPMENT IN WESTERN KENYA

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ABSTRACT

There is little knowledge on how technological transformation in Small and Micro enterprises (SMES) occur, despite increased attention on their economic viability. This paper, based on a survey conducted in several towns in Western Kenya, examines technological transformation within the metal work sub-sector of SMEs.

The process of technological development in SMEs is not different from that of Middle and Large firms (M&L) industrial enterprises. In M&L technological transformation result from Research and Development programs run by public and private institutions. SMEs have little research inputs due to lack of structural inter-linkages with research-led technological institutions. This paper therefore examines prevalent forms of technological supply in the metal work sector of SMEs with a view to improving understanding of how their technological transformation takes place.

The study tests several hypotheses regarding technological demand and supply factors involved in development in

SMEs. It also tests hypothesis on the relationships between entrepreneurs socio-economic characteristics and their participation in the processes of technological development. A total of 167 firms from an estimated 400 metal work firms were surveyed.

The findings show that there are several sources of technological supply to SMEs of which the main are informal research generation and technological input from M&L firms. The study observes that technological demand is market driven and duplicative, therefore out-stripping supply. Also socio-economic factors determine an entrepreneurs participation in the technological transformation process.