

**INFLUENCE OF ECONOMIC STIMULUS PROJECTS ON EMPLOYMENT
CREATION: A CASE OF NORTH IMENTI CONSTITUENCY, MERU COUNTY,
KENYA**

BY

M'MUNGANIA FAITH KATHAMBI

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE AWARD OF MASTER OF ARTS DEGREE IN PROJECT
PLANNING AND MANAGEMENT OF THE UNIVERSITY OF NAIROBI**

2013

DECLARATION

This research project report is my original work and has not been submitted for an award of a degree in any other University.

Signed _____

Date _____

M'MUNGANIA FAITH KATHAMBI

L50/63261/2013

This research project report is submitted with my approval as the University Supervisor.

Signed _____

Date _____

Prof. Christopher Gakuu Mwangi

Department of Extra Mural Studies, University of Nairobi

DEDICATION

This research project report is dedicated to my late dad Rufus Mbaabu, who made me love school and contributed to my education, my lovely mum Rose, my little baby Keziahmyra and my siblings.

ACKNOWLEDGEMENTS

This research project report could not have been achieved were it not for the relentless effort and assistance of my supervisor Prof. Christopher M. Gakuu. He has guided me with lot of dedication and friendliness. My own effort could not have yielded much without his guidance. I would also like to appreciate the Meru M.A group for their continued support and encouragement during the development of this proposal. I would like to acknowledge the Department of Extra-mural studies; University of Nairobi for the training and support that helped me a lot in the progress of my research. I also acknowledge Mr. Chadi Rugendo for encouraging and offering me immense support during my study period. I record my sincere gratitude to the North Imenti Constituency Development funds staff that played a big role in enabling me put together this research project proposal. I sincerely appreciate my sponsors IPI family through the directorship of Dr. Karambu Ringera and Dr. Lichtenstein Gary for giving me financial support, motivation, inspiration and exposure to the world of academics and research. Last but not least I would like to appreciate my colleagues for their support throughout my coursework and special thanks to my Manager A.Kiragu Mwangi for giving me an enabling environment to study.

TABLE OF CONTENTS

Declaration.....	i
Dedication.....	iii
Acknowledgements.....	iv
Table of contents.....	v
List of tables.....	ix
List of figures.....	xi
List of abbreviations and acronyms.....	xii
Abstract.....	xiii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background to the Study.....	1
1.2 Statement of the Problem.....	5
1.4 Objectives of the study.....	6
1.5 Research questions of the study.....	6
1.6 Significance of the study.....	7
1.7 Delimitations of the study.....	7
1.8 Limitation of the study.....	7
1.9 Assumption of the study.....	8
1.10 Definition of significance terms in the study.....	8
1.11 Organization of the study.....	9
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1 Introduction.....	10
2.2 Economy and Employment Creation.....	10
2.3 Economic Stimulus Programme (ESP).....	11
2.4 Employment creation both in Kenya and in the world.....	13
2.5 Influence of ESP on Employment creation.....	14
2.6 Empirical Literature.....	18
2.7 ESP Projects Infrastructures on Employment creation.....	19

2.8 ESP Project Enterprises on Employment creation	21
2.8.1 Economic Stimulus Program in <i>Jua Kali Sheds - Timau Jua Kali Sheds</i>	22
2.8.2 Economic Stimulus Program in Education Sector	23
2.8.3 Revamping the Healthcare infrastructure, recruitment of additional nurses and provision of medical supplies and facilitative transport facilities	24
2.8.4 Rehabilitation and Expansion of Irrigable land.....	25
2.8.5 Construction of Fish-Farming Ponds for 140 Constituencies	25
2.8.6 Purchase of Mobile Computer Laboratories.....	25
2.8.7 Food Production	25
2.8.8 Local Government	25
2.9 Social Capital in ESP Projects on Employment creation	26
2.10 Conceptual Framework	28
CHAPTER THREE: RESEARCH METHODOLOGY	30
3.1 Introduction	30
3.3 Target population	31
3.4 Sampling procedure.....	31
3.5 Methods of Data Collection	32
3.6 Research Instruments	32
3.6.1 Questionnaires	32
3.6.2 Interviews	33
3.6.3 Document/record analysis	33
3.7 Validity and reliability.	33
3.7.1 Instrument Validity.....	34
3.7.2 Reliability Analysis	34
3.8 Data Analysis	35
3.9 Operationalization of Variables	36
3.10 Summary	38

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS	39
4.1 Introduction	39
4.1.1 Response Rate.....	39
4.2 Demographic Information	39
4.2.2 Position Held	40
4.2.3 Level of Education.....	41
4.2.5 Kind of Employment	42
4.2.6 Employment types	42
4.2.7 Duration of Service in the Institution/Project.....	43
4.2.8 Kind of Formal Employment offered by the Project during Implementation	43
4.2.10 Formal Employment Offered After Completion	44
4.2.11 Types of Formal Employment offered after completion	45
4.2.12 ESP is offering sufficient formal and non-formal employment opportunities	45
4.3 ESP Projects Infrastructure	46
4.3.1 Trade Fair Participation	46
4.3.2 Types of Trade Fair	46
4.3.3 Benefit associated with Trade Fair Participation.....	47
4.3.4 Marketing Enterprise Facilitation.....	47
4.3.5 Growth of Business Enterprise	48
4.3.6 Extent of Facilitation Relevant To Business Activities.....	48
4.3.7 Level of Agreement	49
4.4 Enterprise Type	49
4.4.1 Nature of Institution/ Project Supported By ESP	49
4.4.2 Money received for the Project from ESP.....	50
4.4.3 Materials Suppliers.....	51
4.4.4 Labour Provision	51
4.4.5 Number of Employment Opportunities	52
4.5 Social Capital	53
4.5.1 ESP Support on Local Enterprises to Develop Linkages with Large Enterprises	53
4.5.2 Local Business Enterprise and Employment Opportunities creation	54

4.5.3 Local business Linkages/Networks Affect The Performance	54
4.6 Correlation Analysis.....	55
CHAPTER FIVE: SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS.....	57
5.1 Introduction	57
5.2 Summary of Findings	57
5.2.1 ESP Projects Infrastructure.....	57
5.2.2 Enterprise Type.....	57
5.2.3 Social Capital.....	57
5.3 Discussion of Key Findings	58
5.3.1 ESP Projects Infrastructure.....	58
5.3.2 Enterprise Type.....	59
5.3.3 Social Capital.....	59
5.4 Conclusions	60
5.5 Recommendations	61
5.6 Suggestion for Further Studies	61
REFERENCES	62
APPENDICES	67
Appendix I: Letter Of Introduction	67
Appendix II: Questionnaire for Project Management Committee	68
Appendix III: Interview for CDF team monitoring the ESP projects at the constituency level.	74
Appendix IV: Questionnaire for the Beneficiary Community Members	75

LIST OF TABLES

Table 3. 1: The Type of respondents.	31
Table 3. 2: Distribution of ESP projects in North Imenti	32
Table 3. 3: Realibility Analysis.....	35
Table 3.4: Operational definitions of Variables	36
Table 4. 1: Response Rate.....	39
Table 4. 2: Gender of the respondents	40
Table 4. 3: Position Held	40
Table 4. 4:Level Of Education.....	41
Table 4. 5: Age.....	41
Table 4. 6: Kind Of Employment	42
Table 4. 7: Employment Types.....	42
Table 4. 8: Duration Of Service In The Institution/Project	43
Table 4. 9: Project Offered Formal Employment During Implementation.....	43
Table 4. 10: Formal Employment Type.....	44
Table 4. 11: Formal Employment Offered After Completion	44
Table 4. 12: Types of Formal Employment offered after completion	45
Table 4. 13: Level of ESP offering sufficient formal and non-formal employment.....	45
Table 4. 14: Trade Fair Participation	46
Table 4. 15:Type of Trade Fair	46
Table 4. 16: Trade Fair Benefit Participation	47
Table 4. 17:Marketing Enterprise Facilitation	47
Table 4. 18: Growth of Business Enterprises.....	48
Table 4. 19: Extent Of Facilitation Relevant To Business Activities	48
Table 4. 20: Level of Agreement	49
Table 4. 21: Nature Of Institution/ Project Supported By ESP	50
Table 4. 22: Amount Of Money received For The Project from ESP	50
Table 4. 23:Materials Supplies	51
Table 4. 24:Labour Provision	51
Table 4. 25: Employment Opportunities Created	52

Table 4. 26: ESP Supported Local Enterprises To Develop Linkages With Large Enterprises ...	53
Table 4. 27: Local Business Enterprise and Employment Opportunities creation	54
Table 4. 28: Aspects Of The Linkages/Networks Affect The Performance	55
Table 4. 29: Correlation Matrix	56

LIST OF FIGURES

Figure 1. 1: Conceptual Framework	29
---	----

LIST OF ABBREVIATIONS AND ACRONYMS

CBK	-	Central Bank of Kenya
CDF	-	Constituency Development Fund
CDFC	-	Constituency Development Fund Committee
ESP	-	Economic Stimulus Program
GOC	-	Government of Canada
GOK	-	Government of Kenya
ICT	-	Information Communication and Technology
IFAD	-	International Fund for Agricultural Development
LATF	-	Local Authority Transfer Fund
MDG	-	Millennium Development Goals
MTP	-	Medium Term Plan
OECD	-	Organization for Economic Cooperation Development.
PMC	-	Project Management Committee
SIDP	-	School Infrastructure Development Plan
SPMC	-	Stimulus Programme Management Committee
UN	-	United Nations

ABSTRACT

The Economic Stimulus Program (ESP) was started to jumpstart the Kenyan economy towards long-term growth and development after the post election violence of 2007/2008 that affected the Kenyan economy. The main objective of ESP was to expand economic opportunities in rural areas for employment creation, to boost the country's economic recovery, invest in long-term solutions to the challenges of food security, invest in conservation of the environment, expand access to, and build the ICT capacity of the Kenya people; improve infrastructure and the quality of education and health care for all Kenyans, and to promote regional development for equity and social-economy. The purpose of this study was to investigate the influence of economic stimulus programme on employment creation in Kenya taking the case of North Imenti Constituency. It is therefore imperative to determine whether the funds is achieving the objectives of setting it up or not and propose the steps to be undertaken to improve the situation. One way of fighting poverty is through employment creation. This study therefore sought to study the influence of ESP towards employment creation in Kenya. The investment programme for Wealth and Employment Creation 2003-2007, has been the blue print for national development. The data was collected using questionnaires, interview and observing people. The data was analyzed using statistical package for social sciences (SPSS V. 21) computer program and was presented using frequency distribution tables and percentages. The study found that ESP projects infrastructures has the highest effect on employment creation, followed by ESP project enterprises, then Social capital in ESP projects having the lowest effect on the employment creation. The objectives of the ESP initiatives are to stimulate the economy through public works programme and create employment opportunities. The study deduced that there is a positive relationship between Enterprise type and employment creation. The stimulus programme is deliberately designed to cover all parts of the country as a bold step to address the existing imbalances in regional development. The study further deduced that there is a positive relationship between social capital and employment creation. The study recommends that there is a need to develop more entrepreneurial graduates using a more enterprising approach to learning, which is student centered, action and process orientated rather than traditional. The study recommends that universities should develop tutorial contact time as well as project work, which is supervised by members of the academic team. More markets should be opened up, more teachers should be trained and more fish ponds should be constructed, develop more jua kali sheds in the constituency, employ more staff, more funding for payment of employees. Further, small firms should embrace creative advertising as with creative marketing and booth design, small businesses can actually appear as substantial as much larger corporations.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Unemployment has been a challenge in most countries of the world. Unemployment and poverty are the two major challenges that are facing the world economy at present. Unemployment reduces the purchasing capacity of a country and thus leads to financial crisis. This results to poverty followed by increasing burden of debt. Unemployment and poverty are mostly common in the less developed economies and especially in Africa. Charles S. Gardner and Jeremy Clift argue that over the past decade, the United States has been very successful at creating jobs while some other industrial countries have clearly lagged behind. The reason why some countries are more successful than others at creating employment are common factors that explain job creation, According to IMF Working Paper 99/109, "Deconstructing Job Creation." Writing in the mid -1970s ironically in hindsight, at the very time when the prospects for full employment were about to disappear (Gregory and Sheehan, 1998) - the poverty Commission in Australia identified unemployment as a major cause of primary poverty. About (16.6 per cent) of the unemployed were below the poverty line in 1972-73.

By Pietro Garibaldi and Paolo Mauro, if a country's job creation keeps pace with the growth of its working-age population, it is considered to be doing well. Countries with more rapid working-age population growth typically end up creating relatively more jobs. By this yardstick, the United States has truly experienced an employment miracle, creating many more jobs than needed to keep pace with population growth and bringing a dramatic decline in unemployment. Over the last 20 years, the country's ratio of employment to working-age population rose by more than 7 percentage points, despite sizable immigration.

In Finland ,the combination of recession and the collapse of the Soviet Union saw the unemployment rate double between 1991-1992,then doubled again the next year and rise by 50 per cent the year after that. The overall increase was from an unemployment rate of 3.2 per cent in 1991 to 16.3 per cent in 1993(Saunders et al, 2003). Unemployment is the greatest determiner of poverty and exclusion-and that is why the fight against unemployment is so critically

important. However it can only be won by concentrating on providing jobs and opportunities rather than penalties or slogans (Rapper 1999).

The performance of the Kenyan economy since independence has been mixed. In the post-independence era (1962-2006), Kenya transited from a high economic growth path in the 1960s (6.6 per cent average annual growth over 1964-72) to a declining path (5.2 per cent over 1974-79, 4.0 per cent over 1980-1989, 2.4 per cent over 1990-2002).a change of the political regime in 2002 and subsequent implementation of prudent macroeconomic policies, Kenya has been on a recovery path, achieving a high economic growth rate in 2004(5.1 per cent),2005(5.7 per cent) and 2006n(6.1 per cent) (Republic of Kenya, 2007). Rapid economic growth has been given prominence by the Kenya Government as a means of alleviating poverty and creating employment opportunities. The rapid growth of the economy has been regarded in Kenya as a key solution not only to poverty, but also to unemployment, poor health, economic exploitation and inequality (Oyugi, 2008).

The interventions that the government has implemented include enhancing development through decentralization of resources. The most notable of the decentralization programs that have been attempted in the past include the District Development Grant Program (1966), the Special Rural Development Program (1969/70), the Rural Development Fund, District Development Planning (1971) and the District Focus for Rural Development (1983/ 84). These programs suffered a lack of funding and excessive bureaucratic capture by the central government (Bagaka, 2008). Structures were put in place that ensured the devolution of resources from the central government down to the community level. The approach of this mechanism little involved the community in the choice and implementation of development projects. Decisions were made at the central government level without the involvement of the local communities and they trickled downwards.

However, most countries have realized the importance of involving the local communities in the entire process and put in mechanisms that employ this approach (Gavin, 1980).The Kenya Government has proposed an Economic Stimulus Programme (ESP) as a short to medium term, high intensity, and high impact programme aimed at jump starting the economy towards long term growth and development, securing the livelihoods of Kenyan and addressing the challenges

of regional and inter-generational inequity. The Economic Stimulus is anchored within the principles of the Government's blueprint 'Vision 2030' and recognition of global concerns on environmental sustainability.

According to The Link (Issue NO.065.March 2010), the Kenya economic stimulus program was initiated by the government of Kenya to boost economic growth and led the Kenyan economy of a recession situation brought about by economic slowdown. Kenya is a developing African economy whose experience is a bit unique in the sense that by the time the impact of the financial crisis became manifest, the country was already reaping from the adverse effects of the domestic political crisis occasioned by post-election violence that erupted in January 2008 after the country held its parliamentary and presidential elections in December 2007. The disputed outcome of the electioneering process led to civil unrests that disrupted economic activity, blocked supply chains, led to loss of property and a drastic slowdown in the level of economic activities affecting investment and employment. It would therefore, be misleading to discuss the effect of the global financial crisis in Kenya in isolation from the domestic crisis that arose from the post-election violence.

As a result the governments sort ways to address the effect of economy by setting funds aside to stimulate the economy (CBK Report May 2012).The Economic Stimulus Program (ESP) was established in 2009 through the government of Kenya ESP Manual on 11th June, 2009. The Minister of Finance tabled the budget to parliament which main theme was overcoming Today's challenges for a Better Tomorrow. The program was started to jumpstart the Kenyan economy towards long-term growth and development after the post election violence of 2007/2008that affected the Kenyan economy, 2008/2009 effects on global economic recession posed a great negative shock on economies, and rise in oil and food prices.

The main objective of ESP was to expand economic opportunities in rural areas for employment creation, to boost the country's economic recovery, invest in long-term solutions to the challenges of food security, invest in conservation of the environment, expand access to, and build the ICT capacity of the Kenya people; improve infrastructure and the quality of education and health care for all Kenyans, and to promote regional development for equity and social-economy. The civil society in Kenya and other non state actors have over the years continued to

demand reasonable and proper engagement and active participation in public resource management characteristic of good governance, addressing social and fiscal problems that have been the epitome of systems failure in the countries social-political and economic policy regime.

The Kenya's development can only be sustainable if it is pursued based on the principles of equity, good governance, environmental sustainability, and the provision of safety nets for the vulnerable sections of our society. This is achieved with a spirit of inclusion, opening doors of opportunities that harness individuals' creative capacity and facilitating their participation in the process of nation building as partners and not victims. The government of Kenya has made deliberate efforts to decentralize most of its development projects over the past five years, key among them the projects aimed at meeting the MDGs goals.

The employment Act 2007, Chapter 226; employee is an individual employed for wages or salary and includes an apprentice and an indentured learner. At the time of the most recent labor force surveying 2005-06, the total labor force including all people employed and unemployed totaled 13.5 million. Among the 18.8 million in their economically active years, this means a labor force participation rate of 72 percent. Of the 13.5million participating in the labor force in some way, 12.1 million are counted as employed and 1.4 million are openly unemployed. Thus, the open unemployment rate is 10.5 percent. The member of the organization need to participate in carrying out duties of the organization.

According to Herzberg (1966), humans are social beings and as such they should work in partnership. The presences of others tend to improve performance of tasks. He further states that a combined skill facilitates the correct behavior well learned. In any organization, people are employed to perform specific tasks with specific qualification. There is no human being who is perfect when performing duties as his or her scope may have various limitations. Fiedler (1967) agrees that leadership, which is associated with influence, should be reciprocal and that a system will collapse unless it provides its loyal obedience supporters with warmth and security. According to Mbiti (1974) the charismatic leader expecting blind faith must respond to certain followers` demands to minimize dissatisfaction.

Three decades after the International Labor Organization's ground-breaking study, *Employment, Incomes and Equality*, Profs. Pollin, Mwangi and Heintz re-open the path with 21st Century economic analyses and instruments. Kenya's policy makers would be unwise not to study these ideas, and then study them again. According to Professor Léonce Ndikumana, key challenge faced by African countries today is to translate economic growth into meaningful improvements in living standards at the household level. One of the effective means of addressing this challenge is to design macroeconomic and sectoral policies that explicitly target the creation of decent employment to allow households to overcome poverty. This detailed and innovative study on Kenya provides a valuable contribution on how this can be accomplished by offering a wide range of policy suggestions.

1.2 Statement of the Problem

The study of employment creation in North Imenti constituency in Meru County is necessitated by the fact that the area has remained poor, high crime rate among the youths, lagged behind in development although the government of Kenya has tried to devolve funds such as CDF, LATF among others in order to devolve the development.

The study is aimed to realize best practices and lessons to be learnt as well as point out areas of weaknesses and general concerns in the management and use of the devolved funds.

Soon after independent, the government of Kenya launched session paper number 10 of 1965, which declared poverty ignorance and disease as the priority items that were to be dealt with by the new independent country. However many years after independence, poverty has been on the rise in Kenya (I.F.A.D, 2010). Kenya is a low-income country, with per capita income averaging about US dollar 360. According to IFAD (2010), Kenya is ranked 148th among 177 countries in the United Nations Development index. UN uses this index to measure a country's development in terms of life expectancy, education attainment and standard of living.

According to Economic Stimulus Programme Kenya 2009-2010 the ESP is an important government programme initiated to support the local development projects in every constituency. The initiation of the projects was to create employment and the finished projects will provide

essential services, jobs and business opportunities and enough food at the constituency level. The ESP is an enabler of the country to achieve the much envisioned Kenya Vision 2030. Some constituencies have been said to do well in the utilization of ESP funds while others have performed poorly.

1.3 Purpose of the study

The purpose of this study was to investigate the influence of economic stimulus programme on employment creation in Kenya taking the case of North Imenti Constituency.

1.4 Objectives of the study

The objective of this study was to:

- i. To establish the extent to which ESP projects infrastructures influences employment creation in North Imenti Constituency.
- ii. To assess the extent to which ESP project enterprises influences employment creation in North Imenti Constituency.
- iii. To determine how social capital in ESP projects influences employment creation in North Imenti constituency.

1.5 Research questions of the study

The study was guided by the following research questions:

- i. To what extent does an ESP projects infrastructures influence employment creation in North Imenti constituency?
- ii. To what extent does ESP project enterprises influence employment creation in North Imenti constituency?
- iii. How does social capital in ESP projects influence employment creation in North Imenti constituency?

1.6 Significance of the study

The study will help the ESP Committee and the community to understand the need for the reducing crime rate among the youths through the creation of employment by the effective implementation of the projects. The study will also help the policy makers and the ESP management to understand their shortcomings, increase their capacity to better the management of the ESP projects in order to help address the goals which the programme is set to address.

The study will assist the communities to know how best to use government resources to create jobs, reduce poverty, increase literacy levels, improve the quality of life and even in broadening their income. The study will help to reduce the crime rate since the funds given to finance the projects with the economic stimulus programme will create employment and will help to address the issues at hand. The study will help to address the problem associated with the implementation of the ESP project in North Imenti on creation of employment and help achieve the goals of development as stipulated in vision 2030.

1.7 Delimitations of the study

The study was delimited to beneficiaries of the fund. They were the direct beneficiaries of various community projects supported by the ESP. The study focused on all the ESP projects in the entire constituency of North Imenti from the year 2009 to date. All the stakeholders ranging from ESP management committee, the CDFC, the relevant ministries associated with the projects funded through ESP, project management committee (PMC) from the village level to the constituency level were involved. The study was delimited to a specific period of time from (January 2013.July 2013). The findings of this study were used to generalize the larger population of Kenya.

1.8 Limitation of the study

Factors influencing successful implementation of the ESP funded projects varied in different environmental situations. Some people were not willing to volunteer information easily that they felt sensitive to reveal for security reason. The time frame for the study was short to do all the research.

1.9 Assumption of the study

Assumptions in this study included;

The respondents will answer question correctly, truthfully and will be ready and available to answer the questions. The respondents will also have pertinent records that will assist them respond to the study questions. The data collection instrument has validity and is measuring the desired constructs. The sample represents the population who will be chosen to voluntarily participate in the study. It will be assumed that the respondent will be conversant with the implementation of the ESP project and the jobs creation within North Imenti constituency

1.10 Definition of significance terms in the study

For the purposes of this study:

Casual employees: are hired based on tasks or specific pieces of work. They are either paid wages, daily, weekly or upon completion of the task.

Employment: means any engagements, formal or informal, skilled or non skilled, that includes the provision of goods, services or labor in exchange for a financial gain. As such the supply of materials and equipments will be regarded as self employment for the purpose of this study.

Formal employment: refers to an economic service engagement with a specific pay at the end of a specified period such as monthly or weakly or upon completion of a specific task.

Funding: this term has been used in this research work to mean money from ESP for the purpose of implementing the projects.

Permanent employment: in this study refers to a long-term service engagement, usually running into decades until the employees achieves the retirement age(which in Kenya has been 60 years) such employees receives pension even after retirement. They are usually referred to as permanent and pensionable.

Political: influence means involvement and dominance by political leadership in the operations of the funds devolved by the ESP.

Project: this is a unique venture with a beginning and an end time, done by people to achieve goals within parameters of cost, quality and schedule. This study will refer to all the projects funded by the ESP in North Imenti Constituency.

Temporary employees: are engaged on a far shorter undefined period and the term of engagement is that they can be dismissed by the employer at any time. They however receive a monthly salary at the time of their engagement but no gratuity.

1.11 Organization of the study

In summary, this chapter highlighted the introduction to the study. The chapter drew attention to the background of the study, statement of the problem, purpose of the study, objective of the study, research questions, significance of the study, limitation of the study, delimitation of the study, assumption of the study, definition of significance terms in the study and the summary is included.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The Literature Review Chapter critically assessed various secondary sources that have covered different aspects of ESP projects i.e. the influence of economic stimulus projects on employment creation in North Imenti constituency, influence of ESP projects Infrastructures on employment, influence of ESP Project Enterprises on Employment creation, and the influence of Social Capital in ESP Projects on Employment creation in different parts of the North Imenti constituency. A conceptual framework has also been drawn and a theory relevant to the study identified.

2.2 Economy and Employment Creation

The Kenya Vision (2030) Kenya aspires to achieve a high and sustained economic growth consistent with the Government's employment creation and poverty reduction objectives. This can only be realized in an environment of macroeconomic and political stability. In 2009/2010 fiscal year, the Government continued with the reform agenda initiated in 2008 as contained in the MTP (2008), but with a low real GDP growth starting point, the recovery has been gradual and the initial targets of the MTP proved far too ambitious. In 2008/2009, the macroeconomic situation was adversely affected by the global economic crisis. However, the countercyclical macroeconomic policies such as ESP and accommodative monetary policy adopted by the Government have succeeded in stimulating the growth and avoiding recession (Wanja, 2012).

According to GOK (2007), Kenya vision 2030 an economy consists of an economic system of a country or other area; the labor, capital, and land resources; and the manufacturing, production, distribution, trade, and consumption of goods and services of that area. The economic pillar of the Kenya Vision 2030 seeks to ensure prosperity of all Kenyans. The aim of this pillar is achieving a high economic growth rate of 10 per cent per annum. This economy will result into a more enabling economy with many job opportunities for the people.

The function of governments is to provide basic services to its citizens through an enabled mechanism. These basic services are water through water supply and ensuring that the ministry of water and irrigation has the right personnel, food; the economic stimulus programme makes provision for fresh produce and market, health through construction of the dispensaries throughout the country, education, creation of business and job opportunities and security (Carney 1978). Employment creation was an objective which was looked unto when the government was steering head the ESP to boost the lost value during the 2007/2008. This study will focus on establishing if the ESP has meant the key objectives it was sort to address on employment creation.

In order for the government to provide these services it collects tax revenues from the citizens (Organization for economic cooperation development) (OECD) This money is used to pay the salaries of government officials and finance development projects. A successful government is one which uses taxpayer's money responsibly and is able to provide good services to its people and to pay its debts on time (Antonopoulos, 2007). In order to maintain good services for the public, the government needs to ensure that the economy is growing. Between 2003/2007, the Kenyan economy was growing quite fast. However, due to government corruption scandals and political unrest which resulted in the 2008 post election violence, businesses and investment projects collapsed. This was accompanied by prolonged drought which forced the price of food to rise beyond the means of most of Kenyans. All these setbacks called for immediate action from the government to restore the economy to its earlier status. Thus in the 2009/10 budget, Finance Minister Uhuru Kenyatta launched the Economic Stimulus Program [ESP] to stimulate the growth of the Kenyan economy through the rapid creation of jobs and business opportunities all over the country. The economy is for a strong recovery from the year 2010 and beyond to about 5 percent and growth is expected to accelerate further in the medium term. The objective is to steer the economy towards the growth trajectory outlined in the Medium-Term Plan under Vision 2030 (MTP, 2008).

2.3 Economic Stimulus Programme (ESP)

The Kenya Economic Stimulus Program (ESP) was initiated by the Government of Kenya to boost economic growth and led the Kenyan economy out of a recession situation brought about

by economic slowdown. The Kenyan ESP was introduced in the 2009/2010 Budget Speech in parliament by Finance Minister Uhuru Kenyatta. It argues that the Economic stimulus focuses on sectors that will generate maximum benefit, restore confidence of Kenyans and assist the business community to weather the storm, while also protecting the livelihood of the poor and creating employment for the youths. The stimulus programme is deliberately designed to cover all parts of the country as a bold step to address the existing imbalances in regional development (www.tisa.or.ke/uploaded/resourses/stimulus_esp_manual.pdf). Its aim was to jumpstart the Kenyan economy towards long term growth and development, after the 2007/2008 post election violence that affected the Kenyan economy, prolonged drought, a rally in oil and food prices and the effects of the 2008/09 global economic crisis. The stimulus was made necessary by the decline in the economic growth rate from 7.1% in 2007 to 1.7% in 2009. The total budget allocated amounted to 22 Billion Kenya Shillings (260 million US\$), with the money going towards the construction of horticultural markets (wholesale and fresh-produce markets), expansion of irrigation-based agriculture, fish ponds , ‘Jua Kali’ sheds and tree planting among other activities that are core to the mainstay of our rural and urban population in all the 210 constituencies. Other projects include construction of social infrastructures such as schools, district headquarters, public health centers and roads, as well as tapping into our human capital resources to contribute to social welfare improvement and achievement of the MDGs (Bagaka, 2008).

Economic stimulus could be explained as a form of financial assistance provided in ways like tax rebates or funds. There are many reasons as to why economic stimulus is provided, most general being averting financial disasters or coming out of a tight corner. To boost the country’s economic recovery and return the economy back to the envisioned medium term growth path; to invest in long term solutions to the challenges of food security. To expand economic opportunities in rural areas for employment creation; To promote regional development for equity and social stability; To improve infrastructure and the quality of education and healthcare for all Kenyans; To invest in the conservation of the environment; and to expand the access to, and build the ICT capacity of our people in order to expand and accelerate economic growth (IFAD, 2007c).

Economic stimulus packages are mostly announced by national governments, just when a particular country has faced some sort of economic problem and is trying to come out of it. Economic stimulus can also be used for a number of other purposes like addressing imbalances in standards of living of people. For example in Kenya, national government has announced an economic stimulus that aims to address livelihood problems of people in rural areas. This money would also be utilized for purposes of providing people, who have low income, with residential facilities. Economic stimulus packages are also used for development of infrastructural facilities within a particular country. For example in countries like China, economic stimulus is being used to develop housing projects and railroad, water conservancy and highway development. As has been stated earlier, economic stimulus packages include a vast array of issues like healthcare, education, cultural projects, environmental projects, and biological conservation. There are other important activities like industrial and post disaster reconstruction as well. Economic stimulus packages normally have target beneficiaries (Oyugi, 2008). In late 2008 and early 2009 you could not turn on a TV or open a newspaper without hearing the term fiscal stimulus over and over again. The idea behind fiscal stimulus is a rather simple one - a reduction in consumer demand has resulted in an unusually high number of idle resources such as unemployed workers and closed factories. Because the private sector will not spend, government can take the place of the private sector by increasing spending, thus putting these idle resources back to work. With their newly found income these workers will be able to spend again, increase consumer demand. As well, workers who already have jobs will have increased confidence in the state of the economy and will increase their spending as well (Wanjiru, Elias and Dorah, 2010).

2.4 Employment creation both in Kenya and in the world

Employment is much easier to measure than unemployment. Measuring unemployment involves subtle distinctions between individuals who are in the labor force and those who are not: those counted as unemployed must say they are actively looking for a job; yet in high-unemployment countries in particular, so-called discouraged workers stop looking for work and remain uncounted. Conversely, many who claim to be looking for work may be half-hearted about it, the more so as their prospects dwindle. The reason for trying to understand job creation better is that for any given level of unemployment, faster job creation increases a country's output, and,

among other things, raises the ratio of workers to pensioners, thereby lowering the cost of its social safety net (Pollin et al, 2008).

The insights gained from studying unemployment do not necessarily hold up when the focus shifts to job creation. For example, laws, programs, or labor agreements making it relatively difficult or expensive to lay off workers seem to have no effect one way or the other on the unemployment rate. However, strong systems of job protection appear to have a big effect in holding down job creation (Markwell, 2006). When analyzing employment growth instead of experience with unemployment offers richer results. Data on unemployment, for example, tell us nothing about the kinds of jobs available in the workplace, or the terms under which workers hold them, such as whether they are permanent or temporary, or full-time as opposed to part-time. A look at these factors lets us assess, among other things, whether faster job creation in the United States than in Continental Europe comes from historical conditions, such as a much lower proportion of farm jobs or traditional manufacturing jobs, which have been stagnant or declining in all advanced countries. This approach can also examine the effects of women entering the workforce in larger numbers in recent years, and can shed light on important policy questions, such as whether promoting part-time work leads to higher overall job creation or merely cannibalizes full-time jobs (Pollin et al, 2008).

2.5 Influence of ESP on Employment creation

During the 2008/09 and 2009/10 financial years, Government initiated two major programmes namely the Economic Stimulus Package for Constituencies and Kazi Kwa Vijana Programme. The objectives of these initiatives are to stimulate the economy through public works programme and create employment opportunities. Some of the programmes initiated are likely to spill over to the next MTEF period. Sectors required fully planning and allocating resources for completion of such programmes within the sector ceiling. The Government spent about Kshs 5 billion in this programme, which has benefited over 306,000 by end of 2010 countrywide. MOYAS was involved in the “Trees for jobs” component of the Kazi Kwa Vijana programme. The programme being coordinated by the Office of the Prime Minister and being implemented by line Ministries involved in labour intensive projects in an effort to mainstream youth employment in the public sector. The US government also uses economic stimulus legislation to support those affected by

the events of September 11, 2001, and more recently, to support the financial and automotive industries. Economic stimulus packages can also benefit elected officials since they can be seen as working for the benefit of citizens by infusing cash into the economy (Economic Stimulus Act of 2008) a government act to stimulate the economy through tax rebates, business incentives, and loans (Maureen & Tiriongo, 2012).

There are some theories that can be associated with Economic stimulus.

2.5.1 Keynesian theories

The economic theory behind the nearly \$800 billion stimulus package may be cloaked in precise mathematics but is ultimately based on John Maynard Keynes's speculative conjecture about human nature. Keynes claimed that people cope with uncertainty by assuming the future will be like the present. This predisposition exacerbates economic downturns and should be countered by a sharp fiscal stimulus that reignites the "animal spirits" of consumers and investors. In Keynes theory argued that the solution to the Great Depression was to stimulate the economy ("inducement to invest") through some combination of two approaches: A reduction in interest rates (monetary policy), and Government investment in infrastructure (fiscal policy). By reducing the interest rate at which the central bank lends money to commercial banks, the government sends a signal to commercial banks that they should do the same for their customers (Fletcher, 1989).

Investment by government in infrastructure injects income into the economy by creating business opportunity, employment and demand and reversing the effects of the aforementioned imbalance. Governments source the funding for this expenditure by borrowing funds from the economy through the issue of government bonds, and because government spending exceeds the amount of tax income that the government receives, this creates a fiscal deficit (Frankel & Wallen, 2000).

A central conclusion of Keynesian economics is that, in some situations, no strong automatic mechanism moves output and employment towards full employment levels. This conclusion conflicts with economic approaches that assume a strong general tendency towards equilibrium. In the 'neoclassical synthesis', which combines Keynesian macro concepts with a micro

foundation, the conditions of general equilibrium allow for price adjustment to eventually achieve this goal. More broadly, Keynes saw his theory as a general theory, in which utilization of resources could be high or low, whereas previous economics focused on the particular case of full utilization (Hollings, 2000).

The new classical macroeconomics movement, which began in the late 1960s and early 1970s, criticized Keynesian theories, while New Keynesian economics has sought to base Keynes's ideas on more rigorous theoretical foundations. Some interpretations of Keynes have emphasized his stress on the international coordination of Keynesian policies, the need for international economic institutions, and the ways in which economic forces could lead to war or could promote peace (Fletcher, 1989).

2.5.2 Laissez-faire Economics

The doctrine of 'Laissez-faire' meaning 'to leave alone' developed from Adam Smith's *Wealth of Nations*, in which Smith opposed all government activities that restricted free enterprise. However, he favored government activities to promote the general welfare. The essentials of a laissez-faire economy are government enforcement of contracts by which men, materials, and facilities are organized in the production system, the maintenance of patent rights, and the provision of a stable money system. Competition is the great economic stimulus according to the laissez-faire theory. The other theories behind fiscal stimulus depend on three basic factors. As we in practice it is difficult to have more than two of these met at any one time (Gramlich, 1974).

2.5.3 Fiscal Stimulus Factor 1

Provide Stimulus through Use of Idle Resources Fiscal stimulus only works if it uses idle resources - resources that would not otherwise be used by the private sector. Using employees and equipment that would otherwise be used by the private sector is of no use; in fact it is detrimental if the private sector projects are of more value than government ones. This "crowding out" of private spending by public spending must be avoided.

To avoid crowding out, great care needs to be taken in a fiscal stimulus package to target industries and geographic areas that contain idle resources. Re-opening a closed automotive plant

and re-hiring the laid off workers is an obvious way to do so, though in the real world it is difficult to target a stimulus plan so precisely. We cannot forget that the choice of what type of fiscal stimulus is chosen by politicians, and thus is a political issue as much as it is an economic one. There is a great likelihood that a politically popular but non-stimulating package will be chosen over one that is politically less popular but more beneficial to the economy (GOK, 2007).

2.5.4 Fiscal Stimulus Factor 2 - Started Quickly

A recession is not a particularly long-lived phenomenon (though it often feels like one). Since World War II recessions have lasted between 6 and 18 months, with an average duration of 11 months (source). Suppose we are in a long recession of 18 months, with another 6 months of slow growth afterwards. This gives us a 24 month window in which to provide fiscal stimulus. During this period a number of things have to happen: The government has to recognize that the economy is in recession. This takes longer than one might imagine – example the National Bureau of Economic Research did not recognize that the United States was in a recession until 12 months after it started. The government needs to develop a stimulus package like Kenya ESP (Government of Kenya, 2007). The stimulus bill needs to be made law and pass all the necessary checks and balances. The projects involved in the stimulus package need to be started. There may be delays in this step, particularly if the project involves the building of physical infrastructure. Environmental assessments need to be completed, private sector contractors need to bid on the project, and workers need to be hired. All of this takes time. The projects, ideally, need to be completed. If they are not completed before the economy fully recovers, then we will certainly have crowding out as these employees and equipment would be of use to the private sector. All of these items need to happen in the window of, at best, 24 months. Meeting this task seems quite difficult, if not impossible (Gregory and Sheehan, 1998).

2.5.5 Fiscal Stimulus Factor 3 - Perform Reasonably Well on a Benefit-Cost Test

Ideally, we should get good value for our money - government should spend taxpayer dollars on items of real value to the taxpayer. Government spending will necessarily raise GDP, because in the calculation of GDP the value of any government project is determined by its cost, not its value. But building roads to nowhere does nothing to increase our true standard of living

(Hertzberg, 1966). There is also the political issue here - that projects may be chosen on their political popularity or value to special interests, rather than on their merits.

2.5.6 Fiscal Stimulus - Meeting One Factor Is Hard; Three Is Impossible

In Fiscal Stimulus - Unlikely To Work in the Real World we will see that not only are some of these factors hard enough to meet on their own, it is nearly impossible to meet more than two of them at any one time (Rapper, 1999).

Finally, a good stimulus package must be temporary. Historically, the American economy has been the most innovative and productive in the world, characteristics that most economists believe result in part from low taxes and decisions by risk-taking individuals and corporations who operate without major government interference. If a stimulus package gets the economy back on track, it is important to quickly restore the level of government spending and government interference in the economy to the status quo ante. In fact, under Keynesian theory, after the economy recovers the government should tax more than it spends to maintain fiscal balance. In any case, by sending out one-time checks, making income from the stimulus checks that is spent within two months tax free, and allowing one-time expensing of equipment, most of the spending in the stimulus package meets the criterion of being temporary (Papadimitriou, 1998).

2.6 Empirical Literature

The concept 'Economic Stimulus Programme or Package [ESP]' came into existence and public limelight in the 2009/10 Budget speech to parliament. The Budget premised on the theme, 'Overcoming Today's Challenges for a Better Kenya Tomorrow', aimed at urgently jumpstarting the Kenyan economy towards long-term growth and development particularly in the wake of the 2007/08 Post-election violence that brutally battered the Kenyan economy and the 2008/09 global economic recession which had astronomical negative shocks on economies, Kenya inclusive. The government allocated a total budget for the Economic stimulus programme of Kshs.22Billion (Government of Kenya, 2009).

The key objectives of the economic stimulus included, to: Boost the country's economic recovery; Invest in long –term solutions to the challenges of food security; Expand economic opportunities in rural areas for employment creation; Improve infrastructure and the quality of education and health care for all Kenyans; Invest in the conservation of the environment; Expand access to, and build the ICT capacity of the Kenyan people; and to promote regional development for equity and social stability (GOK, 2008).

The function of governments is to provide basic services to its citizens. These basic services are water, food, health, and education, creation of business and job opportunities and security. In order for the government to provide these services it collects tax revenues from the citizens. This money is used to pay the salaries of government officials and finance development projects. A successful government is one which uses taxpayers' money responsibly and is able to provide good services to its people and to pay its debts on time. In order to maintain good services for the public, the government needs to ensure that the economy is growing (Wanja, 2012).

Between 2003-2007, the Kenyan economy was growing quite fast. However, due to government corruption scandals and political unrest which resulted in the 2008 post election violence, businesses and investment projects collapsed. This was accompanied by prolonged drought which forced the price of food to rise beyond the means of most of Kenyans. All these setbacks called for immediate action from the government to restore the economy to its earlier status (Wray, 2007).

2.7 ESP Projects Infrastructures on Employment creation

Trade shows are designed to let entrepreneurs meet many potential customers face-to-face in a brief period of time inexpensively (1994, Trade Show Bureau). Trade shows help level the playing field for smaller firms, since booth space is generally inexpensive (\$13 per square foot on average, with the typical small booth covering 100 square feet), and even small companies can usually afford attractive displays. With creative marketing and booth design, small businesses can actually appear as substantial as much larger corporations. (1995, Trade show bureau) The Trade Show Bureau reports that of the firms exhibiting at business-to-business shows, 44% have fewer than 50 employees. Sophisticated exhibitors do well at trade shows no

matter what their size, while the naive and inexperienced can waste thousands of dollars and countless hours - and possibly do more harm than good. Using trade shows effectively takes only a little effort and planning (Wanjiru, Elias and Dorah, 2010).

Due to the fact that not all young people are interested in entrepreneurship, the fund's mandate includes facilitating employment of semi-skilled /skilled young people in external labor markets. This mandate entails but is not limited to job search abroad, facilitating travel documentation and financing of relocation. (ESP Report, 2011) Trade shows give an avenue for demonstration of talent and expansion of market. Trade shows represent a significant opportunity to enhance brand and product visibility, promote new and existing products, generate leads and drive incremental sales (Trade show advisor.com)

The American Recovery and Reinvestment Act (ARRA) (2009), was designed to save and create jobs, as well as to cushion the economic downturn and make crucial public investments. As the money is being distributed by the various agencies, there is interest in estimates of the likely jobs effects of the individual pieces. The projects swing into action, the government will gather actual data on reported job creation. This report describes the estimating procedures used so far; specifies procedures to be used by recipients for estimating job creation going forward; discusses reporting requirements for job creation and retention benefits.

Kenya Economic Stimulus Project (ESP) was aimed at addressing the missing markets in agricultural areas and facilitating commerce, trade and rural enterprise development. This was to be achieved by the construction of one (1) produce market in each of 210 Constituencies at an estimated cost of Kshs 10 million per Constituency (Economic Stimulus Programme 2009/2010). In response to the global financial and economic crisis that started in 2008, countries around the world embarked on an unprecedented level of intervention with aims to keeping the economy buoyant and stop a full-scale assault on the labour market. Although world economic growth returned to positive territory, a number of labour market challenges persist. At the same time, massive public spending, depressed economic activity, and reduced revenue are causing considerable fiscal pressure. As such, policy makers were urged to bring public expenditures under control, including scaling back programmes introduced as part of stimulus measures (Argwings-Kodhek, Gem, 2004).

Studies by Chawla, Pullig and Alexander (1997) identified market knowledge as a critical success factor for small businesses in retail, manufacturing and construction industries. Similar findings were noted by Zetlin (1994), who singled out innovative marketing as the key to achieving success by small business owners. A review by the World Bank (2009) showed that twenty thousand small scale sunflower producers in Uganda were involved in market linkages through partnership with the largest sunflower processor – Mukwano. As a result, yields were up significantly, and so was farm gate revenue. Further studies by the World Bank showed that contract farming provided a ready market for small scale farmers in India (dairy, poultry and vegetables) and China (shallot production). In Kenya, Owino (2011) concluded that marketing strategies plays a key role in sustaining business growth for small business owners, and recommended further studies to establish why some firms did not strategize in marketing programs for growth and profits.

2.8 ESP Project Enterprises on Employment creation

Developing economies have a small percentage of their labor forces in large-scale businesses and a large share engaged in small-scale and informal sector enterprises. Small-scale enterprises have been the primary sources of labor absorption in cities in developing countries and will continue to play a crucial role in the future. Experience has shown that policies for improving the capacity of small-scale enterprises to generate jobs have had only mixed results in developing countries. (Kasarda & Rodinelli, 2007)

The governments need to move on in their thinking and development and move on from the traditional, historical university, steeped in research as purported in Jones' statement by common agreement; the concept of entrepreneurship is that of undertaking a business-like activity, with the chance of profit or loss. In the accepted or historic model of a government such ideas have been alien. Universities have been institutions for scholarship, for research and for advanced levels of teaching; none of these activities however challenging might be intellectually, creatively or conceptually be considered to be entrepreneurial (Jones, 2003). Furthermore, according to Kirby (1992) there is a need to develop more entrepreneurial graduates using a more enterprising approach to learning, which is student centered, action and process orientated

rather than traditional. The universities have addressed this and concurred with this model to develop entrepreneurial programmes. These programmes have been running since, and are visibly different from other programmes within the business schools. They do not operate over an academic year, have several intakes of youths per year and have dedicated teachers, which is used for teaching and project work. Learning is developed through traditional teaching, tutorial contact time as well as project work, which is supervised by members of the academic team. The live projects enable students, individually and in groups, to work in real SME situations, thus obtaining the critical near entrepreneurial experience.

Creations refer to jobs created at a new site (“green field investment”); For example, a foreign manufacturer creates a wire drawing plant in France, recruiting 30 people to work there. Expansions refer to jobs created when a site already set up in France recruits additional employees; For example, a foreign company set up in France for some years wishes to expand. It invests €100 million and recruits 30 additional employees. Takeovers refer to jobs maintained when an ailing business is taken over by a foreign investor. To be included in this category, a business must have either filed for bankruptcy or be in receivership (Adams, 2008). If a business has already changed hands in the previous three years, the investment project is not included in the report, to avoid a duplication of figures for each successive acquisition; For example, a business already set up in France has been ailing for several months and is obliged to file for bankruptcy. A foreign investor acquires the ailing business, maintaining at least part of the existing workforce. It invests €100 million and maintains 30 jobs.

2.8.1 Economic Stimulus Program in *Jua Kali Sheds* - *Timau Jua Kali Sheds*

This project aims at facilitating the youth to participate as artisans and entrepreneurs in the proposed massive social infrastructure projects and construction works at the constituency level. It is estimated to cost Kshs. 2.5 million per constituency for the construction of ‘Jua-kali’ sheds and another Kshs. 1 million per constituency to equip these sheds with appropriate tools and equipment. The Ministry of Industrialization has taken the lead in the implementation of this project (ESP Handbook, 2009). District industrial development officers are being assisted by

field officers from Kenya industrial Estates and Kenya Industrial Research Development Institute to roll out the project at the constituency level.

The estimated costs for construction of the sheds is Kshs. 525 million (Kshs. 2.5 million per constituency) and another Kshs. 210 million (KShs.1 million per constituency) to equip these sheds with appropriate tools and equipments. This project was developed in phases based on a master plan and is envisioned to facilitate the participation of the youth as artisans and entrepreneurs in the proposed massive social infrastructure projects and construction works at the constituency level. In addition the project provides incubation for companies and entrepreneurs using the common manufacturing facilities (ESP Handbook, 2009).

2.8.2 Economic Stimulus Program in Education Sector

The focus of the education sector programs is to improve the quality of education for all Kenyans. The Education sector program will be implemented through the Ministry of Education framework. The ESP funds may be used for the construction of new school buildings or upgrading of existing facilities. Funds are disbursed from the Ministry of Education to target schools, which shall open a dedicated account for the ESP activities. Selection of projects is made by the Constituency Development Fund (CDF) Committee. Selection criteria for school projects include; Proof of ownership as public land (title deed/allotment letter), Strong community support, and High demand for schooling, Reliable water and electricity source. Primary schools Projects are managed by a School Management Committee which is responsible for making payments once the work is done (Giantune pry school Centre of Excellency) (GOK, 2009).

The committee should prepare a School Infrastructure Development Plan (SIDP) in conjunction with the community, and make community level procurement. Secondary School Projects i.e. Kiirua Boys, Munithu girls sec school (centre of Excellency) are implemented by the Board of Governors (BOG) which should make community level procurement. (Institute for Social Accountability, 2010) Monitoring of projects is done by the District Infrastructure Coordination Teams (DICT) comprising departmental heads including Public Works Officer, Public Health Officer, National Environment Management Authority, School Auditor, Education Officer,

District Accountant, Quality Assurance and Standards Officer. This committee also provides the completion certificates upon project completion. Education can be perceived as an investment in human skills. Investment in education fosters economic growth, enhances productivity, contributes to national and social development, and reduces social inequality. Findings show that as the education level of a population increases, so do its chances of living a healthy, positive life. Health and Sanitation .The District Health Implementation Team (DHIT) under the leadership of District Medical Officer of Health is tasked to identify dispensaries, supervise works, ascertain delivery of equipment, recruitment and deployment of nurse and identify community health workers. Improved health standards of any nation are a prerequisite for economic growth and development (Government of Kenya, 2007).

2.8.3 Revamping the Healthcare infrastructure, recruitment of additional nurses and provision of medical supplies and facilitative transport facilities

The project aims to roll out a comprehensive program of healthcare reforms covering infrastructure development, promotion of preventive healthcare and devolved management of facilities. Towards this end, the project involved the construction and equipping of a health centre in every constituency as a first step in the 3-year journey towards achieving a countrywide healthcare facility upgrade programme at an estimated cost of Kshs 4 billion (Kshs 20 million per constituency). Further, consistent with the government's policy of promoting preventive healthcare, the project employ on contract terms and at the local level, additional 4,200 nurses or 20 nurses per constituency countrywide at an estimated cost of Kshs.655.2 million (KShs3.12 million for each constituency) (Government of Kenya, 2009).

To ensure effective delivery of both preventive and curative healthcare in the health facilities countrywide, the project will involve the purchase of 5 motor cycles for health workers at an estimated cost of Ksh.84 million (Ksh.400, 000 per constituency) and another 20 bicycles for community health workers in every constituency at an estimated cost of Ksh12.6 million (KShs.600,000 per constituency) and purchase of constituency medical supplies kit at an estimated cost of Kshs. 1 billion (Ksh.5 million per constituency). The Ministry of Public Health and Sanitation and KEMSA will take a lead in the implementation of this component (ESP Handbook, 2009).

2.8.4 Rehabilitation and Expansion of Irrigable land

This project is aimed at reducing the reliance on rain fed agriculture and enhancing Kenya's food production through rehabilitation and expansion of irrigable land in Bura, Hola, Tarda, Wei Wei and Kerio Valley at a cost of Kshs. 2 billion in total. The Ministry of Agriculture will take a lead role in implementing this component (ESP Handbook, 2009).

2.8.5 Construction of Fish-Farming Ponds for 140 Constituencies

This project is intended to improve nutrition and create over 120,000 employment and income opportunities. To achieve this, 200 fish ponds will be constructed in each of the selected constituencies at an estimated cost of Kshs. 8 million per constituency. In North Imenti fish ponds include Kithithina dam, Ndemu dam, and fish farmers are encouraged to keep fish ponds. The Ministry of Fisheries Development will take a lead in implementing this project (ESP Handbook, 2009).

2.8.6 Purchase of Mobile Computer Laboratories

This project is intended to expand ICT access to Kenyans initially targeting provision through secondary schools and subsequently expanding to primary schools. The project will maximize on the benefits gained through the undersea cable that connects the economy to the global digital grid. This will be achieved by the purchase of 1 mobile Computer Laboratory for each constituency at a total cost of Kshs. 6 million per constituency (ESP Handbook, 2009).

2.8.7 Food Production

This project aims at increasing availability and accessibility of maize/rice crop and increasing and stabilizing the strategic grain reserve through rehabilitation and expansion of irrigable land. Ministry of Agriculture Kenya, Ministry of Water and Irrigation, Ministry of Regional Development and Ministry of Youth Affairs are lead agents in this project (Government of Kenya, 2009).

2.8.8 Local Government

This projects aim is to support the commercialization of agricultural produce by increasing the per capita number and access to wholesale and fresh produce markets and increasing efficiency

in marketing and trade of agricultural produce. This project is led by the Office of the Deputy Prime Minister and Ministry for Local Government (ESP Handbook, 2009).

2.9 Social Capital in ESP Projects on Employment creation

Social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions (World bank, 1998). Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together according to the World Bank (1998).

Social capital is about the value of social networks, bonding similar people and bridging between diverse people, with norms of reciprocity (Dekker and Uslaner 2001). Adler and Kwon (2002) identified that the core intuition guiding social capital research is that the goodwill that others have toward us is a valuable resource. As such they define social capital as 'the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations. Its effects flow from the information, influence, and solidarity it makes available to the actor' (Adler and Kwon 2002, p. 23). Dekker and Uslaner (2001) posited that social capital is fundamentally about how people interact with each other.

According to the World bank (1998), broader understanding of social capital accounts for both the positive and negative aspects by including vertical as well as horizontal associations between people, and includes behavior within and among organizations, such as firms. This view recognizes that horizontal ties are needed to give communities a sense of identity and common purpose, but also stresses that without "bridging" ties that transcend various social divides (e.g. religion, ethnicity, socio-economic status), horizontal ties can become a basis for the pursuit of narrow interests, and can actively preclude access to information and material resources that would otherwise be of great assistance to the community - e.g. tips about job vacancies, access to credit (World bank, 1998).

The broadest and most encompassing view of social capital includes the social and political environment that shapes social structure and enables norms to develop according to the World Bank (1998). This analysis extends the importance of social capital to the most formalized

institutional relationships and structures, such as government, the political regime, the rule of law, the court system, and civil and political liberties. This view not only accounts for the virtues and vices of social capital, and the importance of forging ties within and across communities, but recognizes that the capacity of various social groups to act in their interest depends crucially on the support (or lack thereof) that they receive from the state as well as the private sector (World bank, 1998). Similarly, the state depends on social stability and widespread popular support. In short, economic and social development thrives when representatives of the state, the corporate sector, and civil society create forums in and through which they can identify and pursue common goals, according to the World Bank (1998).

Social capital is charged with a range of potential beneficial effects including: facilitation of higher levels of, and growth in, gross domestic product (GDP); facilitation of more efficient functioning of labor markets; lower levels of crime; and improvements in the effectiveness of institutions of government (Aldridge et al. 2002) Economic and business performance at both the national and sub-national level is also affected by social capital (Aldridge et al. 2002). Comparative studies by Portes (1995) examine the economic well-being of different immigrant communities to the United States. They show that certain groups (e.g. Koreans in Los Angeles, Chinese in San Francisco) do better than others (e.g. Mexicans in San Diego, Dominicans in New York) because of the social structure of the communities into which new immigrants arrive. Successful communities are able to offer new arrivals help with securing informal sources of credit, insurance, child support, English language training, and job referrals. Less successful communities display a short-term commitment to their host country, and are less able to provide their members with important services (Portes, 1995).

2.10 Conceptual Framework

From the literature review, the variables form the conceptual framework in this study. According to Bogdan and Biklen (2003) a conceptual framework is a basic structure that consists of certain abstract blocks which represent the observational, the experiential and the analytical/synthetical aspects of a process or system being conceived. It is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. The independent variables in this study are project infrastructure, project enterprises and social capital in ESP projects, while the dependent variable is employment creation. Government policies will be the moderating variable whereas community responses will be the intervening variable.

Independent Variable

Dependent Variable

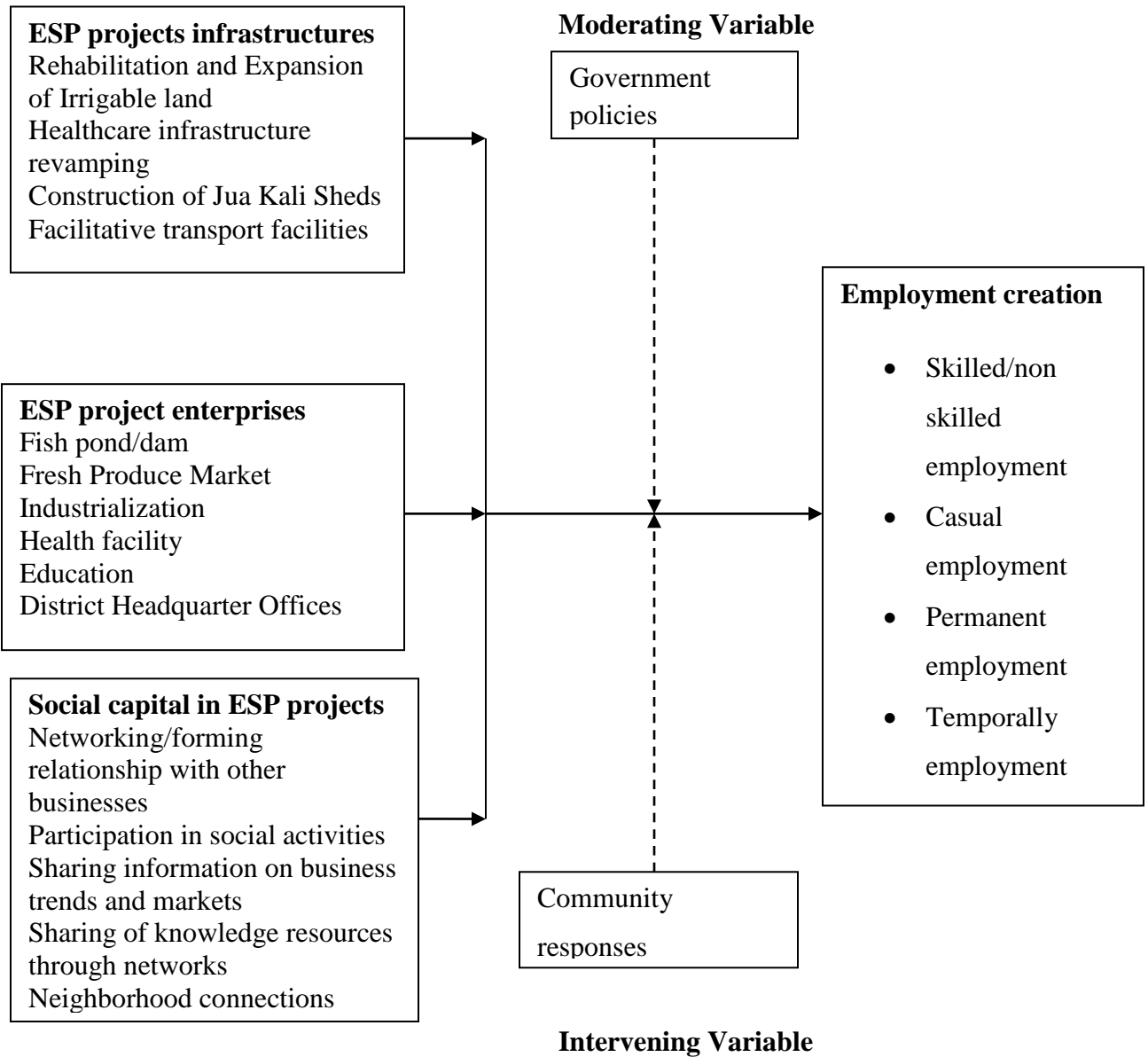


Figure 1.1: Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter looks at the research methodology of the study. The chapter deals with the research design, the target population, research instruments, sampling procedure, instrument validity and reliability, and methods of data collection.

3.2 Research design

The study used descriptive survey method. A descriptive survey is a process of collecting data from members of a population in order to determine the current status of the subject under study with respect to one or more variables (Franked and Wallen, 2000).

According to Kothari (2004), a research design refers to the structure undertaken by the researcher to carry out the research. It refers to the plan of action taken by the researcher. The main purpose of such studies is that of formulating a problem for a more precise investigation. This involved descriptive survey design and samples were collected from the population where people who have had practical experience with the problem to be studied will be interviewed. The objective of such a survey is to obtain insight into the relationship between variables and new ideas relating to the research problem.

A survey study determines and describes the way things are done. Typical survey studies are concerned with assessing attitudes, opinions, demographics, preferences, practices and procedures, (Gay and Airasian, 2003). Research is classified into two time perspective: Cross-sectional and longitudinal. Cross-sectional study looks at a particular phenomenon at a particular time. Longitudinal studies are conducted over a long period of time. This study was a cross sectional covering the period of financial year 2009/2010, 2010/2011 and 2011/2012. This study will aim to collect information from respondents on the influence of Economic Stimulus Programme (ESP) towards employment creation in North Imeni constituency. It was also sort to establish the strategies used by ESP for employment creation.

3.3 Target population

According to Mugenda & Mugenda (1999) the term population means all members that meet a set of specifications or a specified criterion and a single member of any given population is an element. Gay and Airasian (2003) define the target population as the group to which the researcher would like the results of the study to be generalized. The North Imenti constituency has a population of 75,196 people as per the 2009 population census (GoK, 2010). This study targeted 645 respondents in 25 projects funded through ESP in North Imenti constituency that was implemented in the first two phases for the year 2009 and 2010 financial years.

3.4 Sampling procedure

According to Gay and Airasian (2003), a sample is a number of individuals selected from a population for a study, in such a way that will represent the larger group from which they will be selected such that it will be possible to generalize the characteristics of the sample on the population.

Sampling is an important step in the research process. It is the step where the researcher identifies the individuals to take part in a research. A sample refers to that group from which the information on the data is obtained. According to Morgan & Krejcie (1970), a total of 24 projects were sampled inclusive of all the project type/sectors funded by ESP.

Respondents were sampled from among the CDF/SPMC staff managing the ESP projects, PMC and the beneficiary community members from across North Imenti Constituency.

Table 3. 1: The types of Respondents

Category of respondents	Respondents
CDF staff / SPMC	5
Beneficiary community members	90
Project Management Committee (PMC)	144
TOTAL	239

Table 3.2: Distribution of ESP projects in North Imenti constituency as per the sector.

Sector	Number of projects	Percentage	Sample
Education	4	16	4
Health facility	1	4	1
Jua kali' sheds	1	4	1
Fish ponds	17	68	16
10District headquarter	1	4	1
Fresh produce market	1	4	1
Total	25	100	24

Gay and Airasian (2003) defines stratified sampling as the process of selecting a sample in a such a way that identified sub-groups in the population are represented in the sample in the same proportion that they exist in the population. Given, the strata (sectors) identified above, the researcher used Stratified sampling to ensure representation of all sectors. Within the strata, the researcher then used simple random sampling to select the individual projects.

3.5 Methods of Data Collection

According to Sekaran (2003), there are several data collection methods. Interviewing, questionnaires, administering and observing people and phenomena are the here main data collections in survey research. This study employed both open-ended and closed questionnaires, interviews and document analysis.

3.6 Research Instruments

3.6.1 Questionnaires

A questionnaire is a written collection of self-report questions to be used, answered by a selected group of research participants (Gay and Airasian, 2003). This is a carefully designed instrument, written or printed, for collecting data directly by the respondents filling on them.

Open-ended questions enables he respondents discuss issues without their responses being confined. Closed questions included an array of choices/answers from which the respondents

chooses. Such questions are easier and quicker to answer and the responses are more comparable among respondents.

There were two kinds of questionnaires; for project implementation management committee' members and for members of the beneficially community.

3.6.2 Interviews

Gay and Airasian (2003), notes that an interview is as purposeful interaction between two or more people focused on one person trying to get information from the other person. It is essentially the oral, in-person administration of questionnaire to each member of a sample. He adds that interviews permit researchers to obtain important data that they cannot otherwise acquire from observation.

This tool was used to collect data from SPMC at the Constituency level. Semi-structured interviews were used in which the questions and their order was pre-determined by the researcher with the questions being open-ended. The researcher then recorded the essence of each response from the interviewee.

3.6.3 Document/record analysis

The researcher also examined available data from the projects. The documents involved disbursements/funding records of ESP available from the CDF office and information obtained from project files maintained by the SPMC. Document/record analysis assisted the researcher to obtain any pertinent information that might not have been obtained through interviews or questionnaires.

3.7 Validity and reliability.

Patton (2001) argues that reliability and validity are two factors, which any quantitative researcher should be concerned about while designing a study, analyzing results and judging the quality of the study. White (2002) emphasizes the need to build into the research the concept of validity and reliability. Reliability is the degree to which the data collection consistently measures the concept. Validity is the degree to which a test measures what it is intended to measure; a test is valid for a particular purpose for a particular group (Gay and Airasian, 2003).

3.7.1 Instrument Validity

Validity refers to the extent to which an instrument measures that which it is supposed to measure (McMillan and Schumacher, 2001). They highly recommend that the researchers conduct a pilot test of their questionnaires and other instruments before using them in studies. It was therefore necessary to locate a sample of subjects with characteristics similar to those that will be used in the study. The pilot testing of the instrument was applied where the researcher issued the instruments to the researchers and requested them to review the proposed questions.

3.7.2 Reliability Analysis

Reliability refers to the extent to which an instrument used in research can provide similar findings on different occasions. According to Mugenda & Mugenda (1999), reliability is a measure of degree to which a research instruments yields consistent results on data after repeated trials. To test the reliability of the instrument which was used, the researcher used split-half technique.

A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved the sampled CDF staff, Beneficiary community members and Project Management Committee. Reliability analysis was subsequently done using Cranach's Alpha which measures the internal consistency by establishing if certain item within a scale measures the same construct.

Gliem and Gliem (2011) established the Alpha value threshold at 0.6, thus forming the study's benchmarked. Cronbach Alpha was established for every objective which formed a scale. The table shows that ESP projects infrastructures had the highest reliability ($\alpha= 0.998$), followed by ESP project enterprises ($\alpha=0.905$) and social capital in ESP projects ($\alpha=0.810$). This illustrates that all the three variables were reliable as their reliability values exceeded the prescribed threshold of 0.6.

Table 3. 3: Reliability Analysis

Scale	Cronbach's Alpha	Number of Items
ESP projects infrastructures	0.998	9
ESP project enterprises	0.905	8
social capital in ESP projects	0.810	16

3.8 Data Analysis

The study employed both quantitative and qualitative approaches to achieve its objectives. Quantitative data relating to employment creation were analyzed using Statistical Package for Social Scientists to show the number of ESP projects creating employment and the percentages of people attaining that employment and were compared to the whole population of North Imenti Constituency. Frequency distribution tables and percentages will be used for data analyses.

Qualitative data relating to strategies that were used by ESP for employment creation and the tactics that were employed to enhance employment creation through ESP were analyzed using descriptive analysis.

In addition the study used Karl Pearson's product moment correlation analysis to assess the relationship between the variables. This is because correlation analysis illustrates both the direction and strength of the relationship between two variables (Malhotra and Peterson, 2006).

3.9 Operationalization of Variables

Table 3. 4: Operational definitions of Variables

Objective	variables	Indicator	Measure	Measurement scale	Tools of analysis	Type of data analysis
Establish the influence of ESP projects infrastructures on employment creation in North Imenti Constituency.	Independent	ESP projects infrastructures	Rehabilitation and Expansion of Irrigable land Healthcare infrastructure revamping Construction of Jua Kali Sheds Facilitative transport facilities	Ordinal Ratio Interval Ordinal	Mean Percentage Correlation	Descriptive Inferential
To find out the influence of ESP project enterprises on employment creation in North Imenti Constituency.	Independent	ESP project enterprises	Education Health facility Industrialization Fish pond/dam Fresh Produce Market District Headquarter Offices	Nominal Interval Interval Interval Interval	Mean Percentage Correlation	Descriptive Inferential
Determine the influence of social capital in ESP projects on employment creation in North Imenti constituency	Independent	Social capital in ESP projects	Networking/forming relationship with other businesses Participation in social activities Sharing information on business trends and markets	Ordinal Nominal Ordinal	Mean Percentage	Descriptive

y.			Sharing of knowledge resources through networks	Ordinal		
			Neighborhood connections	Ordinal		
			Facilitation of business partnerships	Ordinal		
	Dependent	Employment creation	Number of people formally employed with skill and competent.	Interval	Mean	Descriptive
			Number of casual labourers	Interval	Percentage	
			Supply of materials	Interval		

3.10 Summary

The chapter has dealt with the research design, the target population, the sampling procedure and methods of data collection. The researcher has also given a brief description of the data analysis techniques and methods.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This chapter discusses the interpretation and presentation of the findings. This chapter presents analysis of the data on the influence of economic stimulus programme on employment creation in Kenya taking the case of North Imenti Constituency. The chapter also provides the major findings and results of the study.

4.1.1 Response Rate

The study targeted a sample size of 239 respondents from which 186 filled in and returned the questionnaires making a response rate of 78%. This response rate was excellent and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

Table 4. 1: Response Rate

	Frequency	Percentage
Responded	186	78%
Nonresponse	53	22%
Targeted	239	100.0

The respondent included Five CDF staff at the constituency level, 87 beneficiary community members and 94 Project Management Committee.

4.2 Demographic Information

The study sought to establish the background information of the respondents including respondents' gender, Position held, level of education, age, kind of employment, duration of service in the institution/project and kind of formal employment offered.

4.2.1 Respondent Gender

The findings in Table 4.1 show the gender of the respondents. From the findings, the study established that the majority of respondents were male as shown by 55.6% while females were 44.4% of the respondents. This shows that there are more male than females CDF staff managing the ESP projects.

Table 4. 2: Gender of the respondents

	Frequency	Percentage
Male	72	55.6
Female	57	44.4
Total	129	100

4.2.2 Position Held

On the position held by the respondents in the Project management committee.59.3% of the respondents indicated that they were members, 18.5% of the respondents indicated that they were chairpersons while 11.1% of the respondents indicated that they were secretaries and treasurers respectively.

Table 4. 3: Position Held

	Frequency	Percent
Chairperson	24	18.5
Secretary	14	11.1
Treasurer	14	11.1
Member	76	59.3
Total	129	100.0

4.2.3 Level of Education

With regard to the respondents level of education, 44.4% of the respondents indicated that they had secondary level of education, 29.6% of the respondents indicated that they were graduates, 18.5% of the respondents indicated that they had college level of education while 7.4% of the respondents indicated that they had primary level of education .

Table 4. 4: Level of Education

	Frequency	Percent
Primary	10	7.4
College	24	18.5
Secondary	57	44.4
Graduate	38	29.6
Total	129	100.0

4.2.4 Age

On the age of the respondents, the study found that the majority (48.1%) of the respondents were between 18-35 and 35-55 years respectively, while 3.7% were aged above 55 years. This shows that majority of the CDF staff are middle aged.

Table 4. 5: Age

Year	Frequency	Percent
18-35 years	62	48.1
35-55 years	62	48.1
Over 55 years	5	3.7
Total	129	100.0

4.2.5 Kind of Employment

On whether the respondents were in any kind of employment.88.9% of the respondents indicated that they were in employment while 11.1% of the respondents indicated that they weren't in employment.

Table 4. 6: Kind of Employment

	Frequency	Percent
Yes	115	88.9
No	14	11.1
Total	129	100.0

4.2.6 Employment types

On the kind of employment.37.0% of the respondents indicated that they were in permanent employment, 29.6% of the respondents indicated that they were in contract employment, 25.9% of the respondents indicated that they were in temporary employment while 7.4% of the respondents indicated that they were in casual employment.

Table 4. 7: Employment Types

	Frequency	Percent
Permanent	48	37.0
Casual	10	7.4
Contract	38	29.6
Temporary	33	25.9
Total	129	100.0

4.2.7 Duration of Service in the Institution/Project

On the years of service/working period in the institution/project, the findings in table 4.9 show that 70.4% of the respondents had worked for 1- 5 years, 22.2% had worked for over 5 years, while 7.4% of the respondents had worked for less than 1 year.

Table 4. 8: Duration of Service in the Institution/Project

	Frequency	Percent
Less than 1 year	10	7.4
1 year to 5 years	90	70.4
5 and over years	29	22.2
Total	129	100.0

4.2.8 Kind of Formal Employment offered by the Project during Implementation

In determining whether the projects offered any kind of formal employment during implementation, 63% of the respondents indicated that the projects offered any kind of formal employment during implementation while 37% of the respondents indicated that the projects didn't offer any kind of formal employment during implementation.

Table 4.9: Project offered Formal Employment during Implementation

	Frequency	Percent
Yes	81	63.0
No	48	37.0
Total	129	100.0

4.2.9 Formal Employment Types

According to the findings, 59.3% of the respondents indicated that the project offered casual employment, 37% of the respondents indicated that the project offered temporary employment while 3.7% of the respondents indicated that the project offered contract employment.

Table 4.10: Formal Employment Type

	Frequency	Percent
Casual	76	59.3
Contract	5	3.7
Temporary	48	37.0
Total	129	100.0

4.2.10 Formal Employment Offered After Completion

The study sought to find out whether the project offered any kind of formal employment after completion. According to the findings, 70.4% of the respondents indicated that the project offered any kind of formal employment after completion while 29.6% of the respondents indicated that the project didn't offer any kind of formal employment after completion.

Table 4. 11: Formal Employment Offered After Completion

	Frequency	Percent
Yes	91	70.4
No	38	29.6
Total	129	100.0

4.2.11 Types of Formal Employment offered after completion

According to the findings, 44.4% of the respondents indicated that the project offered permanent employment after completion, 29.6% of the respondents indicated that the project offered temporary employment after completion, 14.8% of the respondents indicated that the project offered contract employment after completion while 11.1% of the respondents indicated that the project offered casual employment after completion.

Table 4. 12: Types of Formal Employment offered after completion

	Frequency	Percent
Permanent	57	44.4
Casual	14	11.1
Contract	19	14.8
Temporary	39	29.6
Total	129	100.0

4.2.12 ESP is offering sufficient formal and non-formal employment opportunities

On whether ESP was offering sufficient formal and non-formal employment opportunities.66.7% of the respondents strongly agreed that ESP was offering sufficient formal and non-formal employment opportunities while 33.3% of the respondents agreed that ESP was offering sufficient formal and non-formal employment opportunities.

Table 4. 13: Level of ESP offering sufficient formal and non-formal employment opportunities

	Frequency	Percent
Strongly agree	86	66.7
Agree	43	33.3
Total	129	100.0

4.3 ESP Projects Infrastructure

4.3.1 Trade Fair Participation

According to the findings,85.2% of the respondents indicated that they had participated in a trade fair or any industrial park facilitated by ESP while 14.8% of the respondents indicated that they hadn't participated in a trade fair or any industrial park facilitated by ESP.

Table 4. 14: Trade Fair Participation

	Frequency	Percent
Yes	110	85.2
No	19	14.8
Total	129	100.0

4.3.2 Types of Trade Fair

From the findings,59.2% of the respondents indicated that they had participated in local trade fairs and industrial parks facilitated by ESP, while 40.8% of the respondents indicated that they had participated in regional trade fairs and industrial park facilitated by ESP.

Table 4. 15: Types of Trade Fair

	Frequency	Percent
Local	76	59.2
Regional	53	40.8
Total	129	100.0

4.3.3 Benefit associated with Trade Fair Participation

According to the findings, 48.1% of the respondents indicated that through participating in local trade fairs and industrial parks facilitated by ESP they were trained, 29.6% of the respondents indicated that through participating in local trade fairs and industrial parks facilitated by ESP they got networks while 22.2% of the respondents indicated that through participating in local trade fairs and industrial parks facilitated by ESP they got income.

Table 4. 16: Trade Fair Participation Benefit

	Frequency	Percent
Income	29	22.2
Training	62	48.1
Networks	38	29.6
Total	129	100.0

4.3.4 Marketing Enterprise Facilitation

In determining whether the business enterprises had ever been facilitated in marketing their products / services by the ESP projects.74.1% of the respondents indicated that the business enterprises had ever been facilitated in marketing their products / services by the ESP projects while 25.9% of the respondents indicated that the business enterprises had never been facilitated in marketing their products / services by the ESP projects.

Table 4. 17: Marketing Enterprise Facilitation

	Frequency	Percent
Yes	96	74.1
No	33	25.9
Total	129	100.0

4.3.5 Growth of Business Enterprise

With regard to whether the business enterprises had been growing after receiving the marketing support by ESP. 74.1% of the respondents indicated that the business enterprises had been growing after receiving the marketing support by ESP while 25.9% of the respondents indicated that the business enterprises hadn't been growing after receiving the marketing support by ESP.

Table 4. 18: Growth of Business Enterprise

	Frequency	Percent
Yes	96	74.1
No	33	25.9
Total	129	100.0

4.3.6 Extent of Facilitation Relevant To Business Activities

When asked the extent to which they found the facilitation to be relevant to business activities in the area leading to employment creation.66.6% of the respondents indicated that they found the facilitation to be relevant to business activities in the area leading to employment creation to a very great extent,22.2% of the respondents indicated that they found the facilitation to be relevant to business activities in the area leading to employment creation to a great extent, while 3.7% of the respondents indicated that they found the facilitation to be relevant to business activities in the area leading to employment creation to a moderate, less and no extent respectively.

Table 4. 19: Extent of Facilitation Relevant To Business Activities

	Frequency	Percent
Very Great Extent	86	66.6
Great Extent	29	22.2
Moderately Extent	5	3.7
Less Extent	5	3.7
No extent	5	3.7
Total	129	100.0

4.3.7 Level of Agreement

According to the findings, the respondents agreed that ESP had helped the locals in promotion and advertising of their goods/services and that facilitative transport facilities enhanced employment as shown by a mean score of 4.0741 and 4.0370 respectively, the respondents also agreed that a lot of jobs were created through construction of Jua Kali Sheds, that healthcare infrastructure revamping offered job to the unemployed in the community and that rehabilitation and expansion of Irrigable land created numerous jobs for the residents as shown by a mean score of 3.9259, 3.8889 and 3.6400 respectively.

Table 4. 20: Level of Agreement

	Mean	Std. Deviation
Rehabilitation and Expansion of Irrigable land created numerous job for the residents	3.6400	1.2543
Healthcare infrastructure revamping offered job to the unemployed in the community	3.8889	1.1547
A lot of jobs were created through construction of Jua Kali Sheds	3.9259	1.1743
Facilitative transport facilities enhanced employment	4.0370	1.1260
ESP has helped the locals in promotion and Advertising of their goods/services	4.0741	1.2381

4.4 Enterprise Type

4.4.1 Nature of Institution/ Project Supported By ESP

The study sought to find out the nature of institution/project supported by ESP, From the findings, 25.9% of the respondents indicated that ESP supported education, 22.2% of the respondents indicated that ESP supported Fish pond/dam project, 18.5% of the respondents indicated that ESP supported industrialization, 14.8% of the respondents indicated that ESP supported fresh produce market project, 11.1% of the respondents indicated that ESP supported health facility project while 7.4% of the respondents indicated that ESP supported District Headquarter Offices project.

Table 4. 21: Nature of Institution/ Project Supported By ESP

	Frequency	Percent
Education	33	25.9
Health facility	14	11.1
Industrialization	24	18.5
Fish pond/dam	29	22.2
Fresh Produce Market	19	14.8
District Headquarter Offices	10	7.4
Total	129	100.0

4.4.2 Money received for the Project from ESP

With regard to the amount of money received from ESP for the project, 40.7% of the respondents indicated that their project had received over Kshs 20 Million from ESP, 37% of the respondents indicated that their project had received over Kshs 5-20 Million from ESP, 18.5% of the respondents indicated that their project had received less than Kshs 1,000,000 from ESP while 3.7% of the respondents indicated that their project had received over Kshs 1-5 Million from ESP.

Table 4. 22: Money received for the Project from ESP

	Frequency	Percent
Less than Kshs.1, 000,000	24	18.5
Kshs 1M-5M	5	3.7
Kshs 5M- 20M	48	37.0
Over Kshs 20Million	53	40.7
Total	129	100.0

4.4.3 Materials Suppliers

According to the findings, 51.9% of the respondents indicated that local suppliers supplied materials to their projects, 25.9% of the respondents indicated that community members supplied materials to their projects, while 22.2% of the respondents indicated that national supplier supplied materials to their projects.

Table 4. 23: Materials Suppliers

	Frequency	Percent
Community Members	33	25.9
Local supplier	67	51.9
National supplier	29	22.2
Total	129	100.0

4.4.4 Labour Provision

From the findings, 37% of the respondents indicated that local contractors provided labour to their projects, 33.3% of the respondents indicated that community members provided labour to their projects while 29.6% of the respondents indicated that national contractors provided labour to their projects.

Table 4. 24: Labour Provision

Source	Frequency	Percent
Community Members	43	33.3
Local contractor	48	37.0
National contractor	38	29.6
Total	129	100.0

4.4.5 Number of Employment Opportunities

The study sought to find out the average number of employment opportunities created. According to the findings, 70.4% of the respondents indicated that above 50 employment opportunities had been created, 18.5% of the respondents indicated that 1-10 employment opportunities had been created while 11.1% of the respondents indicated that 11-50 employment opportunities had been created.

Table 4. 25: Number of Employment Opportunities

Employee	Frequency	Percent
1-10	24	18.5
11-50	14	11.1
Above 50	91	70.4
Total	129	100.0

The respondents also indicated that the ESP projects infrastructures influenced employment creation in North Imenti constituency by offering the locals with jobs which they use to earn their living. creation of new projects such as health centers kiburine, kiirua fresh produce and Timau Jua kali centre have created good environment for people to work there the employment rate has measured reduction of idleness and crime in the area. The respondents also indicated that the ESP projects included: Kiirua boys secondary school kitchen and dining hall project, Giantune primary school construction of classrooms, Kiirua fresh produce market, Timau jua kali industrialization centre, Buuri DC head quarters project, Munithu girls (centre for excellence) secondary school construction of classrooms and -construction of multipurpose centre and construction of Dams-Ndemu dam, Kithithina dam through networking.

On the question of what could be done to improve the employment creation. The respondents indicated that more markets should be opened up, more teachers should be trained and more fish ponds should be constructed, develop more Jua kali sheds in the constituency, employ more staff, more funding for payment of employees, enlarging the fresh produce market, more funding for projects completion in time, Government to provide land for expansion of the market, ensure that all completed projects are used and train farmers.

On the question of how social capital in ESP projects influenced employment creation in North Imenti constituency. The interviewees indicated that it was through site visit, through industrial talks, training and capacitating buildings, forums, use of fisheries officer, established magazines, through opening schools to accommodate students, networking between suppliers, through fair trade, through creation of markets and through tenders.

Regarding how ESP project enterprises influenced employment creation in North Imenti constituency. The interviewees indicated that sales of products had increased, more fishponds had been implemented, sales of fish product has increased, more patients were attended to, more students were enrolling in schools and performance of the schools has increased.

4.5 Social Capital

4.5.1 ESP Support on Local Enterprises to Develop Linkages with Large Enterprises

In determining whether ESP had supported local enterprises to develop linkages with large enterprises. 88.9% of the respondents indicated that ESP had supported local enterprises to develop linkages with large enterprises while 11.1% of the respondents indicated that ESP hadn't supported local enterprises to develop linkages with large enterprises.

Table 4. 26: ESP Support on Local Enterprises to Develop Linkages with Large Enterprises

	Frequency	Percent
Yes	115	88.9
No	14	11.1
Total	129	100.0

4.5.2 Local Business Enterprise and Employment Opportunities creation

With regard to the extent to which local business enterprise had created employment opportunities as a result the linkages/networks.51.9% of the respondents indicated that local business enterprise had created employment opportunities as a result the linkages/networks to a great extent,29.6% of the respondents indicated that local business enterprise had created employment opportunities as a result the linkages/networks to a very great extent,14.8% of the respondents indicated that local business enterprise had created employment opportunities as a result the linkages/networks to a moderate extent while 3.7% of the respondents indicated that local business enterprise had created employment opportunities as a result the linkages/networks to a less extent.

Table 4. 27: Local Business Enterprise and Employment Opportunities creation

	Frequency	Percent
Very Great Extent	38	29.6
Great Extent	67	51.9
Moderately Extent	19	14.8
Less Extent	5	3.7
Total	129	100.0

4.5.3 Local business Linkages/Networks Affect The Performance

The study sought to find out the extent to which the following aspects of the linkages/networks affected the performance of local business and hence employment creation. According to the findings, the respondents indicated that facilitation of business partnerships and participation in social activities, affected the performance of local business and hence employment creation to a very great extent as shown by a mean of 4.7778 respectively, the respondents also indicated that sharing of knowledge resources through networks and sharing information on business trends and markets affected the performance of local business and hence employment creation to a very great extent as shown by a mean of 4.7037 respectively, the respondents further indicated that networking/forming relationship with other businesses affected the performance of local business and hence employment creation to a very great extent as shown by a mean of 4.6667. The respondents indicate that neighborhood connections affected the performance of local business and hence employment creation to a very great extent as shown by a mean of 4.5926.

Table 4. 28:Aspects Of The Linkages/Networks Affect The Performance

	Mean	Std. Deviation
Networking/forming relationship with other businesses	4.6667	0.9199
Participation in social activities	4.7778	0.8916
Sharing information on business trends and markets	4.7037	0.9533
Sharing of knowledge resources through networks	4.7037	0.8689
Neighborhood connections	4.5926	0.8440
Facilitation of business partnerships	4.7778	0.8916

4.6 Correlation Analysis

In order to establish the relationship between the dependent and independent variables, Pearson correlation analysis was used. Pearson’s correlations analysis was then conducted at 95% confidence interval and 5% confidence level 2-tailed. The table 4.30 below indicates the correlation matrix between the factors (ESP projects infrastructures, ESP project enterprises, Social capital in ESP projects) and employment creation. According to the table, there is a positive relationship between employment creation and ESP projects infrastructures, ESP project enterprises, Social capital in ESP projects of magnitude 0.804, 0.798 and 0.764 respectively. The positive relationship indicates that there is a correlation between the factors and the employment creation. This infers that ESP projects infrastructures has the highest effect on employment creation, followed by ESP project enterprises, then Social capital in ESP projects having the lowest effect on the employment creation.

This notwithstanding, all the factors had a significant p-value ($p < 0.05$) at 95% confidence level. The significance values for relationship between employment creation and ESP projects infrastructures, ESP project enterprises, Social capital in ESP projects were 0.004, 0.006, and 0.008 respectively. This implies that ESP projects infrastructures was the most significant factor, followed by ESP project enterprises then Social capital in ESP projects was the least significant.

Table 4. 29: Correlation Matrix

		Employment creation	ESP projects infrastructures	ESP project enterprises	Social capital in ESP projects
Employment creation	Pearson Correlation Sig. (2- tailed)	1			
ESP projects infrastructures	Pearson Correlation Sig. (2- tailed)	.804	1		
ESP project enterprises	Pearson Correlation Sig. (2- tailed)	.798	.632	1	
Social capital in ESP projects	Pearson Correlation Sig. (2- tailed)	.764	.741	.567	1

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the discussion of key data findings, discussion of the findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused on addressing the objective of the study.

5.2 Summary of Findings

5.2.1 ESP Projects Infrastructure

This study revealed that the CDF staff had participated in a trade fair or any industrial park facilitated by ESP .The study also revealed that the business enterprises had ever been facilitated in marketing their products / services by the ESP projects. The study further revealed that the business enterprises had been growing after receiving the marketing support by ESP. The study established that facilitation was relevant to business activities in the area leading to employment creation to a very great extent. The study further established that that ESP had helped the locals in promotion and advertising of their goods/services, that facilitative transport facilities enhanced employment, that a lot of jobs were created through construction of Jua Kali Sheds, that healthcare infrastructure revamping offered job to the unemployed in the community and that rehabilitation and expansion of Irrigable land created numerous job for the residents.

5.2.2 Enterprise Type

The study established that ESP mostly supported education.The study also found out that local contractors provided labour to their projects .The study further found out that above 50 employment opportunities had been created .

5.2.3 Social Capital

The study further established that ESP had supported local enterprises to develop linkages with large enterprises. The study revealed that local business enterprise had created employment opportunities as a result the linkages/networks to a great extent. The study also

revealed that facilitation of business partnerships, participation in social activities, sharing of knowledge resources through networks and sharing information on business trends and markets, networking/forming relationship with other businesses and neighborhood connections affected the performance of local business and hence employment creation.

5.3 Discussion of Key Findings

This section focuses on a detailed discussion of the major findings of the study which also entails comparing the study findings to the literature in order to come up with comprehensive conclusion.

5.3.1 ESP Projects Infrastructure

This study revealed that the CDF staff had participated in a trade fair or any industrial park facilitated by ESP .According to The Trade Show Bureau reports(1994) trade shows are designed to let entrepreneurs meet many potential customers face-to-face in a brief period of time inexpensively. Trade shows help level the playing field for smaller firms, since booth space is generally inexpensive and even small companies can usually afford attractive displays. The study also revealed that the business enterprises had ever been facilitated in marketing their products / services by the ESP projects. The trade shows give an avenue for demonstration of talent and expansion of market. Trade shows represent a significant opportunity to enhance brand and product visibility, promote new and existing products, generate leads and drive incremental sales (ESP Report, 2011). The study further revealed that the business enterprises had been growing after receiving the marketing support by ESP.

According to the American Recovery and Reinvestment Act (ARRA) (2009), ESP was designed to save and create jobs, as well as to cushion the economic downturn and make crucial public investments. As the money is being distributed by the various agencies, there is interest in estimates of the likely jobs effects of the individual pieces. The projects swing into action, the government will gather actual data on reported job creation. The study further established that that ESP had helped the locals in promotion and advertising of their goods/services, that facilitative transport facilities enhanced employment, that a lot of jobs were created through construction of Jua Kali Sheds, that healthcare infrastructure revamping offered job to the unemployed in the community and that rehabilitation and expansion of Irrigable land created numerous job for the residents. According to studies by Chawla, Pullig

and Alexander (1997) identified market knowledge as a critical success factor for small businesses in retail, manufacturing and construction industries.

5.3.2 Enterprise Type

The study established that ESP mostly supported education. According to the Institute for Social Accountability (2010) the focus of the education sector programs is to improve the quality of education for all Kenyans. The Education sector program will be implemented through the Ministry of Education framework. The ESP funds may be used for the construction of new school buildings or upgrading of existing facilities. Funds are disbursed from the Ministry of Education to target schools, which shall open a dedicated account for the ESP activities. Selection of projects is made by the Constituency Development Fund (CDF) Committee. The focus of the education sector programs is to improve the quality of education for all Kenyans. The Education sector program will be implemented through the Ministry of Education framework. The ESP funds may be used for the construction of new school buildings or upgrading of existing facilities. Funds are disbursed from the Ministry of Education to target schools, which shall open a dedicated account for the ESP activities. Selection of projects is made by the Constituency Development Fund (CDF) Committee. The study also found out that local contractors provided labour to their projects. Kasarda & Rodinelli (2007) argues that developing economies have a small percentage of their labor forces in large-scale businesses and a large share engaged in small-scale and informal sector enterprises. Small-scale enterprises have been the primary sources of labor absorption in cities in developing countries and will continue to play a crucial role in the future. Experience has shown that policies for improving the capacity of small-scale enterprises to generate jobs have had only mixed results in developing countries.

5.3.3 Social Capital

The study further established that ESP had supported local enterprises to develop linkages with large enterprises. According to the World Bank (1998) increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together. Social capital is about the value of social networks, bonding similar people and bridging between diverse people, with norms of reciprocity. The study revealed that local business enterprise had created employment opportunities as a result of the linkages/networks to a great extent. According to the World Bank (1998) the state

depends on social stability and widespread popular support. In short, economic and social development thrives when representatives of the state, the corporate sector, and civil society create forums in and through which they can identify and pursue common goals. The study also revealed that facilitation of business partnerships, participation in social activities, sharing of knowledge resources through networks and sharing information on business trends and markets, networking/forming relationship with other businesses and neighborhood connections affected the performance of local business and hence employment creation. Aldridge et al(2002) argues that social capital is charged with a range of potential beneficial effects including: facilitation of higher levels of, and growth in, gross domestic product (GDP); facilitation of more efficient functioning of labor markets; lower levels of crime; and improvements in the effectiveness of institutions of government.

5.4 Conclusions

From the findings, the researcher concludes that there is a positive relationship between ESP Projects Infrastructure and employment creation. The objectives of the ESP initiatives are to stimulate the economy through public works programme and create employment opportunities. Economic stimulus packages can also benefit elected officials since they can be seen as working for the benefit of citizens by infusing cash into the economy.

The researcher deduced that there is a positive relationship between Enterprise type and employment creation. Economic stimulus enterprise type focuses on sectors that will generate maximum benefit, restore confidence of Kenyans and assist the business community to weather the storm, while also protecting the livelihood of the poor and creating employment for the youths. The stimulus programme is deliberately designed to cover all parts of the country as a bold step to address the existing imbalances in regional development.

The researcher further deduced that there is a positive relationship between social capital and employment creation. This is to mean that increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together.

5.5 Recommendations

- a) The researcher recommends that there is a need to develop more entrepreneurial graduates using a more enterprising approach to learning, which is student centered, action and process orientated rather than traditional.

- b) The researcher y recommends that universities should develop tutorial contact time as well as project work, which is supervised by members of the academic team. The live projects enable students, individually and in groups, to work in real SME situations, thus obtaining the critical near entrepreneurial experience.

- c) The researcher recommends to the government to open up more markets, train more teachers, construct more fish ponds, develop more jua kali sheds in the constituency, employ more staff, provide more funds for payment of employees, enlarge the fresh produce market and provide more funds for projects completion in time. The Government to provide land for expansion of the market ensures that all completed projects are used and train farmers so as to improve the employment creation.

- d) The researcher further recommends that small firms should embrace creative advertising as with creative marketing and booth design, small businesses can actually appear as substantial as much larger corporations. Using trade shows effectively takes only a little effort and planning.

- e) Finally, the researcher recommends that governments need to involve the local communities in the choice and implementation of development projects.

5.6 Suggestion for Further Studies

- I. The study recommends that to add weight to this study, another study should be done to investigate the influence of economic stimulus programme on employment creation in Kenya in other constituencies to allow for generalization.

- II. Further studies should be done on the challenges facing the economic stimulus programme implementation.

REFERENCES

- Adams W.M. (2008). *The future of sustainability: re-thinking Environment and development in the Twenty-first century*. London; Routridge.
- Ader, H.J. and Mellenberg, G.J. (2008). *Advising on Research Methods: A Consultant's companion* (pp. 305-332). Huizen, the Netherlands.. Johannes van Kessel Publishing.
- Aldridge, S., Halpern, D. & Fitzpatrick, S. (2002). *Social Capital, a discussion paper*. London, England. Performance and Innovation unit, UK cabinet office.
- American Recovery and Reinvestment Act (ARRA), (2009). Estimates of job creation
- Antonopoulos, R. (2007). *The Right to a Job, the Right Types of Projects: Employment Guarantee Policies from a Gender Perspective*. Working Paper No. 516.
- Argwings-Kodhek, T. and Gem, C. (2004). *Feast and Famine: Financial Services for Rural Kenya*. Tegemeo Institute of Agricultural Policy and Development. Nairobi, Kenya
- Bagaka, O. (2008). *Fiscal Decentralization in Kenya: The Constituencies Development Fund and the Growth of Government University of Northern Illinois*, Illinois, U.S.A.
- Carney, T. P, (1978). *The big Rip-off. Business and Government*
- Dekker, P. & Uslander, E.M. (2001). *Social capital and participation in everyday life* pp 1-8. London; Routridge.
- FAO, IFAD and World Food Programme (WFP) (2002). *Reducing Poverty and Hunger: The Critical Role of Financing for Food, Agriculture and Rural Development*
- Fiedler, F.E. (1967). *A theory of Leadership Effectiveness*. New York: McGraw Hill Book Company.
- Fletcher, G. (1989). *The Keynesian Revolution and Its Critics: Issues of Theory and Policy for the Monetary Production Economy*. Palgrave MacMillan.
- Frankel, J.R. & Wallen, N.E. (2000). *How to design and evaluate research in education*. Boston: McGraw Hill.

GOC, (2012) Archived—Growth Firms Project: Phase II Report

Government of Kenya (2008). Medium-Term Plan, 2008/09-2012/13

Government of Kenya, (2009). Ministry of state for planning, National Development and Vision 2030 (2009/2010) Economic stimulus programme.

Government of Kenya (2005). *Poverty Reduction Strategy Paper*, Washington DC: International Monetary Fund.

Government of Kenya (2007) *Basic Report on Poverty*, Nairobi: Kenya National Bureau of Statistics.

Government of Kenya (2007) *Labour Force Analytical Report, Unpublished draft*, Nairobi: Kenya National Bureau of Statistics.

Government of Kenya (2009) *Economic Stimulus Handbook*. Office of the Deputy Prime Minister and Ministry of Finance Nairobi

Gray L.R. and Airasian, P. (2003). *Education research; competences for analysis and application*. Merrill Prentice Hall, Pearson Education, Upper saddle River, New Jersey.

Gregory, R.G. and Sheehan, P. (1998). *Poverty and the collapse of full employment Australian Poverty*: Melbourne University Press, Melbourne, Australia.

Hertzberg, F. (1966). *Work and the Nature of Man*. World publishing Company

Hollings, C.S. (2000). Theories for sustainable future

<http://www.ic.gc.ca/eic/site/061.nsf/eng/rd01076.html>

http://www.oecd.org/dac/government_development

http://www.tisa.or.ke/uploaded/resources/stimulus_esp_manual.pdf

IFAD (2007c). *IFAD's approach to sustainability*, Draft of a presentation subsequently made by Shyam Khadka to the third session of the Consultation on the Eighth Replenishment of IFAD's Resources, 8-9 July 2008. Rome,

- International Monetary Fund (IMF) (2002). *Financing for Development – Implementing the Monterrey Consensus*. Paper prepared by the staff of the World Bank and the IMF for the spring.
- Jones, M.E. (2003). Achieving excellence: changing paradigms, cultures, entrepreneurship and the role of continuing professional development in science and engineering. In Williams, G. (Eds), *The Enterprising University, Reform, Excellence and Equity*, The Society for Research into Higher Education and Open University Press, Buckingham.
- Kenya poverty reduction strategy paper 2001
- Kirby, J. (1992). Developing graduate entrepreneurs: the UK graduate enterprise program. *Entrepreneurship, Innovation and Change*, Vol. 1 No.2,
- Kitching, C. (1980). *Class and economic change in Kenya*. Yale University Press.
- Kothari, C.R. (2003). *Research Methodology* (2nd Edition): New Delhi, KK Gupta of new age International (P) Ltd.
- Markwell, D. (2006). *John Maynard Keynes and International Relations: Economic Paths to War and Peace*. New York: Oxford University Press.
- Maureen. W. & Tiriongo, J. (2012). *Central Bank's Response to Economic Crises from a Developing African Economy Perspective: Lessons from Kenya's Experience*; KSMS Research Centre/Research Department: Central Bank of Kenya
- Mbiti, D.M. (1974). *Foundations of school administration*. Nairobi: oxford university press
- McMillan, T. and Schumacher, S. (2001). *Research in education*, a conceptual introduction USA Priscilla McGeehan.
- Mitchell, W. F. (2001). *Fiscal Policy and the Job Guarantee*. Working Paper No. 01/09. Newcastle (Australia): Center for Full Employment and Equity.
- Morgan, T. & R.V Krejcie (1970). *Determining sample size for research activities*. Education psychological measurement 1970, 30,607-610
- MTP (2008). *Employment, poverty and economy*

- Mugenda, O.M. and Mugenda, A.G. (1999). *Research methods, qualitative and quantitative approaches*: Nairobi, Acts press.
- OECD. (1998). *Fostering Entrepreneurship*. Paris: Organisation for Economic Co-operation and Development Puvlication.
- Owino, E. W. (2011). *A survey of the factors affecting the growth of micro and small enterprises in Kenya*. <http://ir-library.ku.ac.ke/ir/handle/123456789/1221>.
- Oyugi, L.N. (2008). *Effects of Economic Growth on Poverty reduction: Experiences from Botswana, Kenya and Namibia*. Southern and Eastern Africa Policy Research Network: Windhoek, Namibia.
- Papadimitriou, D. B. (1998). *Employment Policy: Theory and Practice.*” Working Paper No. 258.
- Patton, M.Q. (2002). *Qualitative evaluation and research methods*. USA, Oaks C.A Saga Publishers
- Pollin, R, Garrett-Peltier, H, Heintz, J, and Scharber, H. (2008). *Green recovery: a program to create good jobs and start building a low carbon economy*, Center for American Progress, Washington DC, and PERI, University of Massachusetts, Amherst, September
- Rapper, M. (1999). *Work, Wages, and Welfare: where is Australian heading?* Keynote address, ACROD Employment Forum
- Reddiff. M. (2005). *Sustainable development*
- Mwangi G, (2007). *An Employment-Targeted Economic Program for Kenya* International Poverty Centre in Brasilia (IPC), United Nations Development Programme.
- Saunders, P., Lewis, M. and Thornhill, A. (2003). *Research Methods for Business Students* (3rdEd) Prentice hall (London)
- Sullivan, A., Steven, M. and Sheffrin, H. (2003). *Economics: Principles in action*. Upper Saddle River: Pearson Prentice Hall.

- TANGO International (2008a). IFAD – Design framework and supporting programmes on Sustainability. Desk review. Tucson, AR.
- The Link, Issue NO.065 March, (2010). Enhancing governance for all, Special report on Economic Stimulus Programme.
- Wanja, M. (2012), *Kenya Vision 2030*. The role of government in promoting private sector development.
- Wanjiru, G., Elias, W. and Dorah, N. (2010). *How is the ESP Performing in Your Constituency?* The Institute for Social Accountability, Nairobi.
- White, B. (2002). *Writing your MBA dissertation*. London Great Britain, Continuum.
- World bank (1998). What is social capital? *Social Capital Initiative Working Paper No.1*, The World Bank.
- World Bank (2005). *Linking small scale producers to markets. Old and new challenges*. Retrieved from www.worldbank.org/MarketLinkageWorkshopReport..pdf
- World Bank (2009). *Poverty Reduction Strategy Paper*, Washington DC: International Monetary Fund.
- Wray, L. R. (2007). *The Employer of Last Resort Programme: Could It Work for Developing Countries?* Economic and Labour Market Papers, 2007/5. Geneva: International Labour Organization. August.

APPENDICES

Appendix I: Letter Of Introduction

LETTER OF INTRODUCTION TO THE RESPONDENTS

Faith Kathambi M'Mungania

University of Nairobi

Department of Extra-Mural Studies

P.O. BOX 92, Kikuyu

Dear Sir/Madam,

REF: THE INFLUENCE OF ECONOMIC STIMULUS PROJECTS ON EMPLOYMENT CREATION IN NORTH IMENTI CONSTITUENCY

I am a postgraduate student at the University of Nairobi, pursuing a master of Art degree in project planning and management at Meru extra-mural centre. I am conducting a study on the influence of economic stimulus projects on employment creation in North Imenti Constituency as a requirement for my degree. I am hereby seeking your permission to participate in this study as a respondent.

The questionnaires are designed for this research purpose only. Therefore, information given will be treated confidentially and will not be used for any other purpose except for academic purpose only.

The participation in this exercise is voluntary; you are encouraged to answer all questions. Please note there is no right or wrong answers to all the questions and your honest opinions will be highly appreciated. No name shall be required from any respondent or institution.

Thank you in advance,

Faith Kathambi

Appendix II: Questionnaire for Project Management Committee

This questionnaire will assist to find out the influence of economic stimulus projects on employment creation in North Imenti Constituency and document the best practices that can be used to improve on the management of ESP funds and other devolved funds in the constituency.

Please respond to each item by either putting a tick () next to the response applicable or as you consider necessary.

1. What is your gender?

Male Female

2. What position do you hold in the Project management committee?

Chairperson Secretary

Treasurer Member

3. What is your level of education?

Primary Secondary

Collage Graduate

Others (specify).....

4. What is your age?

18-35years 35-55 years Over 55 years

5. Are you in any other kind of employment?

Yes No

6. If yes, what kind of employment?

Permanent Contract

Casual Temporary

7. How long have you served the institution/project?

Less than 1 year 1 year to 5 years 5 and over years

8. Does your project offer any Kind of formal employment during implementation?

Yes No

9. If yes, what kind?

Permanent Contract

Casual Temporary

10. Will it offer some kind of formal employment after completion?

Yes No

11. If yes, what kind?

Permanent Contract

Casual Temporary

12. What is your level of agreement that the ESP is offering sufficient formal and non-formal employment opportunities?

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- Do not know

13. What do you think can be done to improve employment creation in your project/institution?

.....

.....

.....

ESP Projects Infrastructure

14. Have you participated in any trade fair or any industrial park facilitated by ESP?

Yes No

b) If yes, which ones?

Local

Regional

International

Other (Specify)

15. How did you benefit from the facility above?

Income

Training

Networks

Advertising

Other (Specify)

16. Has your business enterprise ever been facilitated in marketing its products / services by the ESP projects? YES NO

17. Would you say that business enterprises have been growing since you received the marketing support by ESP? YES NO . Explain:

18. If yes, to what extent did you find this facilitation to be relevant to business activities in the area leading to employment creation?

Very Great Extent Great Extent

Moderately Extent Less Extent

No Extent

19. What is your level of agreement with the following? Use a scale of 1-5 where 1=strongly disagree and 5 = strongly agree

	1	2	3	4	5
Rehabilitation and Expansion of Irrigable land created numerous job for the residents					
Healthcare infrastructure revamping offered job to the unemployed in the community					
A lot of jobs were created through construction of Jua Kali Sheds					
Facilitative transport facilities enhanced employment					
ESP has helped the locals in promotion and Advertising of their goods/services					

ENTERPRISE TYPE

20. What is the nature of institution/ project supported by ESP?

- Education
- Health facility
- Industrialization
- Fish pond/dam
- Fresh Produce Market
- District Headquarter Offices

21. How much has your project received from ESP?

- Less than Kshs.1, 000,000
- Kshs 1M-5M
- Kshs 5M- 20M
- Over Kshs 20Million

22. Who supplies materials to your project?

Community Members

Local supplier

National supplier

23. Who provides labour for your projects?

Community Members

Local contractor

National contractor

24. On average, how many employment opportunities would you say this project has created?

None

1-10

11-50

Above 50

SOCIAL CAPITAL AND EMPLOYMENT CREATION

25. Has ESP supported local enterprises to develop linkages with large enterprises?

YES [] NO []. Explain

26. To what extent has local business enterprise created employment opportunities as a result the linkages/networks?

Very Great Extent [] Great Extent []

Moderately Extent [] Less Extent []

No Extent []

Give reason for your answer

.....

.....

.....

.....

27. To what extent do the following aspects of the linkages/networks affect the performance of local business and hence employment creation?

	Very Great Extent	Great Extent	Moderately Extent	Less Extent	No Extent
Networking/forming relationship with other businesses					
Participation in social activities					
Sharing information on business trends and markets					
Sharing of knowledge resources through networks					
Neighborhood connections					
Facilitation of business partnerships					

THANK YOU

Appendix III: Interview for CDF team monitoring the ESP projects at the constituency level.

The purpose of this study is to establish whether the of ESP projects has enhanced employment creation at the constituency level and suggest ways of improving that employment creation.

1. What position do you hold in the CDF management?
2. Does your position utilize your previously earned knowledge and skills? Please expound.
3. Were you formally employed before you got into this position?
4. If yes why did you leave your previous employment?
5. How does ESP projects infrastructures influence employment creation in North Imenti constituency?
6. Kindly list the ESP project enterprises in your area.
7. How does ESP project enterprises influence employment creation in North Imenti constituency?
8. How does social capital in ESP projects influence employment creation in North Imenti constituency?
9. What do you think can be done to improve employment situation with the ESP project?

Appendix IV: Questionnaire for the Beneficiary Community Members

This questionnaire will assist establish whether the ESP has enhanced employment creation at the local level and suggest ways of improving that employment creation.

Instruction

Participation in this exercise is voluntary. You are however encouraged to answer all the questions.

Tick on the correct answer or fill in your response as applicable.

1. What is the name of your project?

.....

2. How much has your project receive from ESP since inception?

Less than Kshs.1, 000,000

Kshs 1M-5M

Kshs 5M- 20M

Over Kshs 20Million

3. What is your gender?

Male

Female

4. What is your age?

18-35 years

35-55 years

Over 55 years

5. What is your level of education?

Primary

Secondary

College

Graduate

6. Who provides labour for your project?

Community

Local contractor

National contractor

7. Do you think the ESP provides the locals with an opportunity to earn either formal employment or through supply of materials or labour?

Yes

Yes

8. Who supplies materials to your project?

Community

Local contractor

National contractor

9. Does your project offer any kind of formal employment during implementation?

Yes

No

10. If yes, what kind?

Permanent

Contract

Casual

Temporary

11. Who chooses and prioritizes the projects to be implemented through funding by the ESP in your area?

- Member of Parliament
- Local leaders
- Community members
- Constituency Development Fund Committee

12. Do you think the project will offer some kind of formal employment after completion?

 Yes No

13. If yes, what kind?

Permanent

Contract

Casual

Temporary

14. Do you think ESP is offering sufficient formal and non-formal employment opportunities?

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- Do not know

15. Have you opened any other enterprise aided by the YEDF?

Yes

No

16. What is the additional no of Employees after the inception of YEDF?

One two three

Four Other (Specify)

17. What do you think can be done to improve the employment creation?

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