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**POST GRADUATE DIPLOMA IN HUMAN RESOURCE
MANAGEMENT.**

**UNIVERSITY OF NAIROBI
EAST AFRICANA COLLECTION**

**THE ROLE OF SMALL-SCALE ENTERPRISES IN
ALLEVIATING UNEMPLOYMENT AMONG THE
YOUTHS. A STUDY OF KIBERA SLUMS IN NAIROBI.**

**A PROJECT SUBMITTED TO THE DEPARTMENT OF
EXTERNAL STUDIES AS PARTIAL FULFILLMENT OF
THE REQUIREMENT FOR THE POST GRADUATE
DIPLOMA IN HUMAN RESOURCE MANAGEMENT.**

BY

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JULY, 2007.



DECLARATION

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

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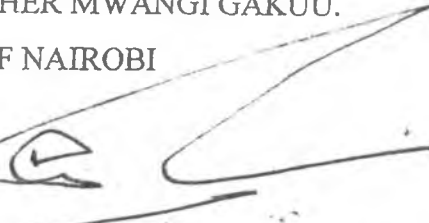
DATE 27/07/2007

This dissertation has been submitted with my approval of university supervisor.

DR. CHRISTOPHER MWANGI GAKUU.

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DATE 27/7/07

DEDICATION

I would like to dedicate this project to my family for their love, care and kindness to me.

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ACKNOWLEDGEMENT

I would like to thank most sincerely my parents Mr. and Mrs Mwangi Kamunyo without whose love, efforts and encouragement. I could not have gone this far in my studies.

Secondly, I must express my appreciation to all those people without whose help, sympathetic interest and criticism, it would have not been possible to complete this project.

I am indebted to persons and institution who aided me in the executive of this piece of work. I am specially grateful to my lecturers in external department for their guidance and moral support.

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My deep appreciation goes to my supervisor Dr. Gakuu for directing this project. His untiring supervision and guidance kept me on my feet right from the beginning of the study till the end.

Above all, I wish to acknowledge and give thanks to the Lord for his love, and protection throughout my life.

To all of you, I say thank you very much and God bless you.

ABSTRACT

The project title is, the role of small-scale enterprises in alleviating unemployment among the youths. The purpose of this study was to investigate the contributions of small-scale enterprises in creating employment among youths in Kibera slums.

Literature review looks at various studies that have been carried out by various scholars on unemployment. It shows the causes and effects of unemployment on people and the society. Two theories were used to explain the problem of unemployment that is classical theory and Keynesian theory.

Methods of data collection used were; observation, primary and secondary methods. The sampling method used were; purposive sampling and accidental sampling. The Data was collected using one type of questionnaire that had both close ended and open-ended questions.

The study's main hypotheses were comprised of two assumptions that were formulated to guide the research. Both hypotheses in chapter four were tested find they supported the data collected in the field.

The last chapter gives conclusion in form of summary concerning research findings. It also gives recommendations in form of measures that should be taken to minimize the causes and effects of unemployment.

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CHAPTER ONE

1.1 PURPOSE OF THE STUDY

The main aim of the study is to examine the extent of unemployment among the youths in Kibera slums in Nairobi. The study will assess the role of small-scale enterprises in alleviating unemployment and their contribution in the development of economy.

1.2 INTRODUCTION

Unemployment has emerged as the single most pressing problem facing most countries of the world today. The reasons why unemployment matters, are that it generally reduces output and aggregate income; it increases inequality, since the unemployed are more than unemployed, it erodes human capital; and finally it involves psychic costs people need to be needed (Borooah,1996). In addition to the above reasons, unemployment increases the dependency ratio and also worsens the poverty situation of the country.

The fact and extent of unemployment in all parts of the world- the developed and less developed has been documented in various works, but the gravity of the problem varies between countries. According to a United Nations (1993) report, the number of unemployment in sub-Saharan Africa was estimated at 9 million during 1990 and was expected to rise to 28 million in 1990s. On the other hand, Borooah (1996)notes that in 1992, 16 million people, one in ten (1/10) of the European Unions labour force was unemployed.

The above figures strengthens the idea that unemployment is not a problem confined to Africa and other third world countries alone, but that it is also a problem that affects the developed countries.

Here in Kenya, the Republic of Kenya (1966) shows that the rate of unemployment is currently estimated at between 17%-19%. The comparable figurers for developed countries are: Germany 4.7% France 10.0% and the United Kingdom 11% for European Union countries in 1992 while in the United States and Japan, it was 6.8 and 2.1

respectively. Borooah (1994). Hence, there is an extremely large difference in unemployment rates between Kenya and the developed countries, and as yet, there are no signs that Kenya will cross the gap in the near future.

Small-scale enterprises have become part and parcels of our economy today, and have received a lot of support from the government as well as private sector. This sector has been referred to by various terms such as informal sector, micro enterprises and 'jua kali' sector. This sector has aided in resolving the unemployment problem. Those who do not get formal employment can start their own enterprises in a relatively small scale, thus provide some form of income a portion of the labour force available. As we consider the unemployment problem in our country today, it is impossible to avoid the informal or 'jua kali sector', which goes along with alleviating the unemployment crisis.

1.3 BACKGROUND

Over the last decades the issue of unemployment has become a worldwide phenomenon. Neither developing nor the most industrialized countries in the world can claim full employment. Public and private sectors have seen huge jobs cuts particularly since the early 1980s. Even the largest Japanese companies are having to drop the famous lifetime guarantee of employment for their staff, as the development of job loss was pinpointed by Statt (1994)-

Unemployment affects all groups of people but it is rampant among the youths. Many young graduates leave secondary schools and other training institutions every year and only few jobs are created for them. In this group are included a very large proportion of new entrants into the labour market, and they frequently have a period of unemployment associated with "shopping around" for a job. They frequently hold part time jobs which are sporadic and occasional. Young people tend to lose chance for their jobs more frequently than old persons as they seek the "right" job. Moreover, young people starting out on their working careers tend to be relatively vulnerable to layoffs because of lack of seniority and inexperience. Educated unemployment has assumed a serious proportion

Our institutions of learning have continued to churn out graduates who cannot be absorbed in the job market.

Causes of unemployment are generally diverse and are to be found in factors of economic restructuring, the decline of heavy industry, or the invention and application of new technologies, computerization have forced the problem of unemployment prominently into the forefront of labour market, (Dunkerly, 1996). High rates of unemployment for young people have often been accepted as an inevitable by product of a free market economy. Adequate programs for vocational guidance, training, and placement of youths can be keys to lower unemployment.

Unemployment has both economic and social implications that are universally recognised as harmful to both society at large and to individual who is without work. A developmental process that fails to produce sufficient employment opportunities is therefore not one that is acceptable. Development must meet objectives of income distribution, regional balance, and rate of growth of gross domestic products. It seems clear that to attack the unemployment problem only seeking a markedly higher rate of growth of output than that achieved over the 1960s is not satisfactory. Thus, we must seek a development that in some sense is built around a more effective use of domestic resources and that will result to growth and development.

The number of small-scale enterprises is generally positive indicator of human constructed capital, and may also contribute to social capital. Small businesses keep money and business in the local economy, they bring diversity and pride to a community and can create business with goods and services to meet the specific needs of the community. When business owners and consumers feel proud to buy and sell locally, individuals and communities feel empowered to be self-reliant.

Small-scale enterprises play a huge role in the livelihoods of women and men living in poverty in developing countries. Many people who lack land in the rural areas or adequate employment in agriculture engage in small-scale businesses. Urban residents

who don't have formal employment depend at least on part of the income from small scale home based manufacturing and processing activities.

1.4 PROBLEM STATEMENT

The problem of youth unemployment is not going to disappear on its own accord through demographic change in the near future. The consequences of youth unemployment are a cause for concern. Furthermore, a case may be made for concentrating attention on young people with those specific groups of young people in the labour market who face difficulties in obtaining employment. Thus, particular attention should be paid to fresh graduates leaving schools and training institutions. The study will find out the extent of unemployment among the youths. How many youths are unemployed? Is the number high or low? Is the number increasing or decreasing? At what rate is the number increasing or decreasing?

Kibera is the largest slum in Africa. Home to many people living in Nairobi with majority of the youths being unemployed. The slum is full of creative business people (entrepreneurs) who take an opportunity to make money. Micro and small-scale manufacturing enterprises typically include small metal workshops, home-based textile production, crafts products and repair shops. These small-scale enterprises contribute in achieving development through; capability with less effective costs; job opportunities, accomplishing a more balanced geographical development, comprehensive integration with other industries. However, small-scale enterprises are most vulnerable to rapid changes, and least well positioned to benefit, since they are very little market power, and may not have ready access to the information, knowledge and skills required to identify and exploit new opportunities. The government and other stakeholders should concentrate on both improving techniques and equipment, but just as importantly on the information, knowledge and skills and capacity to organize these effectively which small scale manufacturers requires.

1.5 JUSTIFICATION

In September 2002, under the co-chair of President Bill Clinton and first lady Mrs. Suzanne Mubarak, 1600 delegates (1000 youths) from 120 countries launched the YES Campaign response to the enormous global challenge of youth unemployment. In 2006, Kenya launched yes campaign and this showed great concern for the rising problem of unemployment among the youths.

The most obvious general labour market characteristic of youth unemployment is that its rate is higher than that of adults. The observation is true across wide countries developed and developing countries. Unemployment has both economic and social implications that are universally recognised as harmful to both societies at large and to individual who is without work. Material hardships, physiological damage due to unemployment is all likely to increase rapidly with duration (Fagin and Little, 1984, Smith 1987).

A development process that fails to produce sufficient employment opportunities is therefore not one that is acceptable. Development must meet the objectives of income distribution, regional balance, rate of growth of domestic product. It seems clear that to attack the unemployment problem only by seeking a markedly higher rate of growth of output than that achieved over the 1960's is not satisfactory. Thus, we must seek a development that in some sense built around a more effective use of domestic resources and that will results to growth and development. The government must design some measures to provide jobs and income to the mass population.

Jobs need to be created for people entering labour force and reduce unemployment. Job creation can be the basis for more investment, greater labour productivity and rapid economic development. This will generate revenue for social investments like health, education and social security to meet needs of both old and young, and secure basis for future development.

1.6 OBJECTIVES

1. To find out the extent of formal unemployment among the youths in Kibera slums.
2. To assess how small – scale enterprises have reduced unemployment among the youths in Kibera slums.

1.7 HYPOTHESIS

1. HA – Majority of the youths in Kibera slums are not employed in the formal sector.

H0 – Majority of the youths in Kibera slums are employed in the formal sector.

2. HA – Small – scale enterprises have created job opportunities for the youths in Kibera slums.

HO – Small – scale enterprises leads to an employment of youths in Kibera slums.

1.8 RESEARCH QUESTIONS

1. How many youths are employed in the formal sector in Kibera slums.
2. How do small- scale enterprises reduce unemployment among the youths in Kibera slums?

1.9 DEFINITION OF TERMS

1. Unemployment: Those individuals who are able to work, willing to work, but are not able to access employment in the formal sector.
2. Unemployment: Lack of job opportunities in the formal sector.
3. Youth: A person aged between 15 and 24 years.

4. Small scale enterprises: was used to refer to income generating activities in which the unemployed engaged in. the terms “informal sector” and “jua kali” have both been used to mean the same.
5. Formal sector/formal employment: it is taken to mean finding employment of a permanent basis with proper terms of employment such as agreed monthly/weekly or daily salary as well as other benefits. It is the form of ‘white collar jobs’

1.10 LIMITATION OF THE STUDY

It was not possible to conduct research in the entire population. In my research I identified a sample to work with, as an assumption that their views would be representative of the whole population. My research targets the youths that is those who are 15-24 years. It shall be conducted in Kibera slums in Nairobi.

Some of the questions in the questionnaire were not answered. Some respondents were reluctant to fill the questionnaires and treated research with a lot of suspicion. They felt the questionnaires were a waste of time and were of no benefit to them, some even demanded for money in order to fill the questionnaire. The researcher had to explain persuasively the purpose of the study.

The research was carried out within a limited period, because of time and resources.

The questionnaires were filled as I waited, this consumed a lot of time and it was tiring.

1.11 CAUSES OF UNEMPLOYMENT

Frictional unemployment

It is unemployment due to immobility of labour. The time between when one loose a job to the time he/she gets another job. That period of unemployment is called frictional unemployment.

Seasonal unemployment

It is the period which workers are temporary laid off due to a seasonal fall in demand for their services. Example, in Agriculture and Tourism industries structural unemployment.

It occurs when demand for a particular product changes. This is when a fall in demand for one thing occurs and there is rise in demand for another commodity.

Residual unemployment

It is unemployment that occurs due to disability. Example, when the demand of goods and service is low and the supply is high.

Regional unemployment

It is inaccessibility of jobs due to geographical mobility example, remoteness of a place like North Eastern province.

Technological unemployment

Introduction to new technology leads to loss of jobs example, introduction of computers and machines in the bank lead many redundant.

1.12 CONCEPTUAL FRAMEWORK

In order to analyze the role played by small-scale enterprises in alleviating unemployment we first provide a framework in which to delineate the important theoretical issues and relevant empirical evidence. Increasingly, however the employment problem is being examined within the context of several widespread, but related problems in the developing world such as open and partial unemployment particularly in urban areas are very common. Kibera slums being the largest slum have huge number of youths being the largest slum have huge number of youths being unemployed. Many

people migrate from rural area to urban areas in search of jobs but they end up being unemployed. Majority settle in slums like Kibera, Mathare and Korogocho since the house rent is cheaper compared to other areas in Nairobi. Majority of the youths in slums look for alternative ways of earning livelihood in the economy for instance, operating small scale enterprises.

Independent variable

Dependent variable



Hypothesis

Majority of the youth in Kibera slums are employed in the formal sector.
 Small scale enterprises have created job opportunities for the youths in Kibera slums.

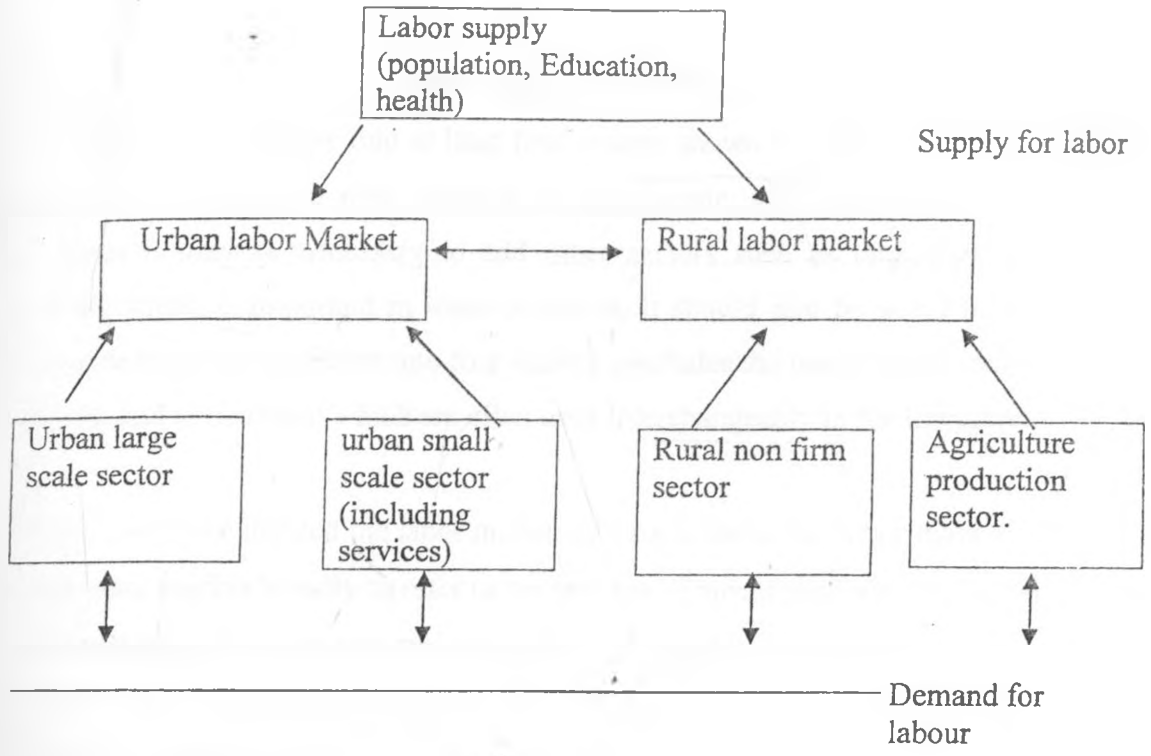
Framework for the analysis of the employment problems

The economy can be divided on three criteria as type of output e.g. a) food or non food, b) firm size and c) location. The first criteriaon is rather obvious. To properly consider the production process and product markets there is need to include both agricultural and nonagricultural sectors. The relationships of these sectors as growth proceeds is well documented (e.g. Johnston and Nielsen [1966]. The main factor differentiating growth of agricultural and nonagricultural sectors is the different income elasticities of demand for their respective outputs.

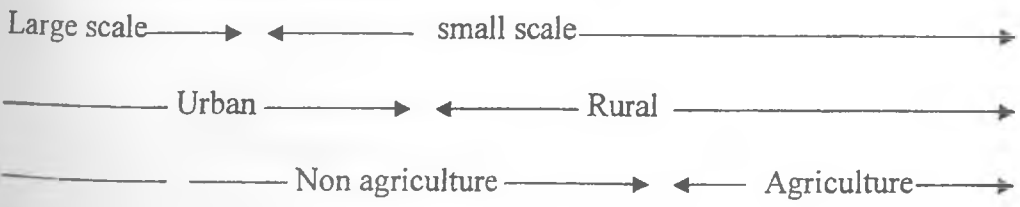
The second criterion, , the firm size, divides the economy into large-scale and small-scale sectors—otherwise known as the modern and traditional sectors or the capital intensive and labor intensive sectors. Since the sector, we prefer the large-scale and small-scale

nomenclature. However, firms in the small-scale sector are also distinguished by the fact that they are family owned, operated primarily with self-employed family labor, use relatively labor intensive techniques and depend largely on indigenous resources.

Figure 1.



Macro-level interactions of all sectors in product and markets



It is also useful to delineate the economy on the basis of location; that is rural and urban. In rural areas a good deal of agricultural and nonagricultural production is produced and consumed within the household without monetary exchange. Seasonal factors are also important in labor allocation and production in rural areas in both farm and nonfarm production.

Dividing the economy on the basis of the three criteria discussed above leads to a breakdown of the economy into at least four sectors shown in figure 1 as a) small-scale agriculture, b) small-scale rural nonfarm, c) small-scale urban and d) large -scale. In some cases it may be necessary to add other sectors such as large-scale plantation agriculture which is important in some countries. It should also be noted from figure 1 that breakdown of the economy into four sectors precludes the use of terms such as rural , traditional, and agricultural which are often used interchangeably in the literature.

In figure 1, we have divided the labor market into rural and urban labor markets. We use the term labor market broadly to refer to the process of mechanism which determines the allocation of labor between economic activities and its remuneration. In practice much of the labor force of developing countries is self employed in subsistence production, and is not offered to a market for money wages. Nonetheless workers who are self-employed in largely subsistence production make decisions about the allocation of labor between economic activities for monetary rewards, and a labor market in the above sense does exist.

The analysis of the rural labor market will be viewed in a supply-demand framework at three stages of aggregation. First, we examine the operation of the rural labor market at the micro-level. Thus, labor demand in rural areas depends upon factors such as seasonality, effective demand for the output of the sector, the production techniques employed, and the availability of other factors such as capital and land. Likewise the supply of labor at the micro-level is determined by factors such as health and nutrition,

family participation in the force, and mobility of labor between farms, between farm and nonfarm jobs and between different regions.

Second, we analyze rural-urban migration as the principle linkage between the rural and urban labor markets and an important factor determining the supply of labor. Finally, at the macro-level, the labor market is integrated into other product and factor markets to explore the complex of interactions between the various sectors. Thus, agriculture's terms of trade is an important determinant of labor demand. On the supply side, at the macro-level a critical determinant of labor supply is the overall rate of population growth.

1.13 THEORETICAL FRAMEWORK

Development theory in the African setting (Derek Byerlee, 1972)

Development theory is inevitably built upon a specific institutional structure. The well known labor models depend upon an institutionally determined agricultural wage rate and a given institutional structure, such as a landlord-tenant system, to extract the agricultural surplus. Moreover, most of these models operate on the assumption of a closed economy. These types of assumptions have led to Myint's [1965] criticism of the over emphasis of development economies on the "India-type" model. Such models are not directly relevant to other countries with different population densities and institutional environments. Most authors have proposed a "land surplus" assumption as more appropriate although little effort has been made to analyze the process of labor allocation and development in a dual economy under a land surplus assumption.

Heileiner [1966b] in an attempt to develop a typology of development theory to include the African cases recognizes three types of situations or growth stages. First, there is the land surplus economy in which labor is the limiting factor in production. However, as population growth continues a second stage is reached where all available land is utilized. There may be some technological adjustments toward more intensive cultivation but eventually a third stage is reached where labor becomes surplus. The African situation is

complicated by the existence of all three stages even within one country, although Helleiner believes the land surplus stage is a useful approximation for most African countries.

Much of the literature of African development is a derivative of Myint's "vent for surplus" model of development [Myint, 1965] which explains the widespread introduction of cash crops for export within the existing small-holder subsistence pattern of farming. This model hypothesizes that increased output (eg., export crops) result from the use of surplus land and labor obtained by substituting work for leisure in response to increased effective demand for agricultural production.

This of course implies that the African situation was one of both surplus labor and surplus land, although the surplus labor arises for quite a different reason from that in the Lewis-type densely populated economy. In the surplus labor models the surplus arises of limited substitutability between a scarce factor, land, and an abundant factor, labor, while in the "vent for surplus" model, a lack of effective demand causes the surplus.

A further institutional factor which must be considered in an analysis of rural employment in African development is the agrarian system of small-holder communal ownership of land. As a result, there is no landlord-tenant system, a relatively small class of landless laborers and generally no land market. Such a system has quite different implications for factor mobility and factor markets than a landlord-tenant system.

These general differences in resources endowment, the export orientation, and the agrarian system of African economies, caution against the direct application of popular development theories to the African situation. But this does not preclude modification of these models to fit the African institutional setting, just as we hope the framework we present below for analysis of employment problems has relevance to other regions. This is because African countries share the fundamental ingredients of the employment problem of the developing world-high rates of population growth rates coupled with a dual economic structure.

Models of employment and development (Derek Byerlee, 1972)

The aggregate growth models of the Harrod-Domar type which are generally used in the planning process focus on growth of output through capital accumulation and are not useful in analyzing sectoral patterns of employment and income distribution. The early dual economy models of the Fei-Ranis type did consider labor, but suffered from assumptions of surplus labor and institutional wages in agricultural and limited interaction in the product and factor market. Recently, however several attempts have been made to modify the dual economy models to analyze the employment problem. These include, among others, the models of Harris and Todaro [1970] and Mellor and Lele [1971] and Oshima [1971].

The Harris and Todaro [1970] two sector model arose out of the author's attempts to analyze the urban unemployment problem in Kenya. Using the Todaro model of rural-urban migration in a comparative static framework they analyze the implications of various policies on urban unemployment.

Rural-urban interactions in the labor market are explicitly modeled as well as rudimentary product market. The assumptions about wage rate determination are particularly interesting. They assume an institutionally determined wage rate in urban areas and a wage determined by labor supply and demand in rural areas. This is a direct reversal of the assumptions of the Fei-Ranis model. Using these assumptions are not likely to reduce urban unemployment because of the nature of migration from rural areas. A logical implication then is that employment must be created in rural areas through rural development to reduce urban unemployment. But Byer Lee [1971] shows that within the closed economy model of Harris and Todaro, an increase in agricultural output is likely to

increase migration (and urban unemployment) since the agricultural terms of trade fall while the wage rate in urban areas is fixed. This demonstrates the dangers of using a closed economy assumption.

The Mellor-Lele [1970] model of development focuses specifically on the effect of an increase in agricultural output through technological change on income and employment in the nonagricultural sector. In particular, by including landlord and laborer classes in the agricultural sector they analyze the effect of changing factor shares resulting from technological change in agricultural and nonagricultural employment through both the labor and product markets. For example, an increase in agricultural output resulting from technological increases nonagricultural employment because of lower food prices and hence urban wages. However, because of significant labor bias in technological change this effect is dampened because the relatively high income elasticity of demand for food of agricultural laborers tends to increase food policies.

The Mell-Lele model however, must be modified for use in African countries because of the landlord- tenant system assumed in agricultural and the assumption of a competitive urban labor market, and a wage rate in agriculture equal to the average productivity.

Finally, Oshima [1970] proposes an interesting departure from the conventional two sector model to include three sectors a) capital intensive nonagricultural, b) labor intensive nonagriculture c) labor intensive agriculture. With an equitable income distribution and an agricultural strategy which emphasizes increases in productivity of small farmers, income and employment are generated by the interaction of the two labor intensive sectors with the capital intensive sector somewhat peripheral in the early stages of development. Thus the Oshimba model shifts the emphasis in development strategy from growth in the capital

intensive sector through high savings and investment to the labor intensive sectors where increasing effective demand and fuller employment of labor are in the main instruments of growth.

Oshiba's model is significant in that it focuses on the structure of demand as an important determinant of growth and employment. In particular, a more equitable income distribution is likely to increase the demand for labor intensive domestically produced goods and hence increase employment.

Land and Soligo [1971] in a more formal analysis of this relationship arrive at similar conclusions to Oshiba, and also indicate that there is no necessary conflict between growth and employment even if high income groups do save more.

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These models all attempt to analyze the behavior of employment at the aggregate level through the interactions of sectors in the product and factor market. However, because of the complexity of such interactions, each model is only able to focus on a few key interactions between two sectors. Reynolds [1969] in recognizing this problem suggests that any departure from a two sector mode to include additional sectors and sectorial interactions would mean forgoing analytical solution techniques. He proposes numerical simulations as an alternative but recognizes that this would require greatly improved empirical information from a number of countries in order to conduct realistic experiments on the economic system.

Byelee [1971] has developed a macro-economic simulator model of Nigeria, consisting of three sectors, large-scale nonagriculture, small-scale nonagriculture and agriculture, to analyze aggregate impact of various agricultural strategies on income, employment and migration. The model demonstrates that although

policies to promote food production shifted the terms of trade against agriculture, this did not result in a significant increase in urban employment largely because of an institutionally fixed urban wage. In fact, because income was redistributed from rural to urban areas, rural-urban migration and hence, urban unemployment were further increased. However, policies to increase agricultural exports did increase nonagricultural employment opportunities in both the small-scale and large-scale sectors because of increased demand for nonagricultural products and increased foreign exchange availability.

Although much theoretical and empirical work needs to be done to refine such a model, the analysis does demonstrate the merits of a dynamic model of the many interactions between sectors of the economy in analyzing employment of the macro-level.

CHAPTER TWO

2.1 LITERATURE REVIEW

INTRODUCTION

Over the last few decades the issue of unemployment has become a worldwide phenomenon. Neither developing nor the most industrialized countries in the world can claim full employment. Public and private sectors have seen huge jobs cuts particularly since the early 1980's. "Even the largest Japanese companies are having to drop the famous lifetime guarantee of employment for their staff" as the development of job was pinpointed by scat (1994).

Causes of unemployment are generally diverse and are to be found in factors of economic restructuring, the decline of heavy industry, or the invention and application of new technologies such as the silicon chip. Robotic technology and computerization have forced the problem of unemployment prominently into the forefront of the labour market (Dunkerley, 1996).

Unemployment has become such a familiar phenomenon that "... has led to the treating of unemployment almost as a numbers game, whether the current rate is two, three or four million becomes statistical exercise, sanitized and dehumanized though with political overtones" (Burnett, 1994).

all this happens at the expense of subjective experience of the individual and the impact of unemployment on ordinary lives. questions such as "how does unemployment affect their family life?" and "what kind of coping strategies do they engage in?" are rather neglected when the topic of unemployment is targeted by politicians, the media and most of all those who can feel safe in their employment.

Unemployment in a world of work

The importance of work is taken for granted throughout our lives. Already small children are socialized into a certain value system of the world of work. This socialization is reflected, for example, in questions routinely asked of children, such as 'what are you going to be when you grow up?' According to Statt (1994), what this question really means is 'What job are you going to do for a living?' Likewise, as an adult the question 'What are you doing?' is one we are usually faced with when someone meets us for the first time. Answering this question offers instant clues to income, social status and lifestyle and gives some idea of how a person expects to be treated.

Members of certain professions such as medicine or law are viewed as respectable and successful members of society. In contrast, a mine worker, a taxi driver or a fisherman have a much lower status and are perceived of as just 'ordinary members of society.'

Some theorists suggest that people's worth is calculated in terms of the money they earn through work. We have become so used to this notion that we allow it to dictate our everyday life without questioning it "The desire to have a job and to meet all the costs of living from the income received for this work has become the accepted pattern for most people" (Offe and Heinze 1992).

Moreover, work serves many social and interpersonal functions and offers opportunities for people to satisfy their psychological needs. Work can provide social contacts, friendship and support (through colleagues) as well as opportunities for gaining recognition and developing competencies. Work can help young people enter the adult world (Sarason and Sarason, 1985; Winefield, 1997). Remuneration for work done helps individuals provide for themselves and their families. A job can engender a sense of purpose and value and shape a person's identity and level of self-esteem (Argyle, 1990). Hence, the loss of work means the loss of such opportunities. Consequently, most unemployed people wish to return to work and to contribute to their own and their loved

ones' livelihood. Overtime, being jobless comes to be equated with being worthless (Kates et al., 1994).

Most societies regard work as one of the most important aspects of human beings, with effect that those unable to work or without work are made to feel ostracized through a low social status (Forrester, 1999). In addition, a social stigma is attached to being unemployed. Those with hostile attitudes towards the unemployed usually assume that unemployed people could get work if they really want it. In other words, it is assumed that unemployed people choose to be unemployed. As Kelvin and Jarret (1985) stated. "In effect, the unemployed individual always seems to be somehow suspect at best he is seen as probably in part to blame for his unemployment; and even if he is 'genuine' it is thought that he should be kept short, so that he keeps looking for work- otherwise there is the suspicion that he might just sit back and do nothing" (In Winefield, Tiggermann, Winefield and Goldney 1993).

A factor that can contribute to hostile attitudes towards the unemployed is the policy of a government. For example, Winefield et al. (1993) reported of change of government in Australia in 1975 that then sought to implement a policy of getting tough, with the unemployed, many of whom it view as 'dole cheats' This view was widely disseminated by the media. Public opinion polls taken in the late 1970s showed that, despite evidence to the contrary, 40% to 50% of Australia thought that the main cause of unemployment was that the unemployed did not want to work.

Social attitudes to unemployment are also influenced by the fact that unemployment is unevenly distributed throughout society. Those "who piously claim that unemployment is a burden which affects everyone are usually not affected by it themselves. It is mainly those who are already disadvantaged upon whom the main burden falls: people in low paying and insecure jobs, the very young and oldest in the labour force, people from ethnic or racial minorities, people from among the disabled and handicapped, and generally those with the least skills and living in the most depressed areas" (Winefield et al., 1993)

The uneven distribution of unemployment in society may, however change. As unemployment becomes more widespread almost everyone might be directly or indirectly affected by it. It is predicted that two out of every three people in the world will lose a job at some time during their lives (Argyle, 1990; Goamab, 1994). Even highly skilled and professional people are among the unemployed. Forrester (1999) postulated that we are living in the dream of an old world order in which work is available for everyone on earth. She requests societies to wake up to the reality of the world of today and tomorrow where there is not, and will not be, enough work for everybody.

Karl Marx (1967, in Darity, 1999) pointed out that a constant level of unemployment serves two objectives within capitalist economies. The first objective is that it keeps those who have employment in check, merely from visualizations of the object poverty faced by the unemployed. The second objective is to have what Marx termed, and "industrial reserve army" i.e. a constant pool of unemployed people from which to draw labour as and when needed, which keeps the cost of capital minimal. Marx's ideas are still relevant today. Research on job satisfaction, for instance, has shown that in times of high unemployment, turnover is low even when job satisfaction is low because people are afraid of ending up in joblessness (Muchinsky, 1993).

Youth unemployment

The rate of unemployment among the youths is very high. Such high unemployment is not just a problem for the development of the country that is also very relevant for the young people's personal development. Developmental psychologists recognize the transition from school to work as a significant phase in the maturation of young people (Kaplan, 1998). This transition represents their entrance into the adult world. for the vast majority, getting their first job means that they are no longer completely dependent on their parents financially. They rae requested to perform on the job and to fulfils certain responsibilities such as being punctual, industrious, competent, socially agreeable and accountable (Winefield et al., 1993; Hess, Peterson and Mortimer, 1994; Kaplan, 1998).

The experience of being employed provides opportunities for personality and identity formation (Hess et al.; 1994)

Several studies have been conducted to thematise the specific problems of unemployment among young people (cf. Winefield and Tiggermann, 1991) They have revealed that school leavers who enter the job market immediately, experience an improvement in their psychological well-being while those who become unemployed experience a significant deterioration in it (Feather and O'Brien, 1986; Statt, 1994). This indicates the psychological importance of employment for young people. (Winefield et al 1993) , for instance, conducted a longitudinal study on youth unemployment and its psychological impact investigating 3000 south Australian school leavers throughout the decade 1980 to 1989. The study brought evidence that unemployment among youth led to lower self-esteem and increased emotional depression, particularly in the case of long-term unemployment. It was reported that youth who were still unemployed seven months after leaving school were less satisfied with themselves and felt more depressed, unhappy, and lonely than those who found work (Cf Winefield, 1997).

Psychological relevance of time

As pointed out by Johoda (1982), unemployment means the loss of a pre-given time structure. As a consequence of unemployment the individual has a lot of free time at his or her disposal which one has learnt to organize constructively. Ironically, a large amount of 'free time' can become a major stress for the unemployed (although it may appear to be a luxury for those who are employed and wish to have more time available to themselves.

The issue of time already become apparent in the marienthal study Johoda et al. (1971) described how the time structure of unemployed slowly disappeared and how they stopped planning their time "Now that they are no longer under pressure, they undertake nothing new and drift gradually out of an ordered existence into one that is undisciplined and empty" (Johada et al 1971). this is however, referred mainly to the men in the

Marienthal study unemployed women still maintained a time structure, keeping themselves busy with household duties. "For the men, the division of the days into hours has long since lost all meaning. Getting up, the midday near, going to bed, are the only remaining points of reference. In between time elapses without anyone really knowing what has taken place" (Johada et al 1971) The less that happened in Marienthal, the more the impression of an abundance of time occurred throughout the town.

People's difficulties with too much free time could also be linked to an industrialized way of life. From early childhood, people become used to externally determined time structures (be it in kindergarten, school or the work place). When a person is suddenly confronted with the loss of structural time he or she might find it difficult to occupy him or herself with self determined activities (Plattner, 1993). If someone has nothing to do, time becomes meaningless, as do goals and plans. A vicious cycle may ensure the more a person becomes caught up in the monotonous manner in which time passes, the more time seems to 'melt away' and future orientation diminishes.

Psychological effects of unemployment

Studies have also revealed that unemployment youth show significantly higher rates of anxiety, anger, helplessness, guilt, shame than those of older age (Hess et al, 1994) Because of lack of financial resources, unemployed youth are often excluded from leisure activities undertaken by their working peers. Hence, not only are young unemployed people alienated from the structured world of work but they are also alienated from social activities they have been accustomed to (Hess et al; 1994). Winefield et al. (1993) in their longitudinal study on school leavers found that the unemployed school leavers spent their spare time less productively than those employed. it was found that for the unemployed, time spent doing nothing was most often correlated with negative psychological well being. Other psychological effects of unemployment increased anxiety lack of self-confidence, pessimism, fatalism, hopelessness alcoholism apathy, suicide , as well as stress psychosomatic disorders such as headaches , stomach dermatitis bronchitis and heart diseases (Creed, Hicks and Machin 1998; Statt, 1994 Argyle, 1990).

Psychologists have devoted a great deal of attention to the emotional changes that usually occur within an individual following job loss (Winefield et al; 1993) Consequently numerous studies have been conducted concerning the psychological effects of unemployment. However, as mentioned before, psychological unemployment research on the African continent is rarely found.

Changes in physical health among unemployed people have been noted through the symptoms or presence of illness an increased utilization of health services (Kates et al; 1990).

Fagin and little (1984) found that there was likely to be increase in 'psychosomatic' symptoms among both unemployed workers and their spouses. Many of the reported changes in the physical health of unemployed people are similar to those experienced by individuals at times of stress or crisis. Such changes are, for example, increase in blood pressure or cholesterol level. Therefore, a frequent long-term effect of unemployment is an increase in the likelihood of developing cardiovascular problems. Kates et al (1990) suggested that a 17% increase in unemployment could lead to a 2% increase in cardiovascular mortality rates over a three year period.

A publication of the committee on psychiatry in industry in the USA (1982) came to conclusion that "the ability to work is an integral part of a healthy self-esteem, and is essential for the good mental health of most of the population.

Diminished self-esteem has been a central finding in almost every study of workers who lose their jobs, and is often linked to shame and self-blame. Goldsmith and Veum (1997), for instance, investigated the relationship between unemployment and self-esteem using data draw from a longitudinal survey of youth in the USA. They found that the longer young people are unemployed, the more their self-esteem decreases. A reason for this might be that long-term unemployment signals a loss of control. Lefcourt (1982) suggested that the belief of being in charge of events that shape one's life contributes to

positive feelings about self-worth. As a consequence, losing charge of one's life because of unemployment might negatively affect one's self esteem.

Many studies of the psychological effects of unemployment concentrated on blue-collar workers but it was also found that unemployed professionals experience even more severe psychological problems (Winefield et al; 1993). This could be attributed to the fact that white-collar workers are exposed to the corporate image of their employment and also largely center their lives around work. Therefore, in the case of job loss, they are likely to lose part of their identity which will affect their self-esteem.

Unemployment has also been known to affect men's identity, in particular, by ceasing their traditional role of a breadwinner. Brown (1995) recounted his ordeal as an unemployed make.

Being unemployed also make the question my mankind. I was brought up to be a responsible household member who would carry my share of the weight. But now I am no longer keeping my end of bargain. Everyday I must remind myself that being without a job does not make me any less of a man.

Losing the role of the breadwinner not only affects self-esteem, but also means the loss of financial resources in very concrete terms. The loss of financial resources has to be taken into consideration as well, when investigating the psychological effects of unemployment (Kates et al. 1990)

Psychological implications of the loss of income

Studies have shown that one of the greatest source of personal and family problems is the shortage of money. In various developed countries there are formal support systems for unemployed people (such as unemployment benefits or social welfare benefits). From an African perspective, where such support system are usually not available, unemployment or social welfare benefits would be a great relief for the people concerned. In as much as

support systems reduce the financial constraints, they do not, however, necessarily reduce the psychological stress experience.

Unemployment benefits only last for a certain period of time. Long term unemployed people or those who do not qualify for unemployment benefits (for instance, because they have not worked long enough to have paid sufficient contribution into an unemployment benefit fund) may become recipients of social welfare (at least in some countries). Lang (1995) "While both unemployment and welfare benefits help relieve economic deprivation during unemployment, only unemployment subsidies have the psychological benefit of protecting against depression, regardless of household income, socio-economic, and length of unemployment. Even when unemployment or welfare benefits are available, they are usually of a lower amount than the previous income. Ullah (1990) emphasized that the role played by financial hardship has not yet received enough attention. In an Australian study, he found that high financial strain caused lower levels of structured activity which contribute to poor mental health. Rowley and Feather (1987) reported a significant correlation between financial strain and time structure among their samples of unemployed Australian men. Those men with the greatest amount of financial strain also reported less time structure in their normal day to day activities. There is also evidence that unemployed people experiencing the most economic hardship make the greatest effort to find a job (Ullah, 1990). When unsuccessful however, these efforts may lead to higher depression scores and ill-health.

Prominent unemployment theorists have different opinions about the role attributed to financial variables in causing poor mental health. According to Johada (1982), for example, the loss of latent functions of employment rather than the loss of payment causes psychological disintegration. In contrast, Fryer (1986) emphasized the psychological burdens of material poverty and hardship. Warr (1987) stated that unavailability of money affects the opportunity for personal control and physical security.

Unemployment and poverty

for many unemployed people in African countries, unemployment means poverty (cf. Pendleton and Frayne 1998) because the unemployed do not receive unemployment or social welfare benefits. Poverty not only denies a person the most basic needs such as food, clothing and shelters, but also binds the person into inactivity (Statt, 1994). If one has no money then one cannot participate in social activities. It is difficult, if not impossible, to respect them, as Forrester (1999) emphasized. Poor people are regarded as undesirable and are "put aside" (Ibid). What makes this even worse is that poor people are faced with prejudices against them that go so far that they are blamed for living in such areas (Ibid). Poverty not only leads to disrespect and social exclusion, it also affects the psychological state of minds of individuals. It creates the experience of personal insecurity and "reduces one's sense of personal control" (Statt, 1994). For example, future orientation is regarded as an expression of psychological well-being. However, to plan for the future is a luxury for those whose present life is ensured through work and regular income. Those who live in poverty cannot afford to plan too far into the future. They are more concerned with their survival on a day-to-day basis (Plattner, 1990).

Impact of psychological well-being on job seeking behavior

The psychological effects of unemployment on an individual's general well-being have been known to also affect job-seeking behavior (Headley, 1997; Feather 1992; Landy, 1989). Low self-esteem, self-doubt and lack of confidence as a result of unemployment can negatively affect the outcome of job-seeking behavior. For example, in a job interview the candidate may not assert him or herself in a positive manner that could reveal his or her potential. Dodey (1992), through a longitudinal study with Dutch technical college graduates, found that "less psychologically distressed graduates were more likely to become employed than more distressed graduates".

unemployed people could get stuck in a vicious cycle. i.e. the longer they stay unemployed the lower their self-esteem may become and therefore the less likely they re

to perform well job interviews, and so on. Ullah (1990) found that those unemployed who are most actively engaged in job-seeking tend to experience higher levels of depression and general psychological distress. This can lead to another vicious cycle the more distressed the unemployed person is, the more he or she is likely to be unsuccessful in finding a job and therefore the more depressed and distressed he or she becomes, and so on.

Many intervention and training programmes have been developed to assist unemployed people by giving them skills for job seeking (Amundson, 1996; Davies , 1996; Proudfoot and Guest, 1996). Such programmes focus on the improvement of self confidence in job-seeking. The idea behind such programmes is that unemployed people meet others in the same situation, and that through their interaction they learn to “move away from the paralyzing effect of self blame into mobilizing their energies toward creating changes in their lives” (Davies , 1996).

The role of the social network

Social support is a crucial issue in coping with unemployment, which has been investigated particularly since the 1980s (Sarason and Sarason, 1985). Research has shown that “... informal support systems, such as friends and relatives, can buffer against the negative effects of unemployment” (Lang, 1995:1) An approach often mentioned in literature is that of Cobb (1976) who emphasized the cognitive aspect of social support. He defined social support as the information conveyed to a person that he or she:1) is being cared for and loved:2) receives acknowledgement and esteem, and 3) is part of a network of communication and mutual duties.

Social resources reduced negative consequences of stressful events and maintain psychological as well as physical well-being (Sarason and Sarason, 1985). social support by relatives or friends could be provided , for instance, in the form of money, food and shelter or assistance in finding a job (instrumental support) or in the form of encouragement (emotional support).

However, research has also shown that with regard to the social networks, the unemployed can face a number of problems. For instance, several studies have found that “unemployed youth are likely to experience decreased family social support and increased family conflict and tensions” (Hess et al; 1994) .

Unemployed men often perceive their situation as a loss of social status which might lead them to avoiding contact with friends (because of shame). Thus the potential for social support is reduced. In addition, men’s position of power within marriage and family as a whole is consequently affected (Statt, 1994) it was found that wives of unemployed husbands report high levels of depression and that unemployment increases marital conflict (Jones , 1992) Behavioural problems were also found among children of unemployed household members (Jone and Rosenberg, 1993).

In conclusion, without a job people are rootless, they become confused as to who they are and where they belong. They become disenfranchised citizens, poor disoriented in time and generally psychologically disturbed.

CHAPTER THREE

METHODOLOGY

3.1 Site Description

Nairobi is the main centre and it is the capital city of Nairobi. It is situated at the south eastern end of the country. From north to south, it stretches from $20^{\circ} 10^{\circ}$ and from east and west. It stretches $37^{\circ} 10^{\circ}$ E. The climate of Nairobi is basically tropical with two rainfall peaks, the long and short rains. The former comes around March and the latter starts in October and end around December. "As a result of being of high attitude of over 1700 meters (5500) feet above sea level, and being only 140 km south of the equator, the temperatures are typical of tropical conditions. Recorded temperatures are typical conditions. They range from low of 12.6° to high 26.7° (Opinya, 1982:3)."

The immediate environment of the city consist of productive highland area extending of the city consist of within a radius of about 10km there exists the central business district which comprises of government offices, dominated by skyscrapers. According to the Kenya population census (1999), Nairobi province has a population of 2.1 million persons of which about (0.5) million live in Kibera Slums. This was about 24% of the total population of Nairobi province has a population growth of the division, there is an increasing demand for facilities as schools, hospitals, water supply and so on. The growth in population has led to increased burden on the family, which is looked upon to provide for its members during this era and age of cost sharing.

In Nairobi, there is wide range of socio-economic differences reflected in the distribution of income, infrastructure, housing as well as other services among the various groups of its population in different parts of the city. Residence of the city comprise of high income suburbs located from North and West of the central

business district while the Eastland's is predominantly a working class residential area. There are also slums in the city that include Kibera, which is the largest slum in East Africa. The specific place where this research was done. It is also the biggest slum in Kenya.

Kibera slums are located in the western part of Nairobi Province and are part of Lang'ata Division. Kibera (meaning a forest to the Nubians) soldiers and their families. Over the years, many people from ethnic groups in Kenya joined the Nubians (Kibera task force survey on identification of development opportunities, 1990).

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Kibera is approximately 41/2 kilometers from the city centre. The slum is divided into nine villages namely' Makina, Kambi Muru, Kisumu Ndogo, Silanga, Mashimoni Lindi, Laini sabaa, Soweto and Gatwikira. The slum stretches from Mbagathi road to Kibera drive. The surrounding neighbourhoods are Magina, Golf course estates on the eastern side and Olympic, Karanja, fort Jesus, Ayani estates on the northern side, and the southland estate on the opposite side. The Nairobi dam is adjacent to a part of the Silanga Village (Kibera taskforce survey on identification of development opportunities, 1990).

The residents of Kibera are mainly low income earners and unemployed. Kibera slums generally have a poor sewage and drainage system/garbage which is evident at the side roads. The roads are poorly maintained. Housing is of lower quality and residents was closely build together (thus overcrowded).

3.2 Target Population

The research targets small-scale entrepreneurs owned by youth's sin Kibera slums. Many people engage in informal sector activities which are often characterized by easy entry, lack of official documentation of records and low

capital investment, among others. Nine entrepreneurs from each village (running business in Kibera slums) will be selected at random and interviewed. This number has been selected because it will be an easier number to handle due to constraints of time and financial resources. The response of eighty respondents from three villages; Laini Saba, Silanga and Soweto will be analyzed and used to make generalization on the role played by small-scale enterprises in alleviating unemployment.

3.3 Study Rationale

Kibera slum was considered to be the most suitable for data collection because it is the largest slum in Kenya with majority of youths being unemployed. This is because many young people migrate from rural areas to urban areas in search of employment. Due to high rates of migration the government and private sectors in urban centres can not absorb all the migrants in job sector. This leads to unemployment and the migrants look for alternative ways of survival with small scale enterprising being one of them. We also find that within Nairobi there is growing number of organizations which have come up to support and promote small-scale enterprising being one of them. We also find that within Nairobi there is growing number of organizations which have come up to support and promote small-scale enterprising being one of them. We also find that within Nairobi there is growing number of organizations which have come up to support and promote small-scale enterprises. The NARC government is also supporting small-scale enterprises through constituency development funds (CDF).

3.4 Sampling Technique

The sampling method used is non-probability sampling. This included purposive sampling and accidental sampling.

Purposive sampling was used to select the youths. This method involves selecting a person that has the required information and the respondents is in most instances hand picked. In this study, the community helped me to identify the young people with desired characteristics.

Accidental or convenient sampling was used to identify the members of the public. This sampling technique involves picking on anyone who comes your way and is willing to give information. In filling the questionnaire, male and female respondents were randomly picked.

3.5 Methods of Data Collection

The first duty of the researcher was to ask for permission from the chief of each location where the data was collected. I had to inform the chiefs my interest in Kibera as a research site. The chiefs then granted me permission to use their location as a research site. I informed the respondents of my intentions as a researcher and kindly requested them to fill in my questionnaire.

To carry out my research, three types of data collection methods were used; these were primary data, secondary data and observation method.

In collecting primary data a standardized questionnaire was prepared for the respondent. The questionnaires were filled as I waited. The questionnaire consisted of both open and closed questions reacting to the study. The close

ended questions were used to allow the respondents give the researcher additional information concerning the questions they were asked by expressing their views and opinions. Closed ended questionnaire was used because it only helped the respondents choose between available alternatives, thus making the whole exercise easy for the respondents, but it also made it easy for the researcher to code the given information during data analysis. The use of questionnaire also necessitated face to face interview where the was need to assist respondent in filling the questionnaire.

Secondary collection of data involved obtaining data from existing written literature such as textbooks, magazines, newspapers and work of various researchers posted on various internet websites. The secondary data helped in exploring the extent of the problem and gave insight into the problem. Secondary data also filled in the gaps that the primary data could not fill.

Direct observation was another method of data collection. This method is very important especially in verifying the information the respondents have given. The researcher observed that many people in Kibera live in the same premises they were operating their business. The structures are poorly constructed.

By the use of the above methods of data collection, the researcher hopes to generate adequate information and statistics to answer the research question as set out.

3.6 Methods of Data Analysis

Analysis of data was done both qualitatively and quantitatively. The qualitatively approach entails analysis of data through describing and analyzing them. The quantitative approach involved the use of tables of frequencies and percentages. Bar graphs are used to aid in visual comparison of the findings.

CHAPTER FOUR

DATA ANALYSIS AND RESENTATION

4.1 INTRODUCTION

Presented in this chapter are the findings of the data analyzed together with their interpretations. The data presented in this chapter were processed using the Statistical Package for Social Sciences (SPSS) programme. Demographic and other general information about respondents who participated in the study are presented first, followed by the findings on the research among the different respondents who participated.

4.2 DATA ANALYSIS

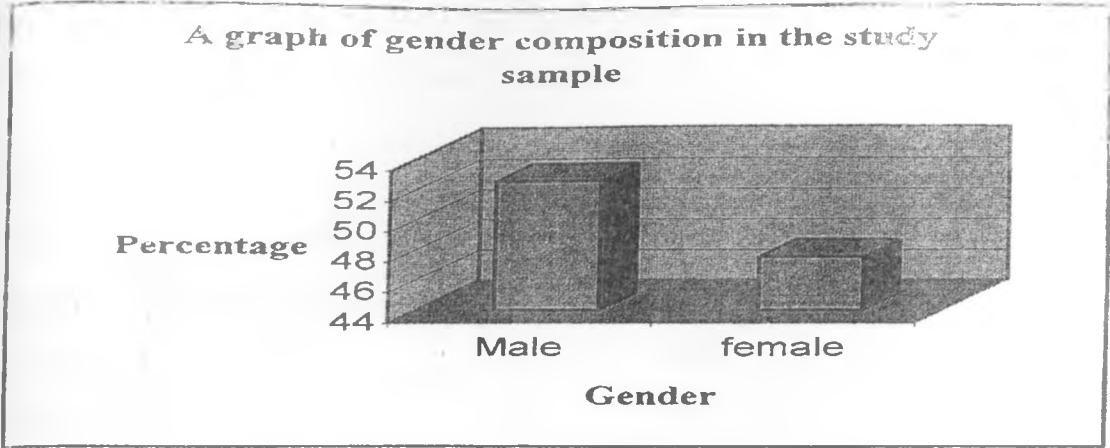
The respondents were asked to give information relating to, among other things, their gender, age and highest academic qualification. The information is presented as below.

4.2.0 Gender

Table 4.2.0: Gender of respondents

Gender	Frequency	Percentage
Male	42	52.5
female	38	47.5
Total	80	100

Figure 4.2.0: Gender of respondents



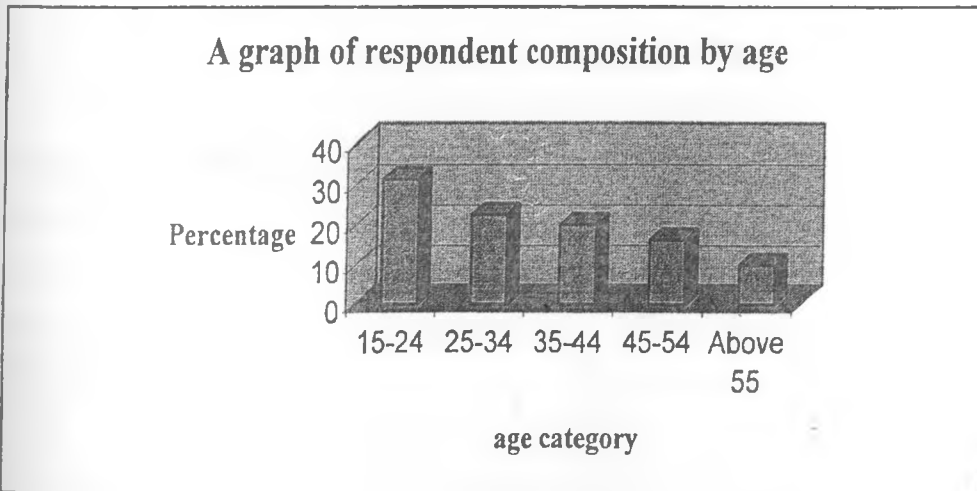
Majority of respondents were male (52.5%) with females being only (47.5%).

4.2.1: Age bracket of respondents

Table 4.2.1: respondent composition by age

Age category	Frequency	Percentage
15-24	25	31.25
25-34	18	22.5
35-44	16	20
45-54	13	16.25
Above 55	8	10
Total	80	100

Figure 4.2.1: Respondent composition by age



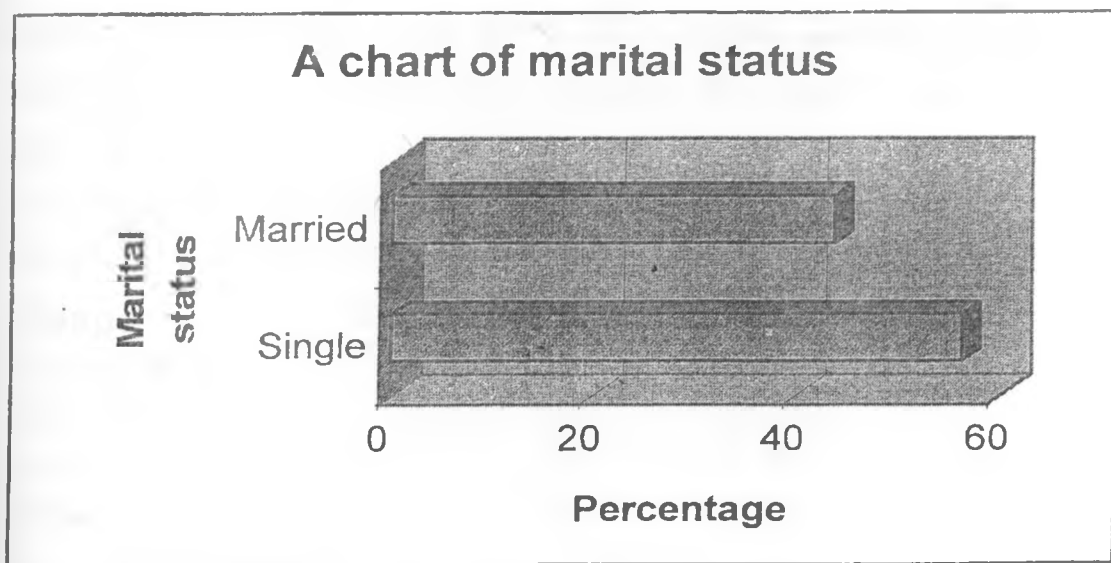
Majority of youths in the Kibera slums were aged between 15-24 years (31.25%). This age group is followed by those between ages 25-34 years. Age composition among the youths decreases with the increasing old age (See table 4.2.1).

4.2.2: Marital status

Table 4.2.2: Marital status

Marital status	Frequency	Percentage
Single	45	56.25
Married	35	43.75
Total	80	100

Figure 4.2.2 Marital status

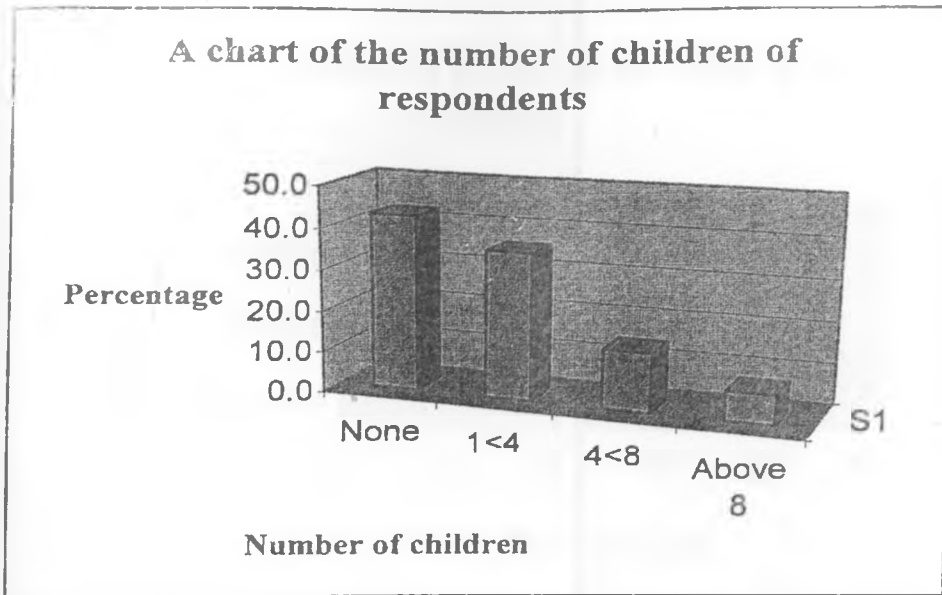


There were more married (56.25%) youths than the single ones (43.75%) according to this research.

4.2.3: The number of children of respondents

Number of children	Frequency	Percentage
None	30	42.9
1<4	25	35.7
4<8	10	14.3
Above 8	5	7.1
Total	70	100.0

4.2.3: The number of children of respondents



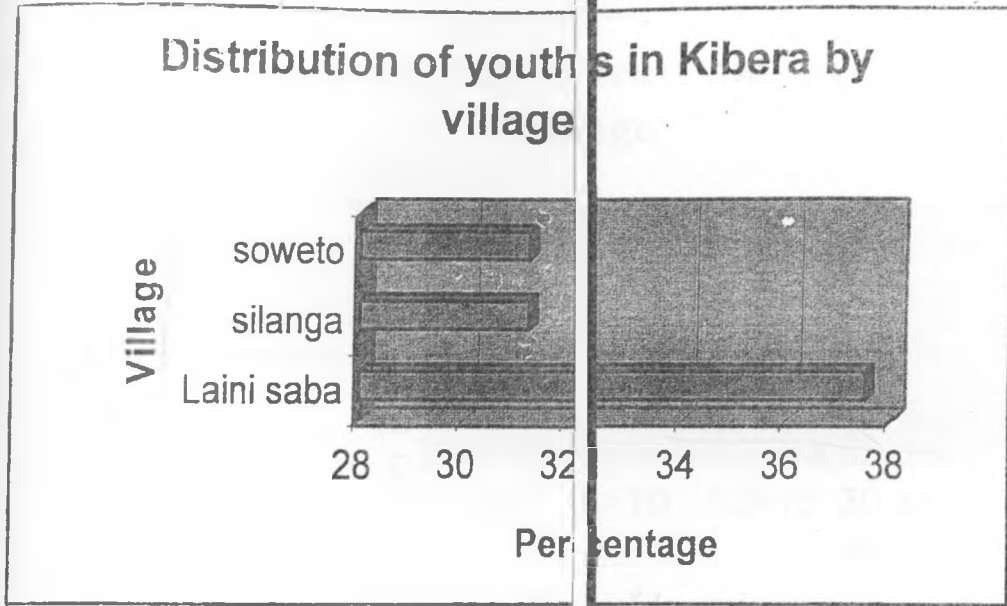
Although a relatively high number of respondents were married, majority did not have children in their marriages. A whole 42.9% have no children according to this report. Thirty five point seven had four children and below. Only a small 7.1% have more than eight children.

4.2.4: Distribution of the youth in Kibera slum

Table 4.2.4: Distribution of the youth in Kibera slum

Village	Frequency	Percentage
Laini saba	30	37.5
silanga	25	31.25
soweto	25	31.25
Total	80	100

Figure 4.2.4: Distribution of the youth in Kibera slum



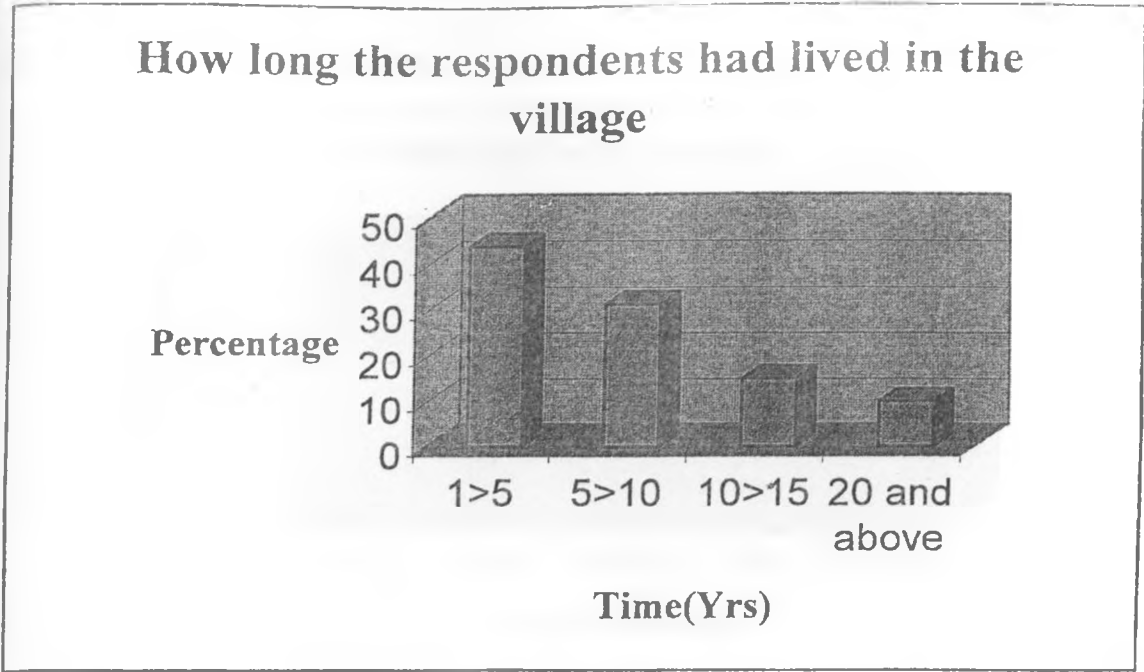
Most of the youths in the study group came from Laini Saba (37.5%). Soweto and Silanga were equally represented by 31.25%.

4.2.5: How long have you lived in that village

Table 4.2.5: How long have you lived in that village

Time(Yrs)	Frequency	Percentage
1>5	35	43.75
5> 10	25	31.25
10>15	12	15
20 and above	8	10
Total	80	100

Figure 4.2.5: How long have you lived in that village

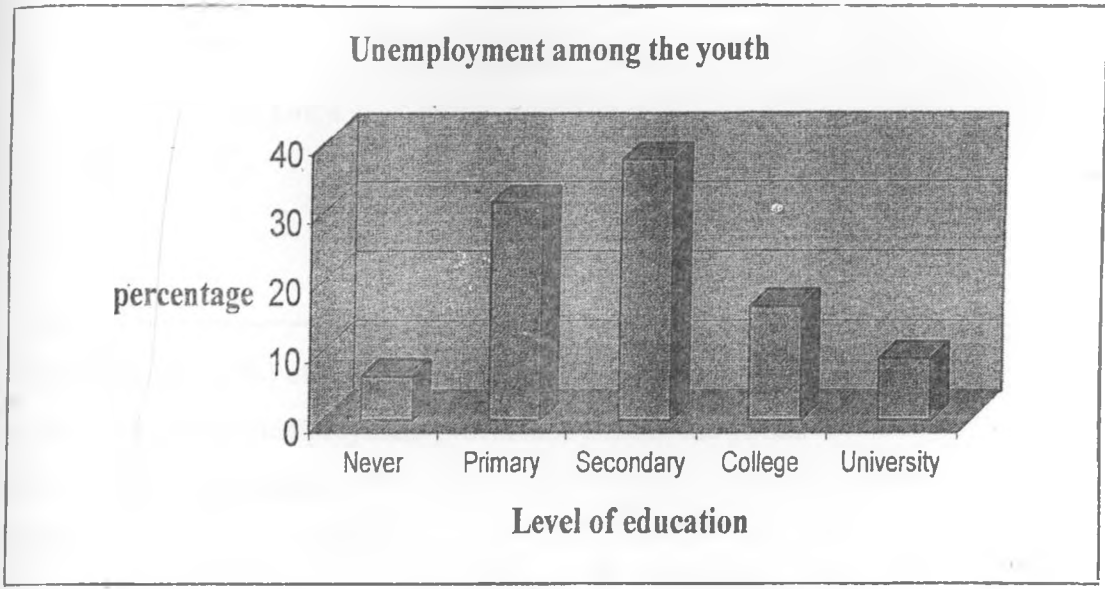


We can see from the table 4.2.6 above that most of the youth (43.75%) have not been in the slum for a very long time. This could be due to the upsurge of people from rural areas in the search for employment.

4.3.1 Level of education

Education level	Frequency	percentage
Never	5	6.25
Primary	25	31.25
Secondary	30	37.5
College	13	16.25
University	7	8.75
Total	80	100

Figure 4.3.1: Level of education



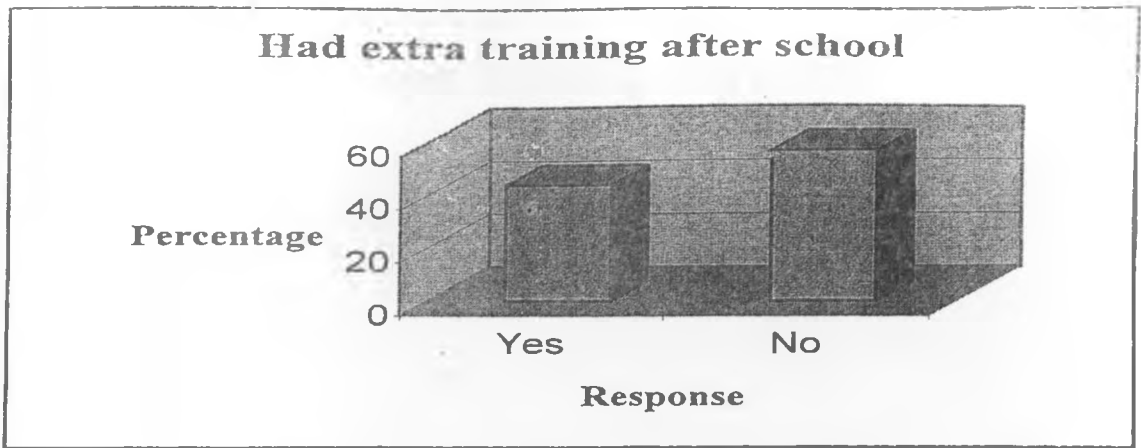
Unemployment levels are more prevalent among secondary school leavers by (37.5%) followed by primary school leavers where unemployment stands at 31.25%.university graduates are the least unemployed at about 8.75%.

4.3.2: Any extra training after school

Table 4.3.2: Any extra training after school

Response	Frequency	Percentage
Yes	35	43.75
No	45	56.25
Total	80	100

Figure 4.3.2: Any extra training after school



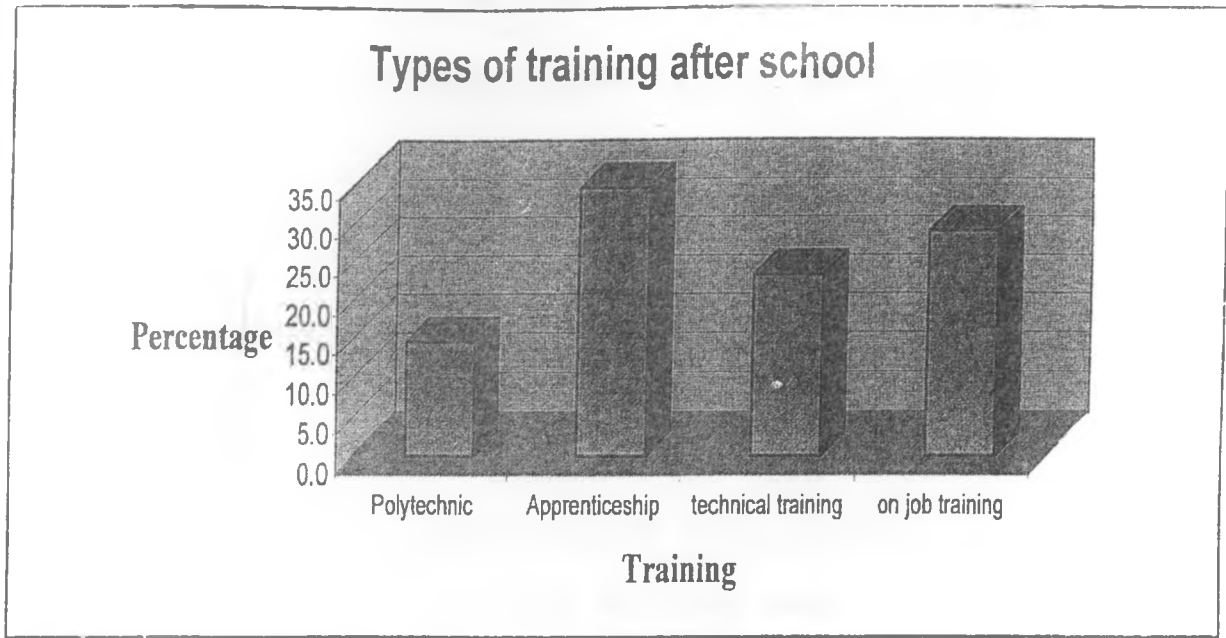
A majority (56.25%) of the school leavers did not receive extra training after school. This could explain the unemployment prevalence among the youth.

4.3.3: Types of training

Table 4.3.3: Type of training

Type of training	Frequency	Percentage
Polytechnic	5	14.3
Apprenticeship	12	34.3
technical training	8	22.9
on job training	10	28.6
Total	35	100

Figure 4.3.3: Type of training



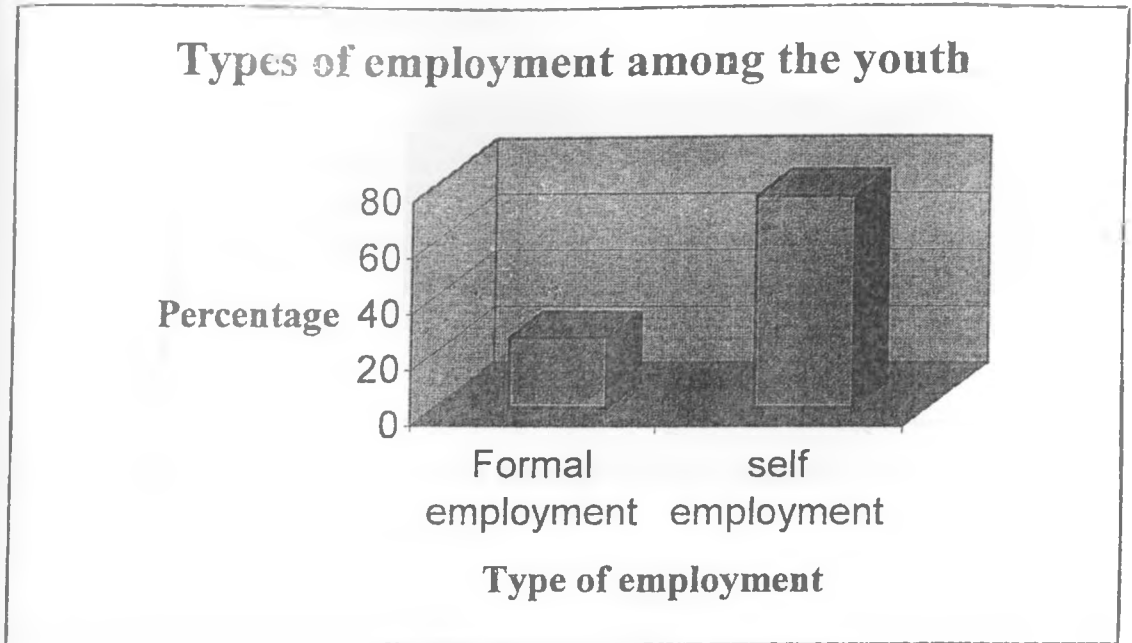
More people (34.3%) enter into apprenticeship after school as a form of after school training.

4.3.4: Types of employment among the youth

Table 4: Types of employment among the youth

Type of employme	Frequency	Percentage
Formal employment	20	25
self employment	60	75
Total	80	100

Figure 4.3.4: Types of employment among the youth



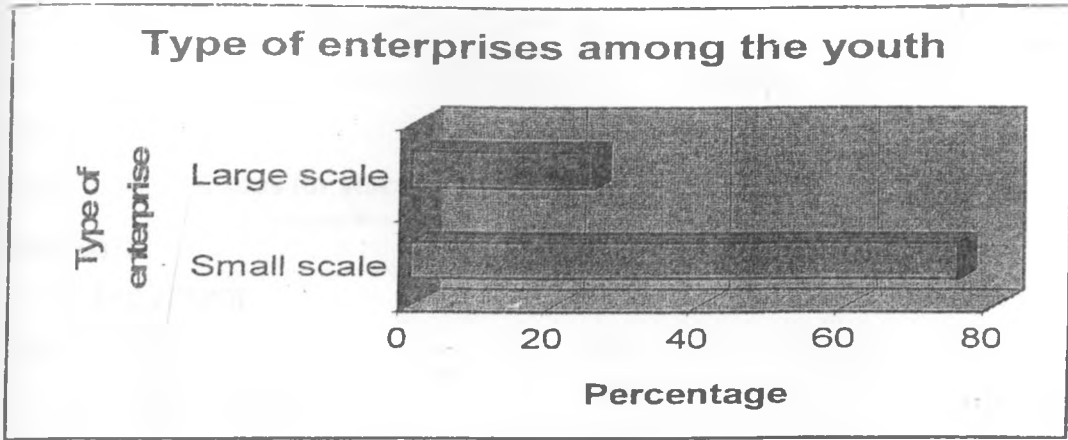
A very large number of youths in the Kibera slums rely on self employment as a means of livelihood. This is represented by 75% of the total sample size.

4.3.5 Type of enterprises among the youth

Table 4.3.5: Type of enterprises among the youth

Type of enterprise	Frequency	Percentage
Small scale	45	75
Large scale	15	25
Total	80	100

Figure 4.3.5: Type of enterprises among the youth



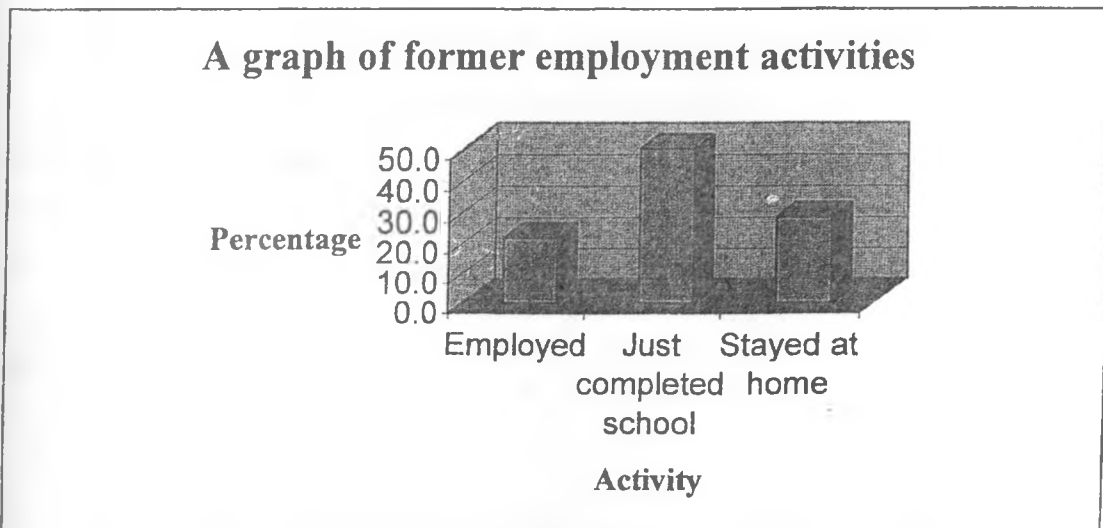
Of those youths in self employment, a majority (75%) hold small scale businesses. Only a few (25%) are in large scale business.

4.3.6: What were you doing before you joined this enterprise?

Table 4.3.6: What were you doing before you joined this enterprise?

Former economic activ	Frequency	Percentage
Employed	13	21.7
Just completed school	30	50.0
Stayed at home	17	28.3
Total	60	100

Figure 4.3.6: What were you doing before you joined this enterprise?

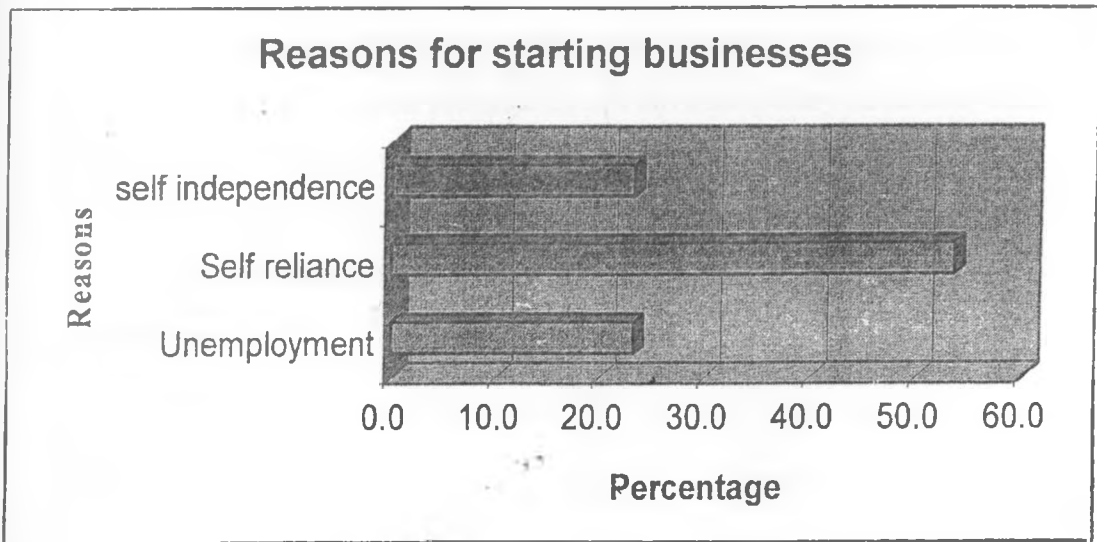


4.3.7: Reasons for Starting the Business

Here the respondents were asked to clearly state the reasons that led them to start business ventures as a means to their livelihoods. The response was as shown in the diagrams below.

Table 4.3.7: Reasons for starting the business

Reason	Frequency	Percentage
Unemployment	13	23.2
Self reliance	30	53.6
self independence	13	23.2
Total	56	100



Most of the youths (53.6%) in business made the choice in order to be self reliant.

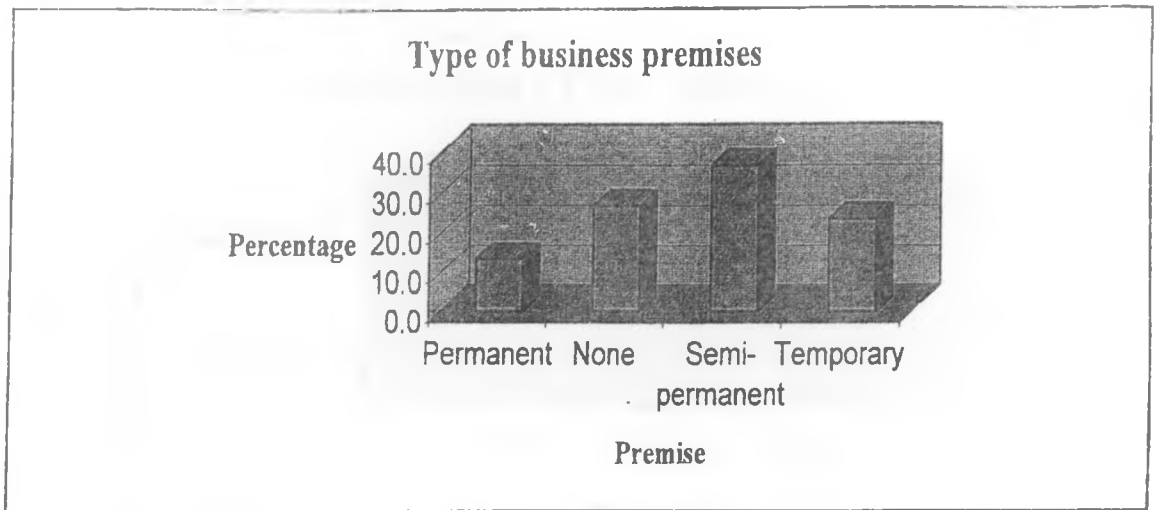
Unemployment and self independence were both (23.2%).

4.3.8: Business premise

Table 4.3.8: Business premise

Premise	Frequency	Percent
Permanent	8	13.3
None	16	26.7
Semi-permanent	22	36.7
Temporary	14	23.3
Total	60	100

Figure 4.3.8: Business premise



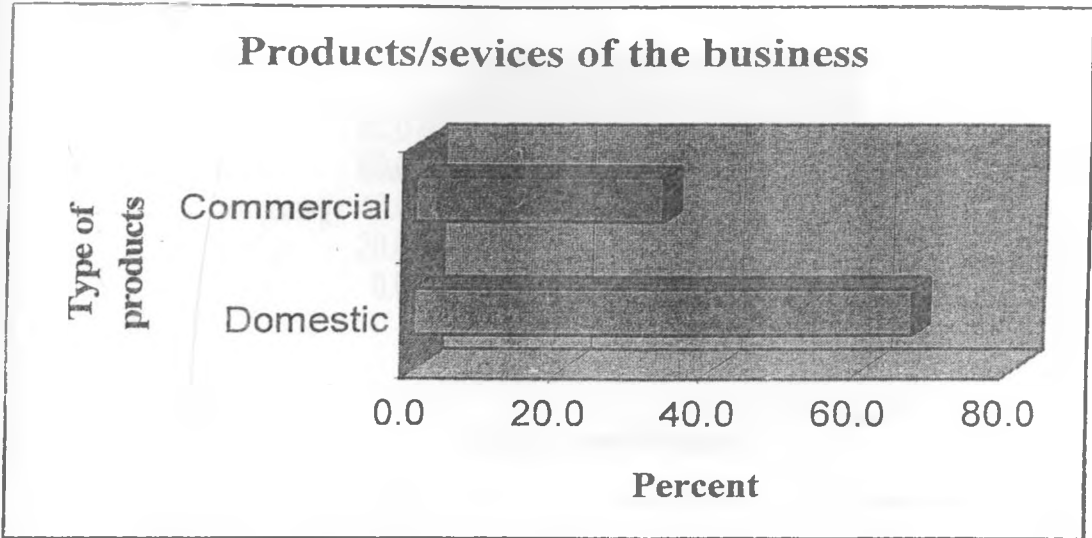
Thirty six point seven have semi permanent business structures. This is followed by 26.7%. who own no business premise. 23.3% have temporary structures while only 13.3% have permanent business premises.

4.3.9: Products/services of the business

Table 4.3.9: Products/services of the business

Type of products	Frequency	Percent
Domestic	40	66.7
Commercial	20	33.3
Total	60	100

Figure 4.3.9: Products/services of the business



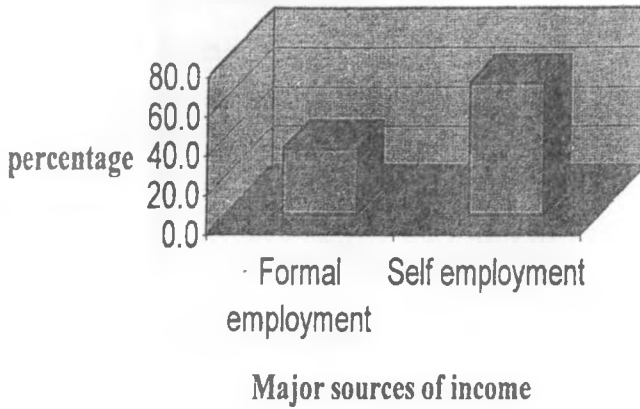
Domestic products composed 66.7% while commercial products constituted 33.3%.

4.3.10: Major income source

Table 4.3.10: Major income source

Income source	Frequency	Percent
Formal employment	20	33.3
Self employment	40	66.7
Total	60	100

The major sources of incomes for respondents



Self employment is a major source of income for youths (66.7%). Formal employment contributes (33.3%).

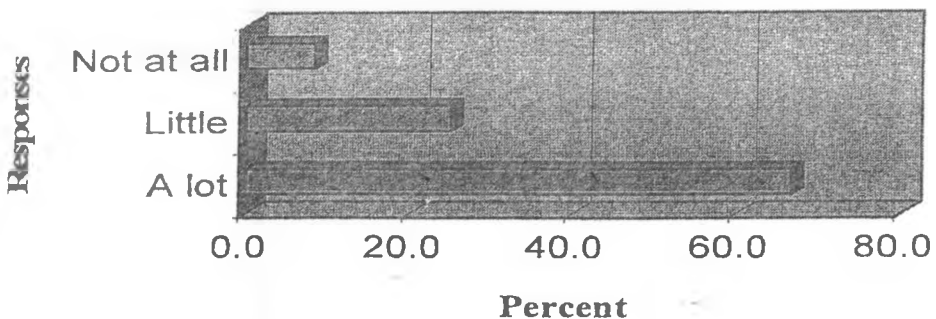
4.3.11 Level of income contribution by the business

Table 4.3.11: Level of income contribution by the business

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Level of contribution	Frequency	Percent
A lot	40	66.7
Little	15	25.0
Not at all	5	8.3
Total	60	100

Level of contribution to the family by the business



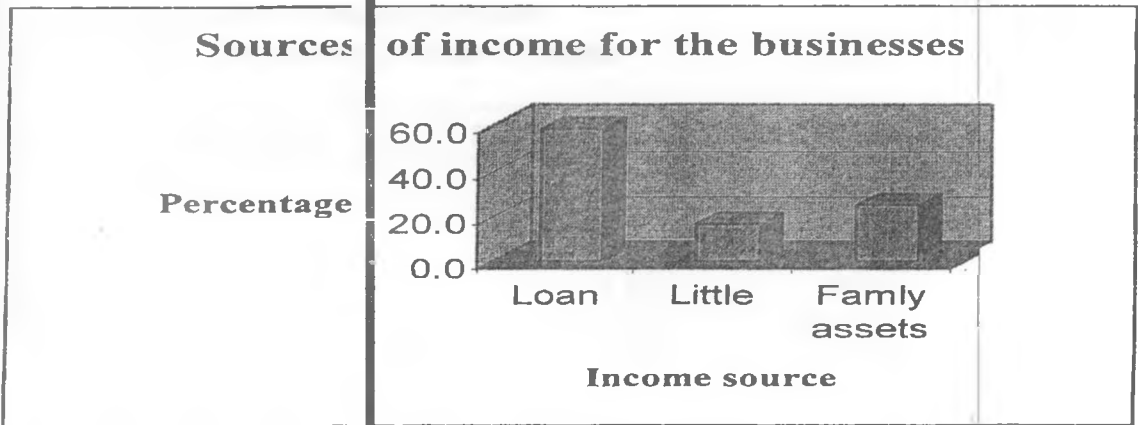
66.7% of the respondents consented that their business contributed a lot as an income source.

4.3.12: Sources of business finance

Table 4.3.12: Sources of business finance

Business income source	Frequency	Percentage
Loan	35	58.3
Little	10	16.7
Family assets	15	25.0
Total	60	100.0

Figure 4.3.12: Sources of business finance



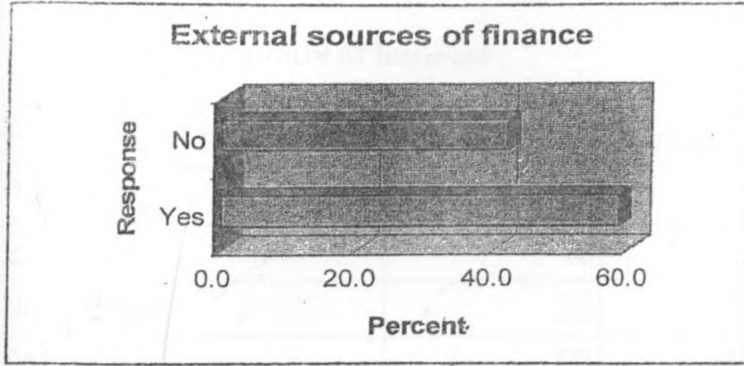
Loans form major sources of income (58.3%) to these businesses run by the youth.

4.3.13: External sources of finance

Table 4.3.13: External sources of finance

Responses	Frequency	Percent
Yes	35	58.3
No	25	41.7
Total	60	100

Figure 4.3.13: External sources of finance

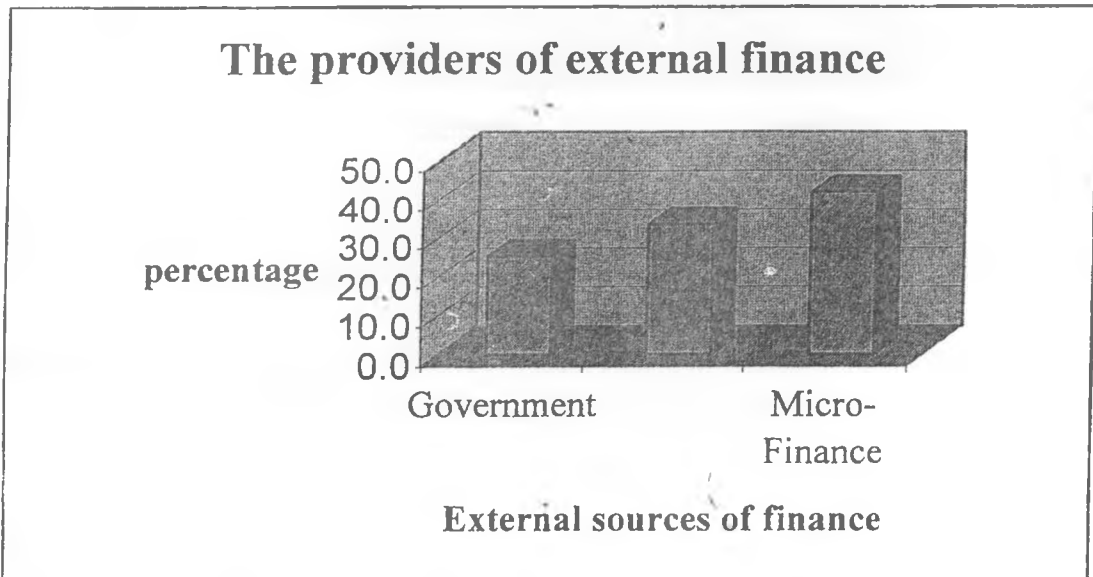


Those who received external financial aid for their businesses are (58.3%) while 41.7% did not.

4.3.14: The external sources of finance

Table 4.3.14: The external sources of finance

External sources	Frequency	Percentage
Government	15	25.0
NGOs	20	33.3
Micro-Finance	25	41.7
Total	60	100.0

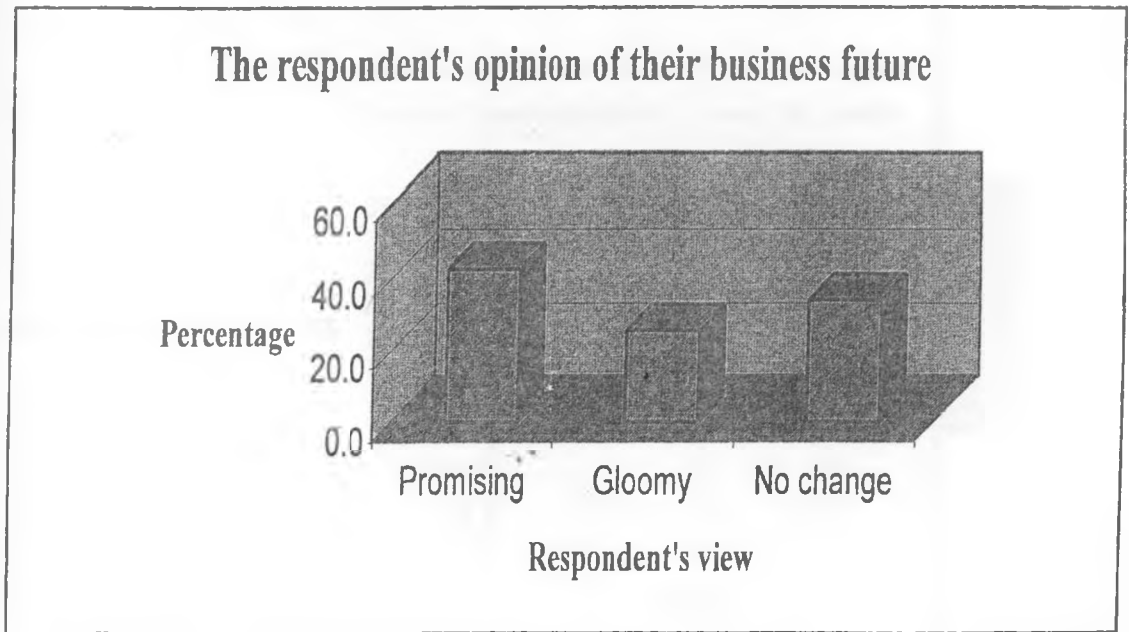


4.3.15: The future of business

Table 4.3.15: The future of business

Business future	Frequency	Percentage
Promising	25	41.7
Gloomy	15	25.0
No change	20	33.3
Total	60	100.0

Figure 4.3.15: The future of business

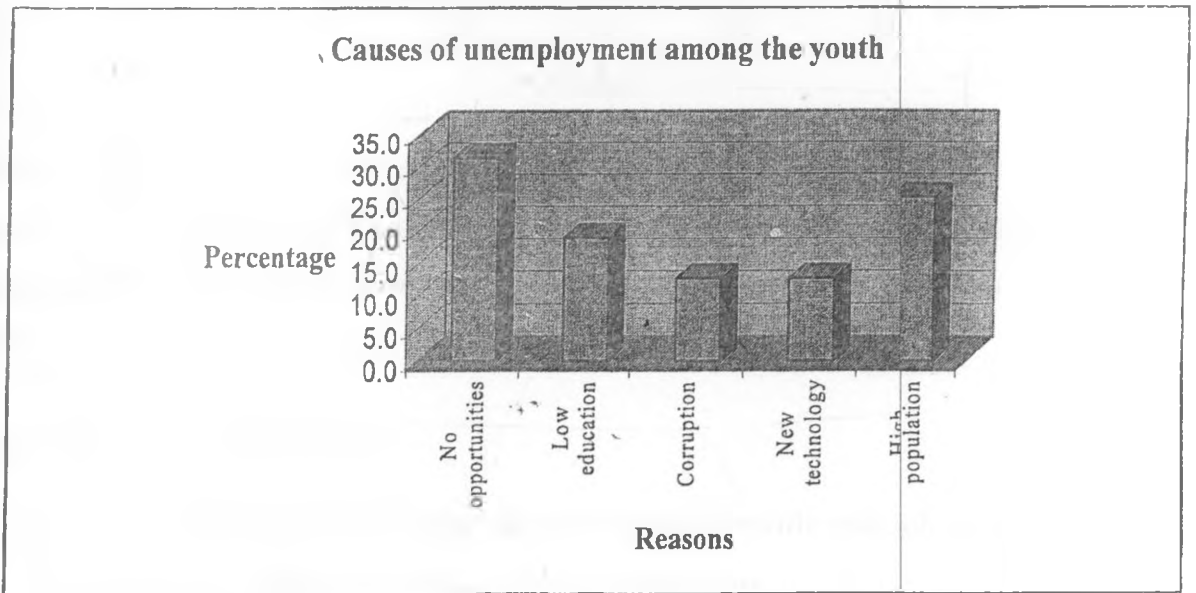


A significant number of respondents (41.7%) feel that their businesses stand to get better in the future. Another 33.3% do not expect any future changes whereas 25.0% thought that their businesses were headed for a gloomy future.

4.3.16: Major causes of unemployment among the youth

Table 4.3.16: Major causes of unemployment among the youth

Causes	Frequency	Percentage
No opportunities	25	31.3
Low education	15	18.8
Corruption	10	12.5
New technology	10	12.5
High population	20	25.0
Total	80	100.0

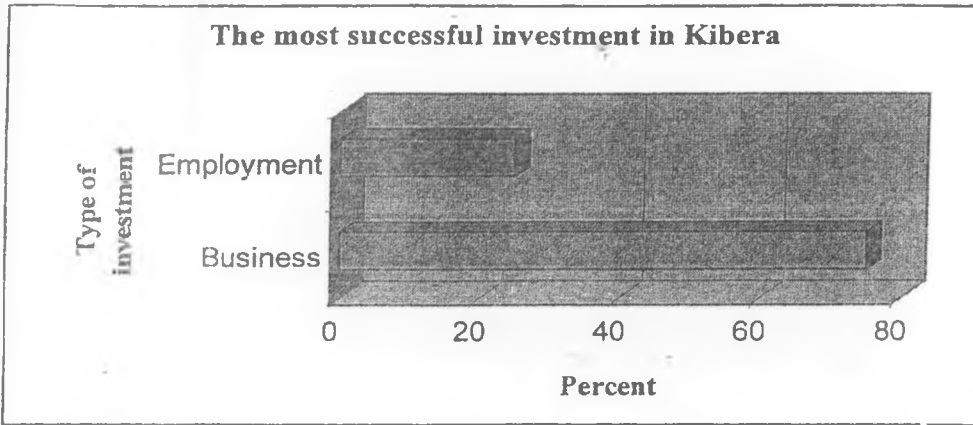


Most of the youths interviewed (31.3%) feel that the greatest cause of their unemployment is due to lack of job opportunities in the economy. Low levels of education accounts for 18.8% as a cause of unemployment. Population explosion is second to lack of job opportunities with contribution of 25.0%. Corruption and emergence of new technologies account for 12.5% each.

4.3.17: The most successful investment activity in Kibera

Table 4.3.17: The most successful investment activity in Kibera

Investment	Frequency	Percent
Business	60	75
Employment	20	25
Total	80	100



According to findings of this research Kibera slum youths feel that the most workable solution to the rampant job scarcity is business investment. This is attributed to 75% with regard to solving unemployment. Only 25% think that formal employment can solve their problem.

4.3 RESEARCH FINDINGS

The government and other stakeholders should provide enough funding to the people operating or interested in operating their own businesses at low interest rates. According to the research findings financial constraints were a major problem encountered by most entrepreneurs. Ample financial assistance at low rates would encourage many people to venture into business. Good credit facilities should be made accessible with minimal complications. This would attract large numbers into the informal sector, reducing the number of the unemployed.

The government should decentralize industries. Rural urban migration was as a result of unemployment. People move from rural to urban areas in search of jobs and they settle in slums since that is the place they can afford to stay and this leads to the growth of slums.

High population was found to be the one of the most important cause of unemployment. The government should come up with policies regulating population.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The main purpose of this study was to investigate the role played by small-scale enterprises in alleviating unemployment among the youths in Kibera slums. In the light of these findings, suggestions were made for possible solutions in curbing unemployment problem. In this chapter a summary of the findings as revealed by theory, literature review and data analysis will be given. The chapter will close with proposed changes and suggestions for further research.

5.2 CONCLUSION

The problem of unemployment currently requires a multi disciplinary approach when working for recommendations and solutions. Current trends of globalization, the replacement of human resources by new technologies and economic development in general need to be taken into considerations. The informal sector is a fast growing phenomenon in our country and plays a huge role in the livelihoods of people living in developing countries.

The research findings supported both alternative hypothesis that majority of the youths who live in Kibera slums are employed in the informal sector and small scale enterprises have created job opportunities for youths in Kibera slums. The null hypothesis in both cases were however rejected.

The first alternative hypothesis states that majority of the youths in Kibera are employed in the formal sector. It was supported by the data collected a percentage of 75% showed that most of the youth engage themselves in the activities of informal sector. There was a strong correlation between unemployed youths and engagement in informal sector.

The null hypothesis that state that majority of the youth engage in the formal sector was rejected because only a small percentage of 25% engage in formal employment and there was a weak correlation between youths and formal employment.

The second alternative hypothesis states that small scale enterprises have created job opportunities for the youths in Kibera. This hypothesis was supported by the data that showed 53.6% of the youths engage in small-scale enterprise to be self-reliant and 23.2% as a result of lack of employment.

The null hypothesis that state that small-scale enterprises leads to unemployment was strongly rejected by the research findings because the youths who are not employed in the formal sector sought informal sector for employment.

5.3 RECOMMENDATIONS

To promote and develop small-scale entrepreneurship, the government and other stakeholders have a major role in a number of ways:

1. The government should introduce policies that would promote the informal sector. One major policy would be reduction of competition. Small-scale enterprises experience competition from imported goods which are imported cheaply into the country, thus they may even sell

cheaper than locally manufactured goods, creating unfair competition. Thus, the government should impose high taxes on importation of goods that are locally produced to discourage importation and encourage the use of locally manufactured goods.

2. Education need to play a central role in combating unemployment (although education) alone does not create work places and employment). The education sector has the responsibility to prepare young mind for employment, but also the duty to infuse some youth minds with the necessary skills to find employment or even become entrepreneurs and employ themselves
3. Today most people attitudes are very negative towards the informal sector. Many people regard working in the formal sector as degradation and not prestigious, thus many avoid it (informal sector) at all costs. Also, we have a problem of people degrading locally produced goods and services provided by the informal sector. Thus many people will buy and opt for imported products as opposed to local products, reducing the market for goods produced in the local industry. It is therefore important for people to change their attitudes towards locally produced goods and services, and actually go for these as opposed to the imported ones.
4. The government should have a policy of supporting vocational training and employment creation programmes. Government would be well advised to also focus on the psychological strengthening of those currently unemployed. Stress is key role for psychological state of the unemployed. Their self esteem and signs of depression vary depending on their level of stress experience. Thus, it should be an aim to equip the

unemployed to cope with stress, and in doing so, also better equip them in finding a proper job or in becoming self employed. It cannot be expected of a person with low self esteem to become successfully entrepreneur or even just a productive employee. Psychological training programmes could be organized for unemployed people to strengthen their self-esteem and infuse confidence in their capabilities.

5. Psychological training programmes could assist those who want to become entrepreneurs and in particular, offer assertiveness training to them (e.g. How to assert oneself when applying for a bank loan, when dealing with suppliers customers who do not want to pay.
6. Training programmes in marketing skills could be offered, together with skills in the administration of ones own business, particularly the latter are often neglected by small business entrepreneurs and sooner or later the success of their business become undermined by lack of proper filing system, an efficient accounting system, manageable time schedules.
7. The government should improve the infrastructures in Kibera slums to make the roads passable by the entrepreneurs and their customers. The researcher found out that the infrastructures are very poor and it was difficult to get into the premises of he dwellers.

5.4 AREA OF FURTHER RESEARCH

This study was carried out in Kibera among the unemployment youths. The question remains open as to what unemployed people from other regions undertake in order to find unemployment and make a living. More research would be necessary and should target other groups such as unemployed women, unemployed university graduates or job seekers who actually have qualifications within Kenya constellation.

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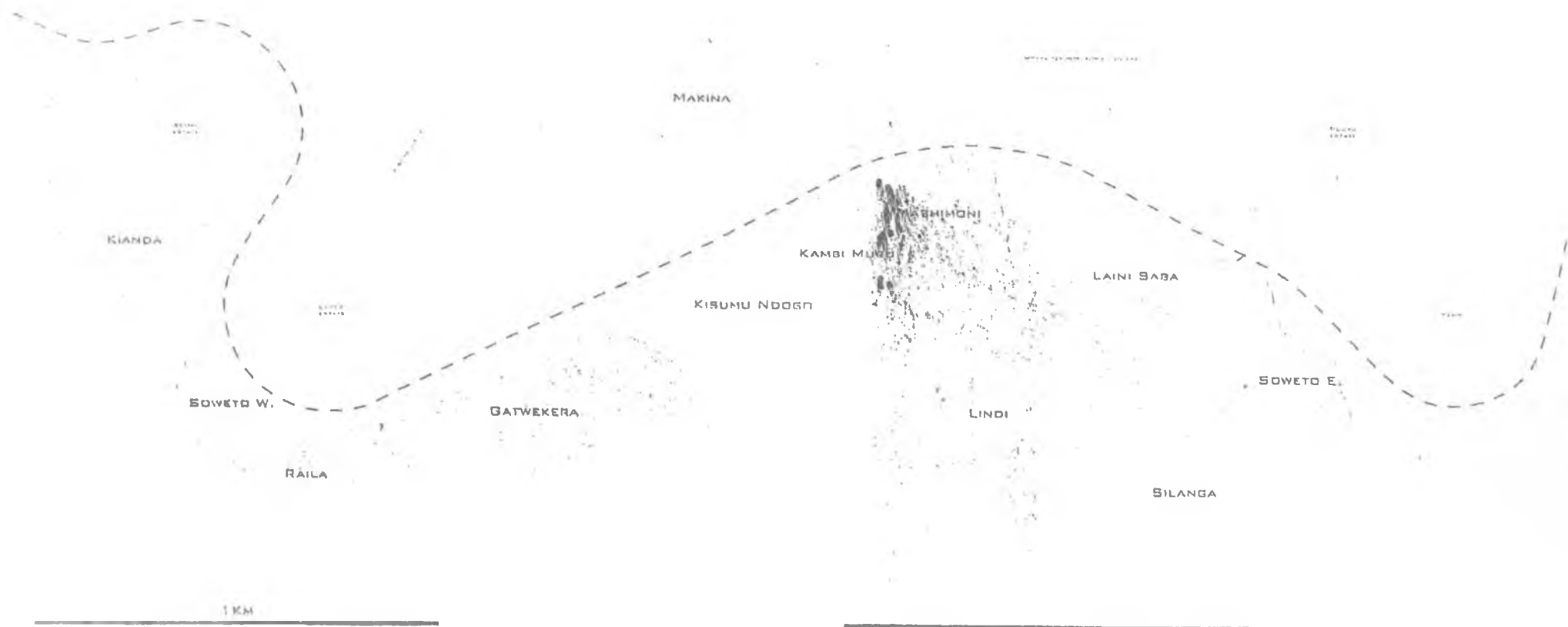
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CAROLINA FOR KIBERA

Appendix III

QUESTIONNAIRE

The contributions of small-scale enterprises in creating employment among the youths in Kibera slums.

Introduction

This study is a partial fulfillment of the requirements of my post graduate diploma in human resource management. It aims at establishing the role played by small-scale enterprises in alleviating unemployment among the youths. Your assistance in giving honest response will enable me come up with accurate findings.

Instruction: Tick (√) or fill where applicable

Please don't write your name on the questionnaire

SECTION A

General Questions

1. What is your gender?
Male ()
Female ()

2. Tick your age bracket
15-24 ()
25-34 ()
35-44 ()
45-54 ()
55 and above ()

3. What is your marital status?
Single ()
Married ()

4. Tick the category in which your number of children follows
None ()
1-4 ()
4-8 ()
Above 8 ()

5. (a) Which village do you live in Kibera slums ? _____

SECTION B

Unemployment among Youths

1. Level of formal education:

- Never attended school. ()
- Primary school ()
- Secondary school ()
- College ()
- University ()

2. (a) Have you had any other training or education since leaving school?

- Yes ()
- No ()

(b) If yes, what kind?

- Polytechnique ()
- Apprenticeship ()
- Technical training ()
- On job training ()
- Others specify ()

3. (a) Are you employed or self employed? _____

(b) If you are self employed, what type of enterprise do you have? _____

4. (a) What were you doing before you started this enterprise?

- Employed ()
- Just completed school ()
- Stayed at home ()
- Others,
specify _____

(b) Why did you start your own business? _____

5. (a) What type of structure is your enterprise?

- Permanent ()
- No structure ()
- Others specify _____

(c) Describe briefly, products/activities deal with in this enterprise

6(a) What is your major source of income?

Employment ()

Self employment ()

Others, specify _____

(b) How does it help your family?

A lot ()

Little ()

Not at all ()

7. How did you finance your business?

Loan ()

Savings ()

Family assets ()

Others, specify _____

8(a) Did you get financial aid from external sources in running your business?

Yes ()

No ()

(b) If yes, which are these sources?

Government ()

NGOs ()

Others, specify _____

9(a) Do you feel that such help benefits your business?

Yes ()

No ()

(b) Explain your answer _____

SECTION C

Small scale enterprises reduces unemployment

1. What made you start small scale entrepreneur

Unemployment ()

Self independence ()

Others, specify _____

2. How do you foresee the future of your business?

Promising ()

Gloomy ()

No change ()

Others, specify _____

3(a) Do you have any plans to ensure business survival and growth in the future?

Yes ()

No ()

(b) Explain your answer. _____

4(a) What do you think are the major causes of unemployment among school leavers? _____

(b) What do you think should be done to solve the problem of unemployment? _____

5(a) Briefly state the advantages of small scale enterprises.

(b) What are the disadvantages of small scale enterprises? _____

6(a) Do you have any income generating activity?

Yes ()

No ()

(b) If yes, explain _____

7. (a) Did you get a job immediately after leaving school?

Yes ()

No ()

(b) Explain your answer _____

8. In your opinion, which has been the most-successful investment activity in Kibera? _____

9. Give suggestions, on how to improve the development activities in Kibera slums. _____

