

**THE IMPACT OF CRIME ON BUSINESS PERFORMANCE IN KENYA: A CASE OF
SMALL SCALE AND MICRO ENTERPRISES IN GARISSA TOWN**

BY

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DECLARATION

This research project is my original work and has not been presented for a ward of a degree in any University.

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DEDICATION

I dedicate this research to my wife Elizabeth M Katiambo and our children for their love and support during the time of its development.

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TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	x
ABSTRACT.....	xi
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background to the Study.....	1
1.2 Statement of the Problem.....	3
1.3 Purpose of Study.....	4
1.4 Objectives of the Study.....	4
1.4.1 Broad Objective	4
1.4.2 Specific objectives of the Study.....	4
1.5 Research Questions	4
1.6 Research Hypotheses	5
1.7 Significance of the Study	5
1.8 Delimitations of the Study	5
1.9 Limitations of the Study.....	5
1.10 Assumptions of the Study.....	6
1.11 Definition of Significant Terms	6
1.12 Organization of the Study.....	6
CHAPTER TWO	8
LITERATURE REVIEW	8
2.1 Introduction.....	8
2.2 The concept of Crime and Insecurity	8

2.3 Implication of Crime and Insecurity on Business Performance in Kenya.....	8
2.4 Effect of Closing Early on Business Performance.....	10
2.5 Effect of Looting of Items on Business Performance.....	11
2.6 Extent to which employing security guards affect business performance.....	11
2.7 Strategies Employed to Counter Crime Rates	12
2.8 Government Policies on SMEs	12
2.9 Kenyan Government Policies on Security	14
2.10 Theoretical Framework.....	16
2.11 Conceptual Framework.....	17
CHAPTER THREE	18
RESEARCH METHODOLOGY	18
3.1 Introduction.....	18
3.2 Research Design.....	18
3.3 Study Population.....	18
3.4 Sample and Sampling procedure	18
3.5 Data Collection Instrument.....	19
3.6 Validity and Reliability of the Instrument	19
3.6.1 Validity of the Instrument.....	19
3.6.2 Reliability of the Study	19
3.7 Data Collection Procedure	20
3.8 Data Analysis	20
3.9 Ethical Consideration.....	20
CHAPTER FOUR.....	21
DATA PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSION.....	21
4.1 Introduction.....	21
4.2 Response Rate.....	21
4.3 Demographic characteristics of respondents	21
4.3.1 Age of the respondents.....	21
4.3.2 Gender of the Respondents	22
4.3.3 Education level of the respondents	22
4.3.4 Ethnic group of the respondents	22

4.4 The impact of crime on performance of SMEs.....	23
4.4.1 Extent to which Closing Early Affected SMEs	23
4.4.2 Extent to which looting and other crime affected the business	25
4.4.3 Extent to which Employing Security Guards affected Business Performance in Garissa Town	27
4.4.4 Strategies Employed to Counter Crime in Garissa Town.....	30
4.5 Discussion.....	31
CHAPTER FIVE	35
SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMEDATIONS.....	35
5.1 Introduction.....	35
5.2 Summary	35
5.3 Conclusions.....	36
5.4 Recommendations.....	37
REFERENCES.....	39
APPENDICES.....	43
Appendix 1: Introduction Letter	43
Appendix 2: Letter of NACOSTI	44
Appendix 3: Questionnaire for the Entrepreneurs	45
Appendix 4: Table for Determining Sample Size from a Given Population	48
Appendix 5: Table of reported crimes in Garissa, 2011	50
Appendix 6: Table of reported crimes in Garissa, 2012	51
Appendix 7: Table of reported crimes in Garissa, 2013	52
APPENDIX 8: Table of reported Death Cases due to Shootings/Blasts in Garissa, 2011	53
Appendix 9: Table of reported Death cases due to shootings/blasts in Garissa, 2012	54
Appendix 10: Table of reported Death cases due to shootings/blasts in Garissa, 2013	55

LIST OF TABLES

Table 4. 1: Distribution of Respondents by Age.....	21
Table 4. 2: Distribution of Respondents by Gender	22
Table 4. 3: Distribution of Respondents by Education Level.....	22
Table 4. 4: Distribution of Respondents by Ethnic group	23
Table 4. 5: How Closing Time Affected Business	24
Table 4. 6: Correlation between Early Closure and Business Performance at Garissa town.	24
Table 4. 7: Type of Crime Affecting Business	25
Table 4. 8: Respondents Perception on Impact of Looting on Business Performance	26
Table 4. 9: Correlation between looting of items and business performance at Garissa town	26
Table 4. 10: Statistics showing extent crime had affected business in Garissa	27
Table 4. 11: Respondents Perception on Impacts of Crime on Business Performance	27
Table 4. 12: Businesses Employing Security Guards in Garissa	28
Table 4. 13: Respondents Perception on Impact of Employing Security Guards on Business Performance	28
Table 4. 14: Correlation relationship between Employment of Security Guards and Business Performance at Garissa Town.....	28
Table 4. 15: Benefits of Employing Security Guards	29
Table 4. 16: Strategies Employed to Counter Crime	30

LIST OF FIGURES

Figure 2. 1: Conceptual Framework 17

LIST OF ABBREVIATIONS

CID	Criminal Investigation Department
DFID	Department for International Development (UK)
GDP	Gross Domestic Product
GSU	General Service Unit
KNCHR	Kenya National Commission for Human Rights
NIMES	National Integrated Monitoring and Evaluation Strategy
NGO	Non-Governmental Organization
SEWA	Self-Employed Women's Association (India)
SPSS	Statistical Package for Social Scientists
SME	Small and Medium Entrepreneur
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
USAID	United States Agency for International Development
WEP	Women Empowerment Program
WEDTF	Women's Entrepreneurship Development Trust Fund (Tanzania)
WWF	Working Women's Forum (India)

ABSTRACT

The purpose of this study was to determine the impact of crime on the performance of Small and Medium Enterprises (SMEs) in Garissa town. The study conducted in the month of July, 2013 was guided by four objectives revolving on the extent to which early closure affected business performance, the extent to which looting of items and employment of security guards affected business in Garissa and strategies to curb crime rates. A descriptive survey design was employed. The population consisted of all the estimated 500 people operating small businesses in Garissa. From the population of 500, a sample of 217 people was drawn from the population to constitute the sample size. Stratified random sampling was used to sample participants in the study. A questionnaire was used as data collection tool and was administered by research assistants to consented participants. The above study instrument was tested through a pilot study in five of the SMEs that were not to take part in the main study. Out of the 217 questionnaires given to the respondents, 217 were returned making the questionnaire return rate 100%. This was possible because the questionnaires were administered and the research assistants waited for the respondents to fill them and picked them immediately. Data was analyzed using SPSS (Statistical Package for Social Scientists) software and presented using frequency tables. Tests on data revealed that there was a significant direct relationship between closing early and business performance. This implied that closing early of the businesses affected the performance of businesses. The results led to rejection of the null hypothesis that early closing does not affect the performance of the businesses in Garissa town. There was a positive relationship between looting and business performance which was significant. This implied that the looting of items in Garissa town affected the performance of businesses. The results of the study led to the rejection of the null hypothesis that looting of business items did not affect business performance at Garissa town. Tests also showed that there was direct relationship between employment of guards and business performance which was significant. This meant that the employment of guards affected the performance of the business because even with the presence of guards the crime still persisted therefore business people incurred losses on paying the guards whose presence did not deter crime. From the results, business operators had adopted many strategies of countering crime in Garissa. This included closing the businesses early and dashing for safety, collecting intelligence information and passing it over to the security organs. The results confirmed that crime had affected Small and Medium Enterprises in Garissa town to an extent of 71% and even up to 99% for others. It is recommended that security should be beefed up so that businesses can open beyond 3.00 pm to give business persons/stakeholders ample time to trade their wares and maximise profit. Government security agencies should investigate root causes of crime in Garissa town and develop ways of fixing crime. Even though security guards had contributed little in fighting crime in Garissa, there is need for the government to react proactively and build capacity of the guards.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Small and Medium Enterprises (SMEs)- that employ up to 250 people- accounts for sixty-eight million careers in the European Union in 1995. Moreover, the data available reveal that in year 2003 SMEs in Kenya employed 3.2 million people and accounted for 18 percent of the national GDP. In Nigeria Small and Medium Enterprises account for ninety five percent of formal manufacturing activity and 70% of industrial jobs. In South Africa micro and small firms provided more than 55 percent of total employment and 22 percent of GDP in 2003 (Organization for Economic Cooperation and development, OECD, 2005). Despite the apparent significance associated with these firms and the numerous policy initiatives introduced by African governments during the past decade to accelerate the growth and survival of SMEs in the African region, the performance of SMEs in Africa has been disappointing. The mortality rate of SMEs in Africa remains very high (Business Time, 1990).

The small and micro enterprises (SMEs) play an significant role in the Economy of Kenyan. As per the Economic Survey (2006), out of the new jobs created in the year 2005, the sector contributed over 50%. Regardless of their importance, past statistics show that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). As per Amyx (2005), one of the most substantial challenges is the negative perception towards SMEs. Potential clients perceive small businesses as lacking the ability to provide quality services and are unable to satisfy more than one critical project simultaneously. Often larger companies are selected and given business for their clout in the industry and name recognition alone.

While Sessional Paper No. 2 of 2005 describes a Small and Micro Enterprises as an enterprise having employees ranging from 1 to 50, the World Bank outlines small and micro enterprises as that fits in one of the following criteria that is to say: (1) Business that has been formally registered (2) having an annual turnover of Kenya Shillings between 8 to 100 million (3) an having an asset base of Kenya Shillings 4 million or more and (4) having 5 to 150 employees. Generally the MSME Bill 2011 has used 2 criteria to describe SMEs in that is: (a) the number

of the employees and (b) annual turnover of the company's. The definition takes into account the investment in plant and machinery as well as the registered capital, for enterprises in the manufacturing sector.

As per the Kenya's blue print and Vision 2030 (strategy for development) that purposes to make Kenya a newly-industrializing developing country with a capability of providing a high-quality life for all its people by the year of 2030; Kenya's competitive advantage lies in agro-industrial exports. For greater performance of the manufacturing sector, one strategy embraces strengthening SMEs in order to become the key industries of tomorrow. This, as per Kenya's Vision 2030, can be done by improving the productivity and innovation of the (SME). Vision 2030 therefore suggests that there is a need to enhance science, technology and innovation in the sector by increasing investment in development and research. Vision 2030 sees one key strategy to small and micro enterprises development as being the small and micro enterprises Parks development in Kenya.

On the example of a country having a clear policy on small and micro enterprises its Japan. The purpose of policy is to provide support to small and micro enterprises and venture companies. Developing infrastructure and technology for Japanese industry and supporting the industrial foundation of Japan by processing materials and supporting parts is the basis into which policy on small and micro enterprises is grounded on. Promotion of local economies through job creation is one of the major roles of SMEs.

For many developing countries, research and scholarly studies on SME sector is limited. The 1999 National Baseline Survey conducted by Central Bureau of Statistics (2007) delivers the recent inclusive picture of SMEs in Kenya. Mead (1998) noted that the health of the economy as a whole has a strong association with the health and nature of SMEs sector. By contrast, there are limited opportunities for profitable employment expansion in SMEs when the state of the macro economy is less favorable. This is true particularly for the small and micro enterprises that have linkages to larger enterprises and the economy as a whole. With this scenario, comprehending the dynamics of small and micro enterprises is essential not only for the support programs for SMEs development, but also for the economy growth at large. Given the importance of small businesses to the Kenyan economy and the exposure to risks owing to their location, there was

need to conduct an empirical enquiry to investigate the challenges SMEs in Nairobi face and how they manage those challenges.

The menace to peace and insecurity in the 21st century comprise not only international war and conflict, but civil violence, planned crime and terrorism (Kenya National Commission on Human Rights, 2007). Crime and insecurity have gained recognition as development constraints within 'non-conflict' situations. Increased incidences of crime disturb security and create and provoke a situation of insecurity. The question of crime and security is reflected in the concerns of ordinary citizens within the Kenyan context. As per the Kenya Poverty Reduction Strategy Paper, one of the key issues that have been identified by many Kenyans communities as a source of poverty is insecurity. Supporting this statement, the Kenya Economic Recovery Strategy for Employment 2003-2007 (2003), argues that in order to address safety, insecurity and rule of law are fundamental if we are to achieve economic growth. This is in addition to the contribution of efficient enforcement of law, the maintenance of public safety and promising of law and order which is important to growth of the economic growth and life improvement.

1.2 Statement of the Problem

One of the key obstacles to the realization of the vision 2030 will be high crime rates as suggested by Kenya National Commission on Human Rights (2005) through their research findings which indicated that high rates of crime affects businesses and consequently economic development. The statistics in the Crime and Inquest registers at Garissa police station by 20th April 2013 showed that between January 2011 and April 2013 there were over 80 (eighty) cases of death reported. These deaths were indicated to have been for the people/patrons killed as they bought from the shops, hotels or bars in Garissa town. There were also about 300 (three hundred) theft cases reported during the same period of time (Kenya police Garissa crime registers 2011, 2012 & 2013). This is an indication that the crime rates in Garissa town had been on increase. These high cases of death and theft targeting business owners and their customers prompted this research to be conducted to establish the impact of crime on business performance in Small and Medium Enterprises in Garissa town.

1.3 Purpose of Study

The purpose of the study was to establish the impact of crime on the performance of small scale and micro enterprises in Kenya with a view to recommend ways of alleviating crime for the benefit of SME traders and customers at Garrisa town. The same may be applied to other towns with the same scenario.

1.4 Objectives of the Study

This study was guided by one broad objective and other specific objectives as follows:

1.4.1 Broad Objective

The broad objective of the study was to establish the impact of crime on the performance of the small scale and micro enterprises in Garissa town.

1.4.2 Specific objectives of the Study

- i. To establish the extent to which closing early affects business performance at Garissa town.
- ii. To establish the extent to which looting of items affect business performance at Garissa town.
- iii. To establish the extent to which employing security guards affect business performance at Garissa town.
- iv. To establish the strategies employed by small and micro-enterprises in countering the crime rates in Garissa town.

1.5 Research Questions

- i. To what extent does closing early affect business performance at Garissa town?
- ii. To what extent does looting of items affect business performance at Garissa town?
- iii. To what extent does employing security guards affect business performance at Garissa town?
- iv. Which strategies are employed by small and micro-enterprises in countering the crime rates in Garissa town?

1.6 Research Hypotheses

The following Null hypotheses were tested:

H₁: There is no relationship between closing early and business performance at Garissa town

H₂: Looting of items business items does not affect business performance at Garissa town

H₃: Employment of security guards does not affect business performance at Garissa town

1.7 Significance of the Study

The study may be beneficial to a number of business stakeholders in Garissa town. The police department may use the findings of the study to come up with the strategies that may help the business people to safe guard their property. The business owners may use the finding of the study to come up with the strategies that can help them counter crime in Garissa town. There should be development of viable policy interventions and strategies to improve the growth of SMEs in Garissa town. The study also may serve as reference point for researchers interested in SMEs.

1.8 Delimitations of the Study

This study focused on all persons operating small and micro enterprises in Garissa town.

1.9 Limitations of the Study

This study experienced limitations such as time constraint because there was limited time to carry out the study. However, the researcher sought the help of the research assistance to help in data collections as a strategy of saving time. The other limitation was language barrier. This happened because 5 (2%) SMEs owners could only understand native Somali language. To counter this, researcher engaged research assistants from the community in order to understand the language of SME owners and thereafter translated the same for the benefit of research. Finally, some of the respondents initially had been hesitant to participate in the study for fear of further attack of their businesses; however, the researcher did thorough introduction with the help of authority letter from National Council of Science and Technology to convince them to participate in the study.

1.10 Assumptions of the Study

One of the assumptions of the study was that the high crime rates in Garissa town affected SMEs in the area. The other assumption was that the respondents gave genuine responses that helped in establishing the impact of crime on business performance in Garissa town. The other assumption was that insecurity in Garissa did not affect data collection.

1.11 Definition of Significant Terms

Crime: it is an index of lawlessness and disintegration of social order.

Looting: It is plundering during riots or in wartime.

Micro finance: refers to the provision of financial services to low-income clients, including consumers and the self-employed.

Policy: A line of argument rationalizing the course of action of a government, an individual or social group.

SMEs: Stands for Small and Micro Enterprises. It is defined as an enterprise with between one and fifty employees (Kenyan Sessional Paper, 2005).

Security: This is being free from anxiety as well as danger, being free to enjoy rights.

Security Guards: a guard who keeps watch of property, caretaker or custodian

Closing early: ending business before usual time (less than 8 hours a day)

Strategies: elaborate and systematic plan of actions.

1.12 Organization of the Study

The study was ordered in five chapters. Chapter one dealt with the general introduction of the research that includes the background, research problem, study objectives, research questions, hypotheses, significance of the study, limitations and delimitations, assumptions, definition of significant terms and the organization of the study. Chapter two dealt with review of related literature that is divided into concept crime and insecurity, implication of crime and insecurity on business performance in Kenya, effect of closing early on business performance, effect of looting

of items on business performance, extent to which employing security guards affect business performance, strategies employed by business operators, government policies on SMEs and security, theoretical frame work and the conceptual framework.

Chapter three deals with research methodology this outlines the methods used in gathering data, the respondents of the study, the sampling technique, and data collection instrument used, validation of the instrument, administration of the instrument and the statistical treatment of data that was gathered, and how this data was analyzed. Chapter four dealt with presentations of the research findings, how data was analyzed, interpreted and discussed. Chapter five provides the summary of the findings, conclusion and recommendations of the study. This is followed by references and appendices.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature related on the impact of crime on the performance of SMEs. It was divided into the following parts: the concept crime and insecurity, implication of crime and insecurity on business performance in Kenya, effect of closing early on business performance, effect of looting of items on business performance, extent to which employing security guards affect business performance, strategies employed by business operators, government policies on SMEs and security, theoretical frame work and the conceptual framework.

2.2 The concept of Crime and Insecurity

According to Mwanguri and Oculi (2006), crime can be defined as the desecration of criminal law that forms the basis of application of formal penalties by various government authority. In Kenya, crime is classified into two broad groups that include; serious offences that comprise of burglary, robbery, rape, murder and arson. The second class is Non-serious offences that comprise of minor crimes.

According to Mwanguri and Oculi (2006), the crime can be subdivided into covert and overt crimes. Overt crimes are identified easily since they encompass the psychological or physical injury to other people. Crimes types that are included in this group comprise, armed robbery, homicide, attempted murder, carjacking and rape. Less visible covert crimes include corruption and economical crimes. On the other hand, security is wide-ranging, contested and complex concept; it depends on who outlines it and in which setting.

2.3 Implication of Crime and Insecurity on Business Performance in Kenya

The incidences of crime and insecurity have inferences on the social, economic and cultural fabric of society. High incidences of crime economically deter investment and increase business cost by employing security guards or self-protection. In addition, crime inflicts pain, death, property destruction or loss through theft or looting and curtails freedom leading to early closure of business premises. High occurrences of crime and an impending sense of insecurity/perceived crime have led to an increase of private security as more organizations and individuals seek to ensure their personal safety and that of their property. Additionally, a lot of people get firearms,

moreover fueling the trade in illegal arms as people lose faith in government security agents. In towns continued occurrences of crime generate fear and urban disintegration, decrease the trust between the members of the community and leads to protection of localities (Singo, Wairagu, & Kamenju, 2004).

Commonly in Kenya today, there are gated estates in which a lot of localities have had engaged the engagement of watchmen and security personnel services. The result of sense of insecurity in borders-living communities is underdevelopment. These areas with increased conflicts are characterized by little or no infrastructural development. For example, in North Rift, this led to increase in levels of illiteracy as a result of lack of educational facilities and high mortality rates because the health facilities are undeveloped (Singo et al., 2004).

The post-electoral violence that erupted soon after Presidential results for the 2007 general elections clearly illustrated the effects of a crisis of insecurity in Kenya. Virtually most social and economic sectors of Kenya's development bore the brunt of the violence; these sectors included education, transport, agriculture, business sector, research and development, trade and infrastructure. However, the biggest and most devastating effects included loss of lives (over 800 killed) and displacement of people (over 300,000 reported to date). This resulted in the creation of a humanitarian crisis as the massive number of displaced people required food, clothing and shelter. Displaced victims were also vulnerable to diseases (*Draft 1 of National Policy on Peace building and Conflict Management*, 2008). Exacerbating the crisis was the resistance of many of the displaced to go back to their homes due to the impending sense of insecurity (*The Daily Nation*, 2008).

In addition, massive destruction of property such as residential buildings, retail and commercial property affected residents and business owners alike. Skirmishes in informal settlements of Kibera, Huruma, Dandora and Kariobangi destroyed small businesses mainly owned by the poor and middle-income earners. It was predicted that rural and urban poverty levels were bound to increase due to impending job losses as a result of destroyed business infrastructure, disruption of agricultural activities and tourism due to the violent skirmishes, both national and international investors lost business opportunities (*The Standard*, 2008).

Another casualty of attacks was infrastructure; this included the Kenya railways, telecom exchange and roads in certain sections, with destruction of these facilities it was estimated to cost the government billions of shillings in repairs. A sense of anomie was clearly evident and businesses in towns and cities of Kisumu, Eldoret, Mombasa, Nairobi, Eldama Ravine, Kilgoris and parts of Central provinces reported huge losses. This was as a result of massive looting and destruction of property (The Standard, 2008). Given the importance of small businesses to the Kenyan economy and the exposure to risks owing to their location, there was need to conduct an empirical enquiry to establish impact of crime on SMEs performance at Garissa town.

2.4 Effect of Closing Early on Business Performance

The incidences of crime and insecurity have consequences on the economic, social and cultural fabric of society. High occurrences of crime economically, prevent venture and increase the cost of business by employing security guards/ self-protection. Additionally, crime imposes pain, property destruction, death or loss through theft or looting and curtails freedom leading to early closure of business premises. High occurrences of crime and an impending sense of insecurity/perceived crime have led to an increase of private security as more organizations and individuals seek to ensure their personal safety and that of their property. Additionally, a lot of people get firearms, moreover fueling the trade in illegal arms as people lose faith in government security agents. In towns continued occurrences of crime generate fear and urban disintegration, decrease the trust between the members of the community and leads to protection of localities (Singo, Wairagu & Kamenju, 2004).

The closure of business incurs financial losses which may powerfully impact the probability of resume and much depends on who incurs the financial loss (Krkoska & Robeck, 2009). If the loss is incurred by various stakeholders such as shareholders, banks, public institutions or suppliers, the financial loss is more public and can be more difficult for the entrepreneur to move on from and to create a subsequent venture (Krkoska & Robeck, 2009). However, failure may also have physical consequences, including hospitalisation, insomnia and weight loss. These physiological effects correspond with those who have endured other forms of loss including bereavement and involuntary job loss

2.5 Effect of Looting of Items on Business Performance

During post-election violence in Kenya in 2008, billions worth of investment in Kisumu were lost due to destruction and looting, key services that had most been affected included retail businesses, the fishing industry, transport, banks and research and development initiatives. In Eldoret, commercial and business activities were also under threat; the chaos had seen a massive exodus of traders and investors ((The *Standard*, 2008). Many crimes in Kenya are associated with poverty. Misconducts like insignificant thieving, burglary and raiding include most of the commonness reported to police stations (Kenya Police Service Strategic Plan, 2007). As per the misconduct statistics for the year 2004, 2005 as well as 2006 the crimes that contributed to more offenses included robbery with 15.8%, felonies with 10.9% and burglary which accounted for 8.7% of all wrongdoings that were committed in these three years. In addition, the nature of criminal activities is changing with more and more crime being committed in groups as opposed to individuals who fall in the above-mentioned offences. This has been attributed to the emergence of gangs, vigilante groups and rampant banditry in the more remote areas of the country (*Kenya Police Strategic Plan*, 2007).

A sense of anomie was clearly evident during post-election violence in Kenya in 2008 and businesses in towns and cities of Kisumu, Eldoret, Mombasa, Nairobi, Eldama Ravine, Kilgoris and parts of Central provinces reported huge losses. This was as a result of massive looting and destruction of property (The *Standard*, 2008).

2.6 Extent to which employing security guards affect business performance.

Crime and insecurity has been exacerbated by the low priority accorded to security by government. This is demonstrated by the low allocation of resources, the police sub-sector and other security agencies only receiving 3% of the national budget, police numbers is also low in relation to the size and dispersal of the total population. Furthermore, security agents have also been seen as a source of insecurity, with corruption within the justice system contributing to a general climate of lawlessness (*Kenya Police Strategic Plan*; 2007).

Commonly in Kenya today, there are gated estates in which a lot of localities have had engaged the engagement of watchmen and security personnel services. The result of sense of insecurity in borders-living communities is underdevelopment. These areas with increased conflicts are

characterized by little or no infrastructural development. For example, in North Rift, this led to increase in levels of illiteracy as a result of lack of educational facilities and high mortality rates because the health facilities are undeveloped (Singo *et al.*, 2004).

2.7 Strategies Employed to Counter Crime Rates

According to the rational choice theory which aides and gives emphasis on the situational crime prevention it notes that situational crime prevention comprises of measures for opportunity-reducing that: directed at highly specific forms of crime, design or manipulation of the immediate environment in systematic, involve management and permanent ways, making crime more risky and difficult, or less rewarding and excusable as judged by a wide range of offenders (Clarke,1997).

Instead of responding to the crime after the fact, the crime prevention focuses on specific ways of modifying the physical and social environment (Homel, 1996). The variations to the physical environment comprise of measures like: building design and better streetscape, improvement of public spaces lighting, alarms and deadlocks installations, identification and marking property, and green belts creation and calming traffic (Homel, 1996). There are attempts made outspread the surveillance range of locality activities, by involving measures like: neighborhood watch committee's establishment, employing private security guards in homes and industries, anti-racist/anti-fascists organizations and community watch committees to stop harassment by the police (Homel, 1996). Directing enhanced residents' involvement programs that are not centered on crime comprise for example recreation programs and sports, needle exchange programs and AIDS counseling, local initiatives for employment funded by government donations and campaigns against poverty and unemployment (Homel, 1996).

2.8 Government Policies on SMEs

As per the Kenya's blue print and Vision 2030 (Strategy for Development) that purposes to make Kenya a newly-industrializing developing country with a capability of providing a high-quality life for all its people by the year of 2030; Kenya's competitive advantage lies in agro-industrial exports. For greater performance of the manufacturing sector, one strategy embraces strengthening SMEs in order to become the key industries of tomorrow. This, as per Kenya's Vision 2030, can be done by improving the productivity and innovation of the (SME). Vision

2030 therefore suggests that there is a need to enhance science, technology and innovation in the sector by increasing investment in development and research. Vision 2030 sees one key strategy to small and micro enterprises development as being the small and micro enterprises Parks development in Kenya.

On the example of a country having a clear policy on small and micro enterprises its Japan. The purpose of policy is to provide support to small and micro enterprises and venture companies. Developing infrastructure and technology for Japanese industry and supporting the industrial foundation of Japan by processing materials and supporting parts is the basis into which policy on small and micro enterprises is grounded on. Promotion of local economies through job creation is one of the major roles of SMEs. There has been a long journey towards policy formulation for the SME by the Government of Kenya. The commitment by the government to adopt the growth of MSEs appeared among the important strategies in the 1986 report: Economic Management for Renewed Growth. It was strengthened as a priority in the 1989 report, The Strategy for Small Enterprise Development in Kenya: Towards the Year 2000. This report set out the mechanisms for constraints removal to growth of the Medium sized firms sector. The government published the MSE policy report in 1992, , Sessional Paper No. 2 Small Enterprises and Jua Kali Development in Kenya. The review of the report was done in 2002, which led to a new policy framework that provided a balanced focus to development of SME in line with the national goals of promoting growth, creation of employment, generation of income, reduction of poverty and industrialization.

Undoubtly, SMEs are the economy drivers in Kenya. They hire around 80 per cent of the total employment outside the small-scale agriculture in the country. However, their operations have been lightly understood in relation to source of capital, ownership and the main encounters that they come across as they boost economy growth of Kenya. This is one of the reasons why they need to be supported to advance from their present state.

Entrepreneurs apprehending that the contemporary crushing scarcity doesn't offer may be the capacity to emphasize and improve their initiatives for their concern is satisfying their basic needs like food, shelter and sustenance, divergence of policy proposals reduction and the reality on the ground then, is possibly the outstanding policy challenge that stands in the way of Kenya

gaining the full benefits other countries such as India and Brazil are currently enjoying as a result of a vigorous SME sector.

The Government being the only regulator and licensor plays a critical role in development of small and micro enterprises via different ministries, departments and state corporations. In the journey towards vitalizing a well-oiled small and micro enterprises sector, the Kenya Local Government Reform Programme (KLGRP) has particularly been relevant. This was prompted in 1999 with a thoughtful policy priority that focused on poverty and unemployment reduction in line with fast-tracking growth of the economy.

As per the Report (2007) by Kenya Women Finance Trust (KWFT), 'Enhancing Access to Finance for small and micro enterprises: International Good Experiences,' obstacles removal so as to access finances for small and micro enterprises requires that commercial banks, micro-credit institutions, community groups and Business Development Service (BDS) institutions closely work together. Making up for lack of capacity and costs reduction by more efficient division of labor can be achieved by pushing financial bodies and BDS supplier's agreements.

The efforts by the Government have also been steadfast. The government proposal to set up a rotating fund to provide low interest loans to SMEs is another red signal to commercial banks to lend on easier terms. This the governments' move to support growth in small and micro enterprises sector is a new re-awakening based on what can be viewed as a steady awareness of the intrinsic abilities in the sector in spurring economic growth (KWFT report 2007).

2.9 Kenyan Government Policies on Security

Development plan for Kenya, the Vision 2030 blueprint (2008), foresees a free from danger society (i.e direct or physical violence protection) and fear (overall security and sense of being secure). It recognizes safety and security as the main element in the direction and human settlement and investment pattern. In isolation, security remain to be important to stability of the nation, development and growth. The Constitution 2010 recreates security architecture to meet these aspirations.

The Kenyan Constitution (2010) notes that national just like other fundamental rights and freedoms found in the Bill of Rights, security is a right. As per Vision 2030 and the constitution

forms the basis for the reforms in the security sector, despite the sector reforms being long unsettled earlier than the period the two pamphlets came in to shape the security policy plan among others.

According to Kenya Police Service Strategic Plan. Draft 2. 2003-2007 (2003), institutions of security are still experiencing reformation so as to attain the legitimate necessities and this has dictated the development of new institutions in an aim to bring about a new reform in the security service system. For example, National Police Service Commission was developed and given the mandate to manage, regulate and supervise the patrolling services in Kenya.

Through the Independent Policing Oversight Authority, increasing number of police officers in line of duty have enabled the establishment of oversight mechanisms. There was also a restructuring of structure of the command by putting all police units under one commander an inspector general, with their deputies being in charge of administrative police and Kenya police units so as to enhance clarity in command. (Kenya Police Service Strategic Plan. Draft 2. 2003-2007 (2003).

In the draft, there has been a devolvement of systems of policing to provide the county commander of police with the deputies for administrative police and Kenya police units. To establish a platform for the public and ordinary citizenry engagement in the national securitization, providing community policing as the component of police governance was particularly targeted. According to the draft, the well-organized forces deal with ever-increasing prospects on their requirements of security services is urgent. The porous borders of Kenya's along Somalia, Ethiopia, South Sudan and Uganda has dictated increased small arms propagations all over the Nation.

At an increasing rate the misconduct in the Kenya has amplified, even as money filtering and illegal drugs trade remain on the rise. The illegal bands are progressively winning up the characters of the safety agencies in supply and administration of security services. Marginalized places have continued to be targets for brooding of these criminal gangs, as the citizenry unceasingly become exposed to practical terrorizations to their security and safety.

National security intimidations remain multifarious as the economy grows into more complex with the focus on vision 2030 realization. As such, the potential reorganization of Al-shabaab with their sympathizers remaining a real problem. Combination of this with the co-existence with weak states like Uganda, South Sudan and Somali, Nations which allow existence of resistance remnants out to recruit from among Kenyan Youth for their anti-state agenda. There is a strong haven for the young men and women changeover to offenders who impend the peace and national stability as a result of the ever-increasing youth unemployment. Appearance of irredentist groups like Mombasa Republican council particularly in the framework of county governance generates a likelihood of counties challenging to be separated from the main country Kenya.

The oil and coal discovery among other previous natural resources poses new emerging encounters to security in the future, than it is today. The small arms and light weapon proliferation is among the biggest security challenges facing Kenya currently. The trafficking and wide obtainability of the weapons, fuel instability and conflict, pose a threat, not only to security, but also to sustainable development. The widespread propagation of small arms backs to alarming levels of armed crime, in both rural and urban areas, which aggravates armed cattle rustling and conflicts in pastoralist areas (Kenya police service strategic plan 2003).

2.10 Theoretical Framework

The study was based on radical criminology theory. Radical criminology was first proposed by Taylor et al. (1973) who based his views on the Marxist position. He said that no act is unsurprisingly immoral or criminal; definitions of crime are socially determined, reflecting current social values. Crime is therefore seen as socially determined. According to the theory, criminal law is intended to suit the determinations of the rich and powerful. Those without money result to crime in order to enjoy the luxuries of the wealthy. The wealthy also commit crime in order to get more capital. Nevertheless, since the legal system favors the wealthy, they are less likely of arrest or punishment.

The solution to crime would occur at economic, political and social levels. If wealth was redistributed then any crime that occurred would be the result of individual psychopathology.

This theory suits the study which sought to establish the impact of crime on business performance.

2.11 Conceptual Framework

The conceptual framework shows that there is relationship between the variables. Figure 1 shows the conceptual framework

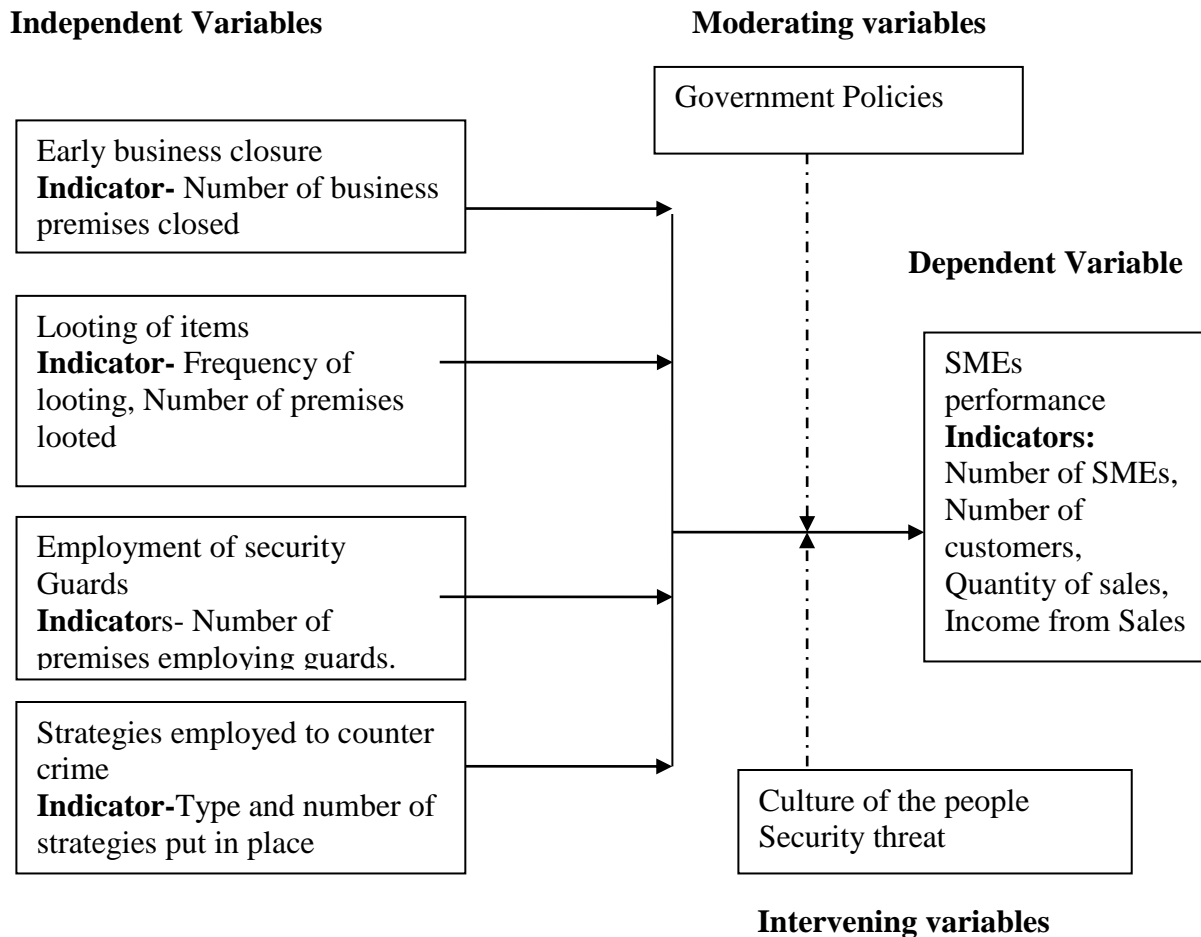


Figure 2. 1: Conceptual Framework

Figure 2.1 show that performance of SMEs which is dependent variable depends on independent variables early closure of the premises, looting or theft, huge cost associated with employment of security guards by SME owners and strategies employed by premises owners. However, government SME policies, security policies also affect SME performance. Therefore, crime has an impact on the performance of Small and medium enterprises.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methods used in gathering data, the respondents of the study, the sampling technique, data collection instrument used, validation of the instrument, administration of the instrument and the statistical treatment of data that was gathered, and how this data was analyzed.

3.2 Research Design

Research design is the plan and structure of investigation so conceived as to obtain answers to research questions (Coopers & Schindler, 2006). It is a framework for specifying the relationships among the study variables. Thus, it guides the selection of sources and types of information. A descriptive survey design was employed. Tromp and Kombo (2006) notes that descriptive research methodology refers to a method of collecting information with the aim of helping the researcher describe the state of affairs as it exists in the field. Since the study was investigating the impact of crime on the performance of businesses in a community, descriptive research was considered suitable for this study. This was because the researcher described an event that had already taken place without manipulation of variables.

3.3 Study Population

This study targeted all people operating SMEs in Garissa town. According to records of 2012 at the Municipal Council of Garissa there were 500 people operating small businesses in Garissa town.

3.4 Sample and Sampling procedure

The sample size was arrived at by use of Krejcie and Morgan Table of 1970. According to the table, when the total population is 500 (five hundred) one can pick 217 (two hundred and seventeen) people or objects to represent the sample. Stratified random sampling was employed where businesses were classified into the following strata: General shops – 250, Bars – 24, Hotels – 26, Assorted stalls – 150 and others 50. Their numbers were divided by total SME population of 500 and multiplied by sample size (217) to get the required SMEs to be included in the study from each stratum. From the above calculations the researcher came up with 109 general shops, 10 bars, 11 hotels, 65 assorted stalls and 22 other SMEs giving a total sample of

217. Simple random sampling was applied within each stratum to draw the said samples for the study.

3.5 Data Collection Instrument

The primary data was collected using questionnaires. A pilot study was done on a sample of five SME operators that did not take part in the main study. Necessary corrections were done to come up with final study instrument. Secondary data was obtained through analysis of county security documents and reports from journals and theses on related studies.

3.6 Validity and Reliability of the Instrument

Validity and reliability were assessed as follows:

3.6.1 Validity of the Instrument

The validity of a questionnaire concerns what the questionnaire measures and how well it does so. It tells the researcher what can be inferred from the scores. Face validity determines the suitability of a given instrument as a source of data on the subject under investigation, using the “face-value” judgment. Face validity was assessed through a pilot test which was conducted prior to the study. The study supervisor reviewed the items to ascertain their face validity. Content validity is the extent to which the survey instrument questions are demonstrative of the perceptions they are supposed to reflect (Aday, 1996). To establish content validity, all construct measures were derived from studies having a higher reliability (not less than .70) consistency.

3.6.2 Reliability of the Study

Reliability is a bare minimum for valid studies of personality, attitudes and values (Bird, 1989). This was assessed by computing the Cronbach’s Alpha. The Alpha can take any value from zero (no internal consistency) to one (complete internal consistency). Nunnally (1978) suggested that as a rule of thumb, scores in the ranges 0.5-0.6, 0.6-0.7, 0.7-0.8, and 0.8-0.9, should be considered to have an internal consistency that is poor, questionable, acceptable or good, respectively. Values above 0.9 represent excellent internal consistency, while values less than 0.5 are considered to be unacceptable. Several researchers have observed that Cronbach's Alpha tends to under-estimate internal consistency therefore data yielding lower values may still be useable. The testing of the instrument yielded a value of 0.89 implying that the questionnaire was reliable.

3.7 Data Collection Procedure

Primary data from the respondents was collected with the help of prior trained research assistants using a self-administered questionnaire. Translation was done where it was required. The study relied on questionnaire items that had been previously tested with reference to published reports on their reliability and validity such as Hofstede's (1980:2001) cultural dimensions, Bird's (1989) self-efficacy constructs. The adapted instrument were divided into 2 parts. Part I gathered information on the personal profile of the respondents, and part II consisted of questions about respondents opinion on the impact of crime on the performance of the SMEs. The questionnaire was administered to the targeted respondents at their premises.

3.8 Data Analysis

Analysis involved examining the coded data critically and making inferences. It involved uncovering underlying structures, extracting important variables, detecting any anomalies and testing any underlying assumptions.

Quantitative analysis was done in this study. This required the use of computer spread sheet and hence the Statistical Package for Social Sciences (SPSS) was used. Quantitative analysis consists of measuring numerical values from which descriptions such as frequency counts, mean, percentages, standard deviations and Pearson correlation Coefficient were used. Research findings were presented using statistical techniques frequency distribution tables. Responses of open ended questions were reported by descriptive narrative and the results of the study were compared with literature review.

3.9 Ethical Consideration

Confidentiality of data was maintained by using them for intended purpose only. Consent was sought from participants before being recruited in the study. Permission to conduct the study was also sought from the National Council for Science and Technology as shown in appendix 2 of this report. Results of the study would be used only for the stated reason in the abstract.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter presents the analyzed data from the questionnaires. It purposes to link the study findings of the study to the literature review. The chapter focuses on the response rate, respondents background data, presentation of the data, interpretation and discussion of study results. The presentation of the data was based on the specific objectives of the study.

4.2 Response Rate

The response rate is the proportion of the returned questionnaires after administration to the respondents. Out of the 217 questionnaires given to the respondents 217 were returned making the questionnaire return rate 100%. This was possible because the questionnaires were administered and the research assistants waited for the respondents to fill them and pick them immediately.

4.3 Demographic characteristics of respondents

The demographic characteristics of the population were categorized into age, gender, education levels and ethnic backgrounds and questionnaires administered to each category.

4.3.1 Age of the respondents

Sixty-nine percent of respondents fell between 25 and 44 years age bracket. This meant that most of the small businesses in Garissa were run by fairly young people. This was true because those aged over 50 years and still engaged in business were only 3% of the respondents.

Table 4. 1: Distribution of Respondents by Age

Age (years)	Frequency	Percent
15-24	30	14
25-34	60	28
35-44	90	41
45-54	30	14
Over 54	7	3
Total	217	100

4.3.2 Gender of the Respondents

The gender of the respondent was male 201 (93 percent) against female 16 (7 percent) giving a male to female ratio of 13:1. This meant that business was a male dominated venture. This scenario could best be explained by the cultural and religious practices that bar women from engaging in some activities in Garissa.

Table 4. 2: Distribution of Respondents by Gender

Gender	Frequency	Percent
Male	201	93
Female	16	7
Total	217	100

4.3.3 Education level of the respondents

Education is an important factor in detecting and dealing with crime. In Garissa, over 70% of the respondents had gone through primary and secondary education. Only 2 percent had not attended any school. A sizeable proportion 42 (19 percent) had attended vocational or informal education. In Northern Kenya, Madrasa as well as other types of informal education exist and run parallel with the formal education system.

Table 4. 3: Distribution of Respondents by Education Level

Education level	Frequency	Percent
None	5	2
Primary	100	46
Secondary	60	28
Post secondary education (college/university)	10	5
Other (vocational/informal)	42	19
Total	217	100

4.3.4 Ethnic group of the respondents

As expected of the area, many of the respondents 180 (83%) came from the Somali ethnic group. Only 17 percent came from other tribes such as Kikuyu, Kamba, Luhya, Meru and Ethiopia.

Table 4. 4: Distribution of Respondents by Ethnic group

Ethnic group	Frequency	Percent
Somali	180	83
Others	37	17
Total	217	100

4.4 The impact of crime on performance of SMEs

This section gives the result of the study that link crime and business performance

4.4.1 Extent to which Closing Early Affected SMEs

One of the objectives of the study was to establish the extent to which early closing of the premises due to crime affect the performance of SMEs. A test was carried out to determine the extent to which early closing of business affect the business performance. The respondents were therefore asked to indicate the number of hours they operated their businesses. The results showed that since 2012, about 65 percent of small scale businesses in Garissa had been operating for only 6 hours a day. Even though social places such as hotels and alcoholic outlets operated for longer hours, they also closed early when there was a threat of an attack. However, with the deployment of Kenya Defence Forces (KDF), the police and other security organs, calm and normalcy was returning to Garissa, even though the residents were yet to regain their confidence.

The study also established that most businesses (70 percent) open as early as 8.00 am but almost all of them closed as early as 3.00 pm. However, with calmness being experienced in area after massive security operation in the month of April and May, 2013, some businesses had started operating for longer hours. Experience had shown that most attacks occurred in the afternoon and early evening, which explained why people closed early and dashed for safety – with some opting to travel out of town altogether to avoid the risks.

The closing time had devastating effect on businesses in Garissa Town and its environs. It had resulted in reduced profits for the businesses as mentioned by 46 percent of the respondents. Business persons claimed they were only busy for a short time where they sold to as many customers as they could while trying to observe closing time. This was mentioned by 23 percent of the respondents. Some respondents (13 percent) said they did not have adequate time to sell all the stock they had for the day while some goods risked going bad or expiring. A small

number (5 percent) felt it was a good opportunity as it gave them time to operate other businesses elsewhere. Table 4.5 shows how closing early affected businesses in Garissa town. This shows that there is a relationship between business closing time and business performance.

Table 4. 5: How Closing Time Affected Business

Effect on businesses	Frequency	Percent
Reduced profit	100	46
Busy only for short time (i.e. attends to many customers while trying to observe closing time)	50	23
Has time for farm work/livestock	20	9
Inadequate time to sell all the stock for the day	30	13
Started another business in another place	10	5
Other	7	4
Total	217	100

Through correlation coefficient, the study established that there is a relationship between closing early and the relationship is significant. This is as shown in Table 4.6.

Table 4. 6: Correlation between Early Closure and Business Performance at Garissa town.

		Closing early	Business performance
Closing early	Pearson Correlation	1	.879 (**)
	Sig. (2-tailed)	.	.000
	N	217	217
Business performance	Pearson Correlation	.879 (**)	1
	Sig. (2-tailed)	.000	.
	N	217	217

** Correlation was significant at the 0.01 level (2-tailed).

Table 4.6 above shows that there was a strong positive relationship between closing early and business performance and the relationship was significant. This implied that the closing early of the businesses affected the performance of businesses since reduced business time hence lost business opportunity. The results led to rejection of the null hypothesis that early closing did not

affect the performance of the businesses in Garissa town. This meant that there was a relationship between early closure and business performance as shown in table 4.6 above.

4.4.2 Extent to which looting and other crime affected the business

A test was carried out to determine the extent of looting and other crimes and their effect on business performance. As shown in Table 4.6, there were various types of crimes that affected business operations in Garissa; however, the most prevalent was the explosions every now and then (mentioned by 51% of respondents). The respondents said they lived in constant fear of those explosions, a phenomenon which had become common place in Garissa. This method of attack occurred whenever a grenade or a bomb was hurled into a business premise or at a group of people. A significant number (37 percent) mentioned gun shooting as another prevalent type of crime. This crime had become common in Garissa where the attacker just shot indiscriminately at the crowd – killing and maiming others. As shown in the Table 4.6, looting was not prevalent as most of people run for their lives whenever explosions and shootings (which were common) occurred and there is no time for looting.

Table 4. 7: Type of Crime Affecting Business

Type of crime	Frequency	Percent
Looting	5	2
Theft (burglary)	10	5
Shooting	80	37
Explosions	110	51
Rape	1	1
Abductions	4	1
Other	7	3
Total	217	100

Respondents were also asked to indicate to what extent they agreed or disagreed with the statements given below: Strongly Agree (SA), Agree, Fairly Agree, Disagree and Strongly Disagree (SD).

Table 4. 8: Respondents Perception on Impact of Looting on Business Performance

	Percentage				
	SA	A	FA	D	SD
Crime has a negative impact on business performance	70	20	10	0	0
Most affected businesses are the SMEs	40	30	10	10	10
Most affected businesses do close altogether	80	10	8	2	0
Most affected businesses do relocate to other areas	70	20	5	3	2
Targeting SMEs is affecting the Economy of Garissa town negatively	90	8	2	0	0

Table 4.8 shows that looting of business premises has negative effects on business performance

Table 4. 9: Correlation between looting of items and business performance at Garissa town

		Looting of items	Business performance
Looting of items	Pearson Correlation	1	.791 (**)
	Sig. (2-tailed)	.	.000
	N	217	217
Business performance	Pearson Correlation	.791 (**)	1
	Sig. (2-tailed)	.000	.
	N	217	217

** Correlation was significant at the 0.01 level (2-tailed).

Table 4.9, shows there was a strong positive relationship between looting and business performance. The relationship was significant. This implied that looting of items in Garissa town affected performance of business. The results of the study therefore led to the rejection of the hypothesis which said that looting of business items did not affect business performance at Garissa town. This meant that there was a relationship between looting, as a crime, and business performance as shown in table 4.9 above.

The study also sought to establish how crime affected businesses in Garissa the results in Table 4.10 shows, crime had affected businesses in Garissa to an extent of 71% and even up to 99% for others. The minimum business which had been affected were 30% but this category only included very small enterprises valued at a few hundred shillings – mainly kiosks and hawking businesses (fruits and vegetables). This shows that there was a relationship between extent of crime and business performance.

Table 4. 10: Statistics showing extent crime had affected business in Garissa

Category	Percent
Mean	71.0
Minimum	30.0
Maximum	99.0
Standard deviation	13.0
Kurtosis	1.06

Respondents were also asked to indicate to what extent they agreed or disagreed with the statements given below: Strongly Agree (SA), Agree, Fairly Agree, Disagree and Strongly Disagree (SD).

Table 4. 11: Respondents Perception on Impacts of Crime on Business Performance

	SA	A	FA	D	SD
Statement	Percentage				
There is high rate of crime at Garissa town	55	35	10	5	0
The crime target SME businesses	50	40	5	5	0
Looting is the most common form of insecurity to SME	10	30	12	40	8
Business performance is affected by looting of businesses	20	20	9	26	25
Strategies employed to reduce looting are bearing fruits	50	30	10	6	4

The table shows that above 50% of all the respondents strongly agreed that crime had negative impact on business performance.

4.4.3 Extent to which Employing Security Guards affected Business Performance in Garissa Town

The other objective was to establish the extent to which employing of security guards affected performance of business. A test was carried out to determine the extent to which employing security guards affected business performance. The results were as reported in Table 4.9, which showed that 82 percent of business did not employ security guards. And as reported above, respondents felt that security guards had no capacity to deal with the kind of attacks that had

been taking place in Garissa at that time and so employing a guard was like giving him/her a death sentence.

Table 4. 12: Businesses Employing Security Guards in Garissa

Do you employ a security guard?	Frequency	Percent
Yes	40	18
No	177	82
Total	217	100

Respondents were also asked to indicate to what extent they agreed or disagreed with the statements: Strongly Agree (SA), Agree, Fairly Agree, Disagree and Strongly Disagree (SD).The results were as shown in Table 4.13.

Table 4. 13: Respondents Perception on Impact of Employing Security Guards on Business Performance

	Percentage				
	SA	A	FA	D	SD
There is high demand for security guards in Garissa town	90	5	4	1	0
Security guards employed by business group are well trained	5	10	10	15	60
Presence of security guard within the business premise reduce	10	15	15	20	50
Looting	2	3	5	20	70
Training of security guards on crime prevention reduces crime/looting	60	20	10	7	3

Table 4.13 shows that majority of the respondents strongly agreed that there is high demand of security guards but over 60% strongly disagreed that the security guards are well trained to handle their job. Even though employing a security guard was not common in Garissa, a few who employed them derived certain benefits. A big number (33 percent) claimed that security guards provided them with intelligence information before a planned attack occurred. Interestingly, 13 percent of the respondents claimed that guards could be used as human shield. This shows that there is a relationship between employing security guard and business performance.

Table 4. 14: Correlation relationship between Employment of Security Guards and Business Performance at Garissa Town

		Employment of security guards	Business performance
Employment of security guards	Pearson	1	.861 (**)
	Correlation		
	Sig. (2-tailed)	.	.000
	N	217	217
Business performance	Pearson	.861 (**)	1
	Correlation		
	Sig. (2-tailed)	.000	.
	N	217	217

** Correlation is significant at the 0.01 level (2-tailed).

Table 4.14 shows that there was a very strong relationship between employment of guards and business performance which was significant. This meant that the employment of guards affected the performance of the business because even with the presence of guards, crime still persisted therefore business people lost on paying the guards whose presence did not deter crime as shown in table 4.14.

Table 4. 15: Benefits of Employing Security Guards

Benefits for employing a guard	Frequency	Percent
Can provide intelligence information before the attack	13	33
Can act like a human shield during the attack	5	13
Can assist you after an attack	5	13
Is of no use	7	18
To guard the business when the owner is away	8	20
Other	2	5

The business persons who did not employ security guards had their own reasons for not doing it. One of the main reasons was that guards were of no use as they could not handle modern crimes such as terrorism (as indicated earlier). This was mentioned by 59 percent of respondents. Others felt their businesses were too small to able to afford to pay a security guard. This was mentioned by 22 percent of the respondents. There are a few (3 percent) who felt they did not

require the services of a security guard due to cultural/religious reasons. Yet, 7 percent of respondents said guards collaborated with gangsters by giving them vital information, so there was no need to employ them as shown in table 4.16.

Table 4.16: Reasons for business not employing security guards

Reasons for not employing a guard	Frequency	Percent
Nobody want to work as a guard	10	6
Guards are of no use in handling modern crime	105	59
Guards give out inside information/collaborate with criminals	12	7
Business is small and cannot afford to pay a guard	40	22
Cultural/religious reasons	5	3
Other	5	3
Total	177	100

4.4.4 Strategies Employed to Counter Crime in Garissa Town

The other objective of the study was to establish the strategies used by the business person to counter crime in Garissa town for better performance of their businesses. The results showed that business operators had adopted many ways of countering crime in Garissa. However, the most common included: closing the businesses early and dashing for safety (mentioned by 37% of respondents) and collecting intelligence information and passing it over to the security organs (mentioned by 28% of respondents). Another group (16 percent) had learnt to arm itself to ward off the attacks. Employing a watchman to counter modern crimes did not feature prominently. The attacks had become so sophisticated, unpredictable and irregular that they required more experienced and equipped personnel to deal with them.

Table 4. 16: Strategies Employed to Counter Crime

Strategy	Frequency	Percent
Closing early and dashing for safety	80	37
Arming oneself	35	16
Collecting intelligence information and sharing it with the police/county administration	60	28
Being friendly to terrorists/criminals	5	2

Relying on divine intervention	5	2
Joining a vigilante group	20	9
Employing watchman	7	4
Installing CCTV/other crime detection devices	0	0
Others	5	2
Total	217	100

4.5 Discussion

The purpose of this study was to determine the impact of crime on the performance of SMEs in Garissa town. The study was guided by four objectives revolving on the extent to which early closure affected business performance, the extent to which looting of items and employment of security guards or self-protection affected business in Garissa and strategies that were put in place to ensure crime rates were minimized to create good environment for SMEs to thrive. A descriptive survey design was used. The population consisted of all the estimated 500 people operating small businesses in Garissa. From the population of 500, a sample of 217 people was drawn from the population to constitute the sample size. Stratified random sampling was used to sample the participants in the study. A questionnaire was used as a tool of data collection and was administered by research assistants to consented participants. The above study instruments were tested through a pilot study in five of the SMEs that did not take place in the main study.

Through data analysis the study revealed that, the Gender of respondents was mainly made up of male (93 percent) with only 7 percent female. This was attributed to the cultural and religious beliefs that bar women from engaging in certain activities in the region. The age of majority of respondents (69 percent) ranged between 25-44 years, with only a few (3 percent) aged over 54 years. The majority of respondents had gone through primary (46 percent) and secondary education (28 percent). As expected of the area, many of the respondents 180 (83%) came from the Somali ethnic group. This was because most of inhabitants of Garissa town are of Somali origin. Only 17 percent came from other tribes such as Kikuyu, Kamba, Luhya, Meru and Ethiopia.

Crime had really affected business in Garissa Town and its environs. This was according to 65% of respondents who said they opened their business premises for only 6 hours a day. The opening time was mentioned as 8.00 am while closing time was 3.00 pm. This was according to 70 percent of respondents. However, the remaining 30 percent opened beyond 3.00 pm. The closing time had had devastating effect on businesses and especially profits which had reduced considerably; this was according 46 percent of respondents. A sizeable number (23 percent) said they only opened for short time in which they became busy trying to beat the 3.00 pm closing time.

This had forced some SME operators, (5%) of respondents, to open business elsewhere. This was corroborated by reports of Garissa police (2013) which stated that the town which was a 24 –our economy became a ghost town as stockholders were getting in fear of insecurity. It observed that new trades were being relocated to the neighbouring Mwororo and Madogo markets in Tana River County. According to Daily Nation (2013), people had started leaving the town as early as 4 pm and most of down Kenya people (non-Somalis) did not spend nights in town. Instead they rented houses at Mwororo and Madogo, which are across Tana River Bridge that separates Garissa and Tana River Counties.

According to Police report, most people-mainly non-Somalis- troop to these nearby markets /centres for food and drinks due to relative security. Daily Nation (2013) asserted that despite Mwororo and Madogo being next to Garissa town, terrorists had never dared to extend their attacks to the two centres inhabited by Malakote and Munyoyaya communities. Tradition had it that the Malakotes usually revenge with great force whenever provoked by their Somali neighbours.

The most common type of crime in Garissa was hurling explosive devices at a business premise or audience as mentioned by 51 percent of respondents. This was followed by gun shooting as mentioned by 37 percent of respondents. Crime had affected business to an extent of 71 percent with some even up to 99 percent. Due to continued wave of insecurity experienced in the area, people closed their businesses and dashed for safety as a major strategy of dealing with crime. This method was adopted by 37 percent of respondents while 28 percent collected intelligence

information and passed it over to the security agencies. Whether these methods had led to the reduction in crime rate in area is a niche for another study.

Majority of respondents (82 percent) did not employ security guards. However a few who employed security guards enjoyed certain benefits. Thirty three percent of respondents said the guards passed intelligence information to them before an attack took place. Twenty percent said the guards guarded their business premises whenever they were away. Those who did not employ security guards did not do so because they felt the guards had no capacity to handle modern crimes such as terrorism. This is according to 59 percent of respondents.

On strategies employed to curb crime, most of the strategies were; closing early and dashing for safety (37%), arming oneself (16%), collecting intelligence information and sharing it with the police/county administration (28%), joining a vigilante group (9%) and employing watchman (4%). This compares well with the rational choice theory that aides and gives focus to situational crime prevention which comprises opportunity-reducing measures (Clarke, 1997).

Rather than simply responding to crime after the fact, Homel (1996) said that there should a focus attending to prevention of the crime on specific ways in which to modify the physical and social environment. He also said that attempts should be made to extend the range of surveillance of local neighborhood activities, involving such measures as: establishment of neighborhood watch committees, employment of private security guards in residences and businesses, anti-racist/anti-fascists organizations and community watch committees to prevent police harassment (Homel, 1996). Homel, 1996, further stated that guiding improved citizen contribution programs that are not crime-centered would comprise for example sports and recreation programs, needle exchange programs and AIDS counseling, local employment initiatives funded by government grants and campaigns against poverty and unemployment. Some of these strategies are same as those stated by respondents in the study.

Violent crimes are far more planned and calculated than non-violent crimes. Evidence confirms that even violent criminals select suitable targets by picking people who are vulnerable and lack adequate defenses (Sigal & McCormicki, 2006). In a bit to curb rising insecurity, the government had banned movement in the town from 6 pm to 6 am, aimed at restricting taxis and cyclists (commonly known as boda boda) operators, who are sometimes hire criminals , this was to allow

police to carry out patrols and disrupt criminal plans. According to Daily Nation, 2013, this restriction adversely affected businesses in Garissa town.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMEDATIONS

5.1 Introduction

This chapter focuses on summary of the findings, conclusion and recommendations.

5.2 Summary

The purpose of this study was to determine the impact of crime on the performance of Small and Medium Enterprises (SMEs) in Garissa town. The study was guided by four objectives revolving on the extent to which early closure affected business performance, the extent to which looting of items and employment of security guards affected business in Garissa and strategies to curb crime rates. A descriptive survey design was employed. The population consisted of all the estimated 500 people operating small businesses in Garissa. From the population of 500, a sample of 217 people was drawn from the population to constitute the sample size. Simple random sampling was used to sample participants in the study.

A questionnaire was used as data collection tool and was administered by research assistants to consented participants. The above study instrument was tested through a pilot study in five of the SMEs that were not to take part in the main study. Out of the 217 questionnaires given to the respondents, 217 were returned making the questionnaire return rate 100%. This was possible because the questionnaires were administered and the research assistants waited for the respondents to fill them and picked them immediately. Data was analyzed using SPSS (Statistical Package for Social Scientists) software and presented using frequency tables.

Tests on data revealed that there was a significant direct relationship between closing early and business performance. This implied that closing early of the businesses affected the performance of businesses. The results led to rejection of the null hypothesis that early closing does not affect the performance of the businesses in Garissa town. There was a relationship between looting and business performance which was significant. This implied that the looting of items in Garissa town affected the performance of businesses. The results of the study led to the rejection of the null hypothesis that looting of business items did not affect business performance at Garissa town.

Tests also showed that there was strong relationship between employment of guards and business performance which was significant. This meant that the employment of guards affected the performance of the business because even with the presence of guards the crime still persisted therefore business people incurred losses on paying the guards whose presence did not deter crime. From the results, business operators had adopted many strategies of countering crime in Garissa. This included closing the businesses early and dashing for safety, collecting intelligence information and passing it over to the security organs. Crime had affected Small and Medium Enterprises in Garissa town to an extent of 71% and even up to 99% for others.

5.3 Conclusions

Despite efforts by the government in collaboration with the residents to fight crime in Garissa, more was required to bring order and normalcy in the area. Businesses had suffered great losses (71%) due to these attacks and due to the fact that they closed early to allow the owners/workers dash for safety. This immensely impacted negatively on SMEs. Majority of businesses only operated for a period of only 6 hours, with a few opting to continue beyond 3.00 pm. Business persons said they thought of no way they could compensate themselves and thought perhaps the government should take it upon itself to compensate them for lives, property and time lost due to insecurity. The Kenyan government had not established mechanisms / policy of compensating losses as a result of terror activities hence complicating the whole issue.

In Garissa the most common types of crimes experienced by business community were the hurling of explosive devices and gun shooting which had become common place. Looting was not common. Most of the businesses did not employ security guards due to fear that the guards did not have capacity to fight modern crimes such as terrorism. However, those who employed security guards received intelligence alerts before an attack took place.

The results showed that business operators had adopted many ways of countering crime in Garissa. The most common being closing the businesses early and dashing for safety (mentioned by 37% of respondents) and collecting intelligence information and passing it over to the security organs (mentioned by 28% of respondents). Another group (16 percent) had learnt to arm itself to ward off the attacks. Employing a watchman to counter crimes did not feature prominently.

The attacks had become so sophisticated, unpredictable and irregular that they required more experienced and equipped personnel to deal with them. This could point to the reason why these businesses were attacked which agrees with Felson & Cohen (1979) who said that crime is normal and depends on opportunities available. In their routine activity theory (a sub field of rational choice criminology) that if a target is not protected enough, and if the reward is worthy it, crime will happen.

Kenyan MSME Bill 2011 revealed that Kenya was moving toward institutionalizing SMEs in its policy and statutory instruments. Vision 2030 was particularly commendable, in so far as it recommended more research and development in encouraging innovation by SMEs. Nevertheless, if Kenya is indeed to achieve its development objectives, as envisaged in Vision 2030, much will have to be done to not only provide the proper framework for establishment of SMEs policies but also ensuring proper security is in place to safeguard SMEs.

Generally, crime had affected businesses in Garissa to an extent of 71% and even up to 99% for others. The minimum business which are affected are 30% but this category only included very small enterprises valued at a few hundred shillings – mainly kiosks and hawking businesses (fruits and vegetables).

Tests on data revealed that there was a significant strong relationship between closing early and business performance, there was a relationship between looting and business performance which was significant and that there was strong relationship between employment of guards and business performance which was significant. From the results, business operators had adopted many strategies of countering crime in Garissa. This included closing the businesses early and dashing for safety, collecting intelligence information and passing it over to the security organs.

5.4 Recommendations

Based on this study, it is recommended that security should be beefed up so that businesses can open beyond 3.00 pm which will give business persons/stakeholders ample time to trade their wares and maximise profit. Government security agencies should investigate root causes of crime in Garissa town and develop ways of fixing crime. This will reduce incidences of insecurity which manifest themselves through explosions, shootings, theft and other incidences.

There is need for the government to react proactively and build capacity of the guards especially in intelligence gathering so that they can assist the security organs in detecting and preventing crime. It also needs to improve lighting in public places within Garrissa town.

The government should extend the range of surveillance of local neighbourhood activities involving such measures as: establishment of neighbourhood/community watch committees (nyumba kumi initiative), employment of private security guards in residences and businesses. The government should enhance citizen participation programs for example sports and recreation, AIDS Counselling, local employment initiatives and campaigns against poverty and unemployment.

This project's recommendation should be taken to Parliament for debate and enact appropriate legislation that will enable security guards and locals in the area to play their rightful role. Kenya should borrow a leaf from Uganda where security guards are armed and are not a threat to national security.

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APPENDICES

Appendix 1: Introduction Letter

Fredrick Manyasi Sifuna,
P.O. BOX 29503-00100,
Nairobi.

The Respondent.

Dear Sir/Madam,

RE: RESEARCH PARTICIPATION

My name is Fredrick Manyasi Sifuna (Student No. L50/62141/2011) and I am a Postgraduate student at the University of Nairobi under the supervision of Dr. Ndunge Kyalo. I am conducting a research on “**the impact of crime on business performance in Kenya: a case of SMEs in Garrisa Town**”, in partial fulfillment for the requirement of the degree of Masters of Arts in Project Planning and Management.

I am writing to invite you to participate in the research by filling a questionnaire. The information you supply will be confidential and will be used only for the purpose of research. Completion of the questionnaire is voluntary and if you decide that you no longer want to be involved in this study you are free to withdraw at any time without adverse consequences.

The questionnaire should take about 20 minutes to complete. A research assistant will be available to assist you in case you need any help. Please feel free to contact me on **fsifuna@yahoo.com** in regard to any queries you may have or on mobile number 0726 772 774.

Yours sincerely,

Fredrick Manyasi Sifuna.

Appendix 2: Letter of NACOSTI

REPUBLIC OF KENYA



NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Telephone: 254-020-2213471, 2241349, 254-020-2673550
Mobile: 0713 788 787 , 0735 404 245
Fax: 254-020-2213215
When replying please quote
secretary@ncst.go.ke

P.O. Box 30623-00100
NAIROBI-KENYA
Website: www.ncst.go.ke

Our Ref: **NCST/RCD/14/013/1225**

Date: **8th July 2013**

Fredrick Manyasi Sifuna
University of Nairobi
P.O Box 30197-00100
Nairobi.

RE: RESEARCH AUTHORIZATION

Following your application dated **3rd July, 2013** for authority to carry out research on *“The impact of crime on business performance in Kenya: A case of small scale and micro enterprises in Garissa Town.”* I am pleased to inform you that you have been authorized to undertake research in **Garissa District** for a period ending **30th September, 2013.**

You are advised to report to **the District Commissioner and district Education Officer, Garissa District** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.


DR. M. K. RUGUTT, PhD, HSC.
DEPUTY COUNCIL SECRETARY

Copy to:

The District Commissioner
The District Education Officer
Garissa District.

Appendix 3: Questionnaire for the Entrepreneurs

Dear participant,

This questionnaire is meant to collect data for a research dedicated to establishing impact of crime on performance of Small and Medium Enterprises (SMEs) in Garissa town. Kindly assist by filling this questionnaire. Please take your time to read and understand the guidelines and questions provided below. Research assistant will be available to assist you in case you are not able to read and write. Participation is voluntary and should you feel uncomfortable answering questions you are free to quit at any time. Your responses will be kept confidential and will only be used for the purpose of research. Research findings will be made available for perusal at Garissa county resource centre/library.

GUIDELINES FOR COMPLETING THIS FORM

There is space provided for comments and suggestions, please feel free to give your comments. For certain questions, tick the box with the choice that is applicable to you for example in case of gender, **tick** a) if male or b) if female.

SECTION A: DEMOGRAPHIC INFORMATION

1. Please tick/answer appropriately.

- a) Age of the respondent.....
- b) Gender
Male () Female ()
- c) Education level.....
- d) Kindly indicate your Ethnic group.....

SECTION B: IMPACT OF CRIME ON BUSINESS PERFORMANCE

- 1. How many hours do you operate your business?
- 2. What time do you open your business?
- 3. What time do you close your business?
- 4. How has closing time affected your business?

SECTION C: EXTENT TO WHICH LOOTING OF ITEMS AFFECT BUSINESS AT GARISSA TOWN.

1. Since when you started your business, have you ever experienced cases of looting?

Yes () No ()

2. Other than looting cases, mention other crimes that affect your business.....

3. To what extent do you agree or disagree with the statements given below: Tick appropriately.

Strongly agree(SA), agree(A), fairly agree(FA), disagree(D) and strongly disagree(SD)

Statement	<i>SA</i>	<i>A</i>	<i>FA</i>	<i>D</i>	<i>SD</i>
There is high rate of crime at Garissa town					
The crime target SME businesses					
Looting is the most common form of insecurity to SME					
Business performance is affected by looting of businesses					
Strategies employed to reduce looting are bearing fruits					

SECTION D: EFFECTS OF SECURITY GUARDS ON BUSINESS PERFORMANCE AT GARISSA TOWN.

1. Have you employed security guard (s)?

Yes () No ()

2. If yes, what are the benefits of employing security guard (s) to the business?

3. If no, explain

4. To what extent do you agree or disagree with the statements given below: Tick appropriately:
Strongly agree(SA), agree(A), fairly agree(FA), disagree(D) and strongly disagree(SD)

Statement	SA	A	FA	D	SD
There is high demand for security guards in Garissa town					
Security guards employed by business group are well trained					
Presence of security guard within the business premise reduces looting					
Security guards are serious with their work					
Training of security guards on crime prevention reduces crime/looting					

SECTION E: EXTENT OF CRIME ON BUSINESS PERFORMANCE AT GARISSA TOWN.

To what extent do you agree or disagree with the statements given below: Tick appropriately:
Strongly agree(SA), agree(A), fairly agree(FA), disagree(D) and strongly disagree(SD)

Statement	SA	A	FA	D	SD
Crime has a negative impact on business performance					
Most affected businesses are the SMEs					
Most affected businesses do close altogether					
Most affected businesses do relocate to other areas					
Crime targeting SMEs is affecting the Economy of Garissa town negatively					

SECTION E: STRATEGIES OF REDUCING CRIME AT GARISSA TOWN

1. What strategies have you put in place to prevent crime?.....

Thank you for your cooperation.

Appendix 4: Table for Determining Sample Size from a Given Population

N	S	N	S	N	S
10	10	220	140	1,200	291
15	14	230	144	1,300	297
20	19	240	148	1,400	302
25	24	250	152	1,500	306
30	28	260	155	1,600	310
35	32	270	159	1,700	313
40	36	280	162	1,800	317
45	40	290	165	1,900	320
50	44	300	169	2,000	322
55	48	320	175	2,200	327
60	52	340	181	2,400	331
65	56	360	186	2,600	335
70	59	380	191	2,800	338
75	63	400	196	3,000	341
80	66	420	201	3,500	346
85	70	440	205	4,000	351
90	73	460	210	4,500	354
95	76	480	214	5,000	357
100	80	500	217	6,000	361
110	86	550	226	7,000	364
120	92	600	234	8,000	367
130	97	650	242	9,000	368
140	103	700	248	10,000	370
150	108	750	254	15,000	375
160	113	800	260	20,000	377
170	118	850	265	30,000	379
180	123	900	269	40,000	380

190	127	950	274	50,000	381
200	132	1,000	278	60,000	382
210	136	1,100	285	100,000	384

N is population size, S sample size

Source: Krejcie R.V. and Morgan D. (1970).

Appendix 5: Table of reported crimes in Garissa, 2011

MONTH	CRIME			
	ROBBERY	THEFT	MURDER	BURGLARY
JAN	-	11	1	3
FEB	-	13	2	3
MAR	-	8	-	4
APR	-	13	2	-
MAY	-	7	-	4
JUN	-	7	-	4
JUL	1	15	1	4
AU	3	14	-	5
SEP	-	14	-	3
OCT	1	9	1	1
NOV	1	4	1	1
DEC	-	3	1	3
TOTAL	6	129	9	35

Source: Garissa police station crimes register (2011).

Appendix 6: Table of reported crimes in Garissa, 2012

	CRIME			
MONTH	ROBBERY	THEFT	MURDER	BURGLARY
JAN	1	13	1	-
FEB	-	5	2	-
MAR	-	8	-	4
APR	1	9	-	2
MAY	1	16	-	3
JUN	1	15	-	3
JUL	3	11	-	4
AU	-	13	-	3
SEP	1	12	-	-
OCT	2	13	-	2
NOV	1	5	2	-
DEC	2	12	-	2
TOTAL	13	132	5	23

Source: Garissa police station crimes register (2012).

Appendix 7: Table of reported crimes in Garissa, 2013

	CRIME			
MONTH	ROBBERY	THEFT	MURDER	BURGLARY
JAN	-	8	1	1
FEB	-	6	-	6
MAR	-	25	3	8
APR	-	1	7	3
MAY	-	4	-	1
TOTAL		44	11	19

Source: Garissa police station crimes register (2013).

APPENDIX 8: Table of reported Death Cases due to Shootings/Blasts in Garissa, 2011

INQUEST NUMBER	CRIME	No of Deaths
3/2011	Terror attack	1
4/2011	Shooting	2
7/2011	Grenade attack	1
8/2011	Grenade attack	2
TOTAL		6

Source: Garissa police station inquests register (2011).

Appendix 9: Table of reported Death cases due to shootings/blasts in Garissa, 2012

INQUEST NUMBER	CRIME	No of Deaths
3/2012	Shooting and grenade attack	16
4/2012	Shooting	2
7/2012	Shooting	2
11/2012	Shooting	1
12/2012	Grenade attack	1
14/2012	Shooting	2
15/2012	Shooting	3
17/2012	Shooting	1
18/2012	Shooting	3
TOTAL		31

Source: Garissa police station inquests register (2012).

Appendix 10: Table of reported Death cases due to shootings/blasts in Garissa, 2013

INQUEST NUMBER	CRIME	NO OF DEATHS
5/2013	Blast attack	2
7/2013	Shooting	1
8/2013	Shooting	1
9/2013	Blast attack	2
10/2013	Shooting	2
11/2013	Shooting	1
12/2013	Shooting	3
13/2013	Shooting	2
14/2013	Blast attack	1
15/2013	Shooting	1
16/2013	Shooting	8
17/2013	Shooting	2
21/2013	Shooting	1
22/2013	Blast attack	3
TOTAL		30

Source: Garissa police station inquests register 2013.