THE IMPACT OF NON-FINANCIAL ASSISTANCE TO MICRO AND SMALL ENTERPRISES (MSEs). A FOCUS ON SKILLS TRAINING, MARKETING AND PRODUCT DEVELOPMENT SUPPORT TO METAL WORKERS IN KAMUKUNJI, NAIROBI

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A THESIS SUBMITTED IN PART FULFILMENT OF THE REQUIREMENTS FOR MASTER OF ARTS DEGREE (PLANNING) DEPARTMENT OF URBAN AND REGIONAL PLANNING, UNIVERSITY OF NAIROBI.

SEPTEMBER 1996
ABSTRACT.

During the last two decades most Third World countries have realised the short-comings of overreliance on large-scale industry and agriculture to provide employment and incomes to majority of their labour force. The two sectors have not generated employment commensurate with the rapidly increasing population. The search for alternatives has led countries, Kenya included, to give increasing attention to the informal sector and export led industrialization.

The informal sector has the advantage of creating employment at a faster rate than the modern sector. It generates income for majority of poor people and uses local materials (saving foreign exchange). Informal sector activities can be located in small towns across the country, thus supporting government policy on decentralization. The sector is however constrained by inadequate capital, poor management practices, inadequate access to credit, poor technology and saturated markets.

In recent years the government and various NGOs have designed a variety of programmes of assistance to MSEs. While there are well developed models of financial assistance, such as the group based lending schemes, methodologies for non-financial assistance programmes are not well developed. This study focuses on the impact of non-financial assistance to MSEs engaged in metal work at Kamukunji in Nairobi. The overall objective of the study was to measure the impact of non-financial assistance to Micro- and Small enterprises, the forms of assistance dealt with are skills
training, marketing and product development. The study utilized the classic design method, in which artisans were classified into an assisted and a non-assisted (Control and Experimental) group. Several performance indicators have been compared between the two groups: sales volume, employment, market extent (spatial and vertical) to measure marketing impact. The impact of skills training is measured through: change in technology, change in product designs, new production techniques and diversification. The impact of product development is measured through durability, fit of joints, design, safety and shaping.

The findings of the study indicate that there are differences between the two groups of artisans. The differences are more glaring when sketch line designs for products from the two groups are compared. The study concludes that skills training, marketing and product development support have a positive impact on the performance of MSEs. On the basis of the findings, the study recommends increased non-financial assistance to MSEs.