

# **Strategies for Empowering Kenya's Informal Economy to Realise its Full Potential for Socio-Economic Development**

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## **Dedication**

I dedicate this work to Joy and Stuart Fowler; they introduced me to the tenets of grass roots approach in initiating sustainable change and thereby transformed my entire life. They were a source of great encouragement during this study and a beacon of hope. Their selfless lifestyle and a sacrifice for the wellbeing of the sub-Saharan communities will forever propel me forward in the quest for peace, love and justice for the most vulnerable people, the lowly and those downtrodden.

## **Epigraph**

Many in Africa are deeply concerned that the continent is sinking deeper into vices that no one seems able to control. All those who sense the need to arrest the increase in vice in Africa, and elsewhere, and to cultivate virtue must take an active role in doing so if there is to be any change for the better. Some may resolve not to be involved in any of the vices, while others may be called to speak, preach and even write to promote good in Africa.

Samuel Ngewa (2003, IX).

## **Abstract**

This study attempted to identify realistic strategies that are accepted by those in the Jua Kali sector of Kenya's informal economy. The strategies were seen as being relevant, practical and achievable in integrating the sector, or some parts of it, in the formal economy. Special attention was given to export potential as the driving force in socio-economic development.

Since Jua Kali enterprises are widely spread throughout an area covering all the more heavily populated regions of Kenya, including many small villages as well as major towns, a comprehensive, nationwide study was out of the question. For this reason, the study was limited to the following areas with known and readily accessible concentrations of Jua Kali entrepreneurs. This included key suburbs of Nairobi and key regional towns like Machakos, Athi River and Mlolongo.

The objectives of the study were to establish the problems faced by the informal sector in Kenya, to find out how such problems have affected the relevant artisans, to investigate if the artisans were aware of those problems and what they were doing if anything, to solve the problems they encountered. Finally, the study sought to establish what the other stakeholders were doing to improve the informal sector.

The bulk of the literature reviewed underscored the facts that: the manufacturing sub-sector of Kenya's informal economy has immense potential as an engine for driving the nation's economy. Secondly, the full potential of the informal sector will only be realised if the manufacturers concerned are empowered to develop their own strategies for developing the informal economy. Such strategies should aim towards the goal of producing and marketing high quality products that are sold to both local and at the international markets via exports.

The study adopted critical ethnography as its research method. Critical ethnography as a method requires a plan for the conducting of field research that is reflexive in nature whereby the researcher facilitates a consensual process in which the subjects reflect on their own situation and develop their own solutions to problems. In the present case the process was a communal one with a consensual decision making and actions by the subjects. All interpretations and meaning to activities and actions to be taken were thereof informed by the subjects being studied. At the end of the study, the findings of the analysis were presented to each of the participating subjects for their final comments with those comments being incorporated in the report. The principles of critical ethnography therefore, were seen as providing an ideal framework for exploring the possibilities of self-empowerment that enabled the subjects of the study to fulfil their potential within this important sector. Data analysis and presentation have been presented using tables. Finally, the study's conclusions and recommendations have been presented in the relevant and subsequent chapters therein. As opportunities and resources will allow in the future, the dissemination of the study findings will continue to be facilitated throughout the country of Kenya.

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# Introduction

## The International Context

The first formal definition of the informal economy by international agencies was an outcome of an ILO mission to Kenya in 1972-3 (Bachetta, Ernst and Bustamante 2009, 39-40). The idea for this originated in work by Hart (1973) in Ghana, but the ILO definition was more refined than that of Hart for whom “the key variable was the degree of rationalization of work, i.e. whether or not labour is recruited on a permanent and regular basis for fixed rewards.” Since then it has become an internationally recognised category, not only in developing countries but also in developed countries’ economies. The term is used by such international agencies as the International Labour Organization (ILO 2004) World Bank (Riley Thyra A 1997), Organisation of Economic Cooperation and Development (OECD 2009), and United Nations (United Nations University 2009).

“Informal economy” was given a further refined formal definition in 1993 by the fifteenth International Conference of Labour Statisticians; this definition was adopted by an ILO conference resolution in the following terms (Husmanns and du Jeu 2002, 4):

- “They are private unincorporated enterprises (excluding quasi-corporations), i.e. enterprises owned by individuals or households that are not constituted as separate legal entities independently of their owners, and for which no complete accounts are available that would permit a financial separation of the production activities of the enterprise from the other activities of its owner(s). Private unincorporated enterprises include unincorporated enterprises owned and operated by individual household members or by several members of the same household, as well as unincorporated partnerships and co-operatives formed by members of different households, if they lack complete sets of accounts. ·
- All or at least some of the goods or services produced are meant for sale or barter, with the possible inclusion in the informal sector of households producing domestic or personal services in employing paid domestic employees. ·
- Their size in terms of employment is below a certain threshold to be determined according to national circumstances, and/or they are not registered under specific forms of national legislation (such as factories’ or commercial acts, tax or social security laws, professional groups’ regulatory acts, or similar acts, laws or regulations established by national legislative bodies as distinct from local regulations governing trade licenses or business permits), and/or their employees are not registered. ·
- They are engaged in non-agricultural activities, including secondary non-agricultural activities of enterprises in the agricultural sector. This framework proposed by the ICLS Resolution allows countries to adapt the basic operational definition and criteria to their specific circumstances. In particular, flexibility was allowed with respect to the upper limit on the size of employment; the introduction of additional criteria such as non-registration of either the enterprise or its employees; the inclusion or exclusion of professionals or domestic employees; and the inclusion or exclusion of agricultural workers.”

However, differing variants of the definition have emerged, creating some confusion between different schools of thought. Bachetta, Ernst and Bustamante (2009, 39-40). In the light this they articulate an emerg-

ing integrated approach in this way (2009, 45):

In response to the ambiguous empirical material and in order to establish a consensus view within a polarized debate, an integrated approach is currently arising based on the idea of multi-segmented labour markets (Chen, 2005; Fields, 2005), differentiating between an upper-tier and a lower-tier segment. This alternative school of thought combines elements from the dualist, legalist and structuralist views, using the most appropriate elements to explain different segments of informal employment. The key idea in this approach is that the informal economy is comprised of different segments that are populated by different types of agents: a lower-tier segment dominated by households engaging in survival activities with few links to the formal economy, as dualists suggest; an upper-tier segment with micro-entrepreneurs who choose to avoid taxes and regulations, as the legalists suggest; and an intermediate segment with micro-firms and workers subordinated to larger firms, along the lines suggested by structuralists. Moreover, as suggested in the previous discussion, the different segments may, themselves, be further segmented into various social networks with only limited osmotic transitions among them. Depending on the regions or countries, the relative importance of each of the segments may vary, making one or other of the three views more relevant. As a consequence of this unifying view, the debate has now shifted towards an assessment of the relative size of the different segments and the factors that influence them (Kucera and Roncolato, 2008). A common theme of these approaches is that workers have access only to certain segments of the labour market depending on the size of their social network and their related bargaining power.

## **The Kenyan Context**

The economic development of Kenya a few decades after independence made it one of the most industrialised nations in Africa. Such development included both human development and economic growth. The Kenya Human Development Report (Gitu, Khasiani, Munyako and Mutahi Karenga 1999, 18) supports this by stating,

“During the first twenty-five years after independence, Kenya has achieved considerable progress in human development as reflected in improvements in social indicators. Also, it achieved an overall economic growth of more than 4.5% per annum on average during the period, which compares quite favourably with that of its neighbours.”

Still, more industrial growth was the goal of the Eighth National Development Plan 1997–2001 whereby Kenya was supposed to become a newly industrialised country by 2020 (Gitu, Khasiani, Munyako and Mutahi Karenga 1999, 18).

Economic growth in Kenya has been to a large extent based on foreign investment in manufacturing enterprises; there are some significant Kenyan owned commercial operations in other sectors but relatively little in the manufacturing sector (Mwembe, 1989).

(Orwa 2007) shows that the potential of the manufacturing sub-sector of the informal sector to substantially strengthen the nation's formal economy in this area is there. It remains only to develop strategies for realizing this potential. There have been numerous attempts to achieve effective strategies to develop the potentialities of the informal economy in Kenya, but the attempts have mostly been ineffective and, at worst, counterproductive.

# 1

## Research Focus

The present research is designed to point the way towards strategies that will achieve the growth in the informal economy in ways that will enhance economic growth in the Kenyan manufacturing industries while also demonstrating the possibilities for a social reconstruction that will generate an authentic civil society. At present, what is called the civil society in Kenya represents only a small group of elite; this excludes the ordinary local people and their interests. This research was expected to show the way to the broader and even deeper civil society that is essential to a healthy modern democracy.

The informal economy in Kenya has two sub-sectors: a service sub-sector and a manufacturing sub-sector. This research focuses on the manufacturing sub-sector. “Jua Kali”, (a Kiswahili term meaning “scorching sun”), is the term widely used in Kenya for the informal economy where work is commonly carried out in the open, with small sheds for storing tools and raw materials.

A friend told me the story of a family with whom he and his wife regularly stayed who lived in a rural area in a house where the water supply was a well with no piping to take the water to the house. They had a spacious bathroom that would accommodate a shower, but no way to get the water to a shower. So my friend had an idea for a way that they could have a hot shower using a system he had experienced in another country. This involves having a large bucket with a shower rose and valve attached to the bottom and a rope going through a pulley hanging from the roof so the bucket could be filled with water and then pulled up and fastened above head height but with the valve within reach.

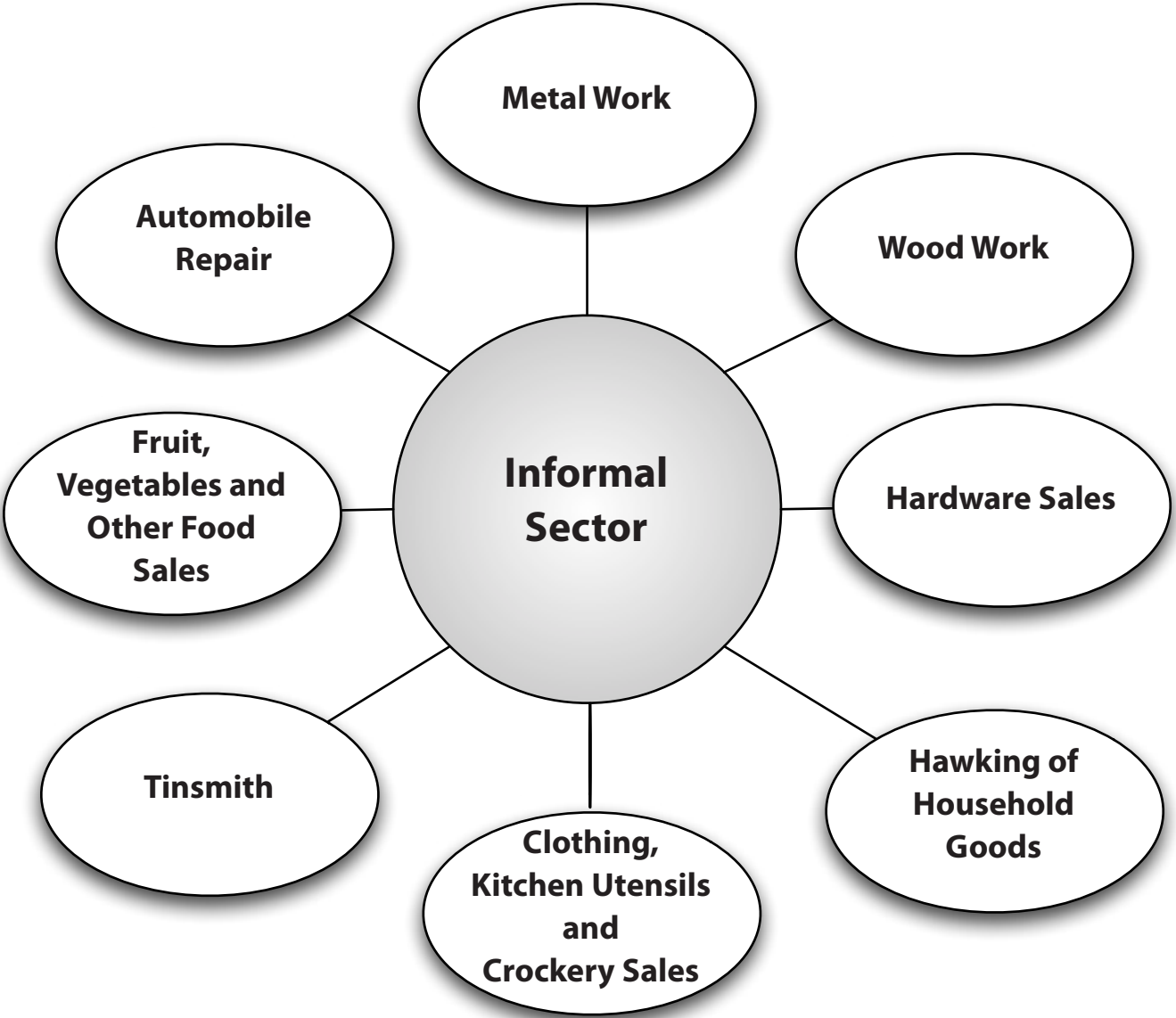
No-one in the area had ever seen or heard of such a thing. But they went to a Jua Kali artisan specialising in the manufacture of metal products, described what was wanted—providing the valve for him—and asked him to make the bucket. The artisan had no trouble doing the job, and then there was the problem of the pulley and strong hook on which to hang the bucket. The pulley was obtained from a Jua Kali scrap metal dealer; the only pulley he had came with a large metal bar attached but in quick time he cut that off leaving only the pulley. Next came the need for a strong hook on which to suspend the pulley. They tried hardware shops in the town but found nothing to suit. Then one shop suggested buying a large bolt and taking it to a nearby Jua Kali artisan to be bent to shape which they did.

The result was that they and their visitors were able to have a wonderful hot shower using equipment that was not available in any shop in the formal economy at very small cost. This is just one of many examples that could be given to demonstrate the Jua Kali sector that is the focus of this study.

The informal firms have come a long way in Kenya. Bigsten and Sioderbom (2007, 36) comment on the situation in this area:

“Informal firms in Kenya have experienced big problems in dealing with authorities relating to regulatory red tape, corruption, and lack of security. Informal firms, by and large, sidestep these problems, and so incur lower costs. Thus, addressing the basic governance and investment climate issues would be a step in the right direction as far as trying to encourage entrepreneurs to operate within the realm of the formal sector instead of outside it. The second type of policy is oriented to-

wards facilitating good performance by informal firms within their current informal environment. Importantly, we know from the firm data that some of the key economic fundamentals, e.g. total factor productivity, in informal firms are relatively good.”



**Figure 1: The Heterogeneous Nature of Kenya's Informal Sector**

From the very outset, the study realises that there are multifaceted challenges and barriers that prohibit the growth of the informal economy. It is the goal of this study to identify strategies that will be effective in realising the underlying potential in the informal economy through interaction with the artisans themselves. While, in the final count, some form of government regulation is regarded as desirable, for this to be effective we first have to have a clear view of the situation as viewed by the Jua Kali artisans themselves and their activities have reached a level where their can effectively compete in the national market with the products from operations in the formal economy. Orwa (2000, 2) commenting on government policies on the informal economy observes:

“Despite the government’s seemingly good intentions, these policy papers and laws have had a minimal impact due to implementation difficulties or unresponsiveness on the part of government officials. Policies have been formulated mainly by the government without consulting the Jua Kalis. ...as a result, policies failed to address the specific needs of the Jua Kali sector and lacked ownership by them.”

While the government had good intentions, the policies backfired because the government did not consult the artisans in the informal economy; the artisans then could not own the policies as they were not consulted in the first place.

Due to the kind of volatile circumstances that the artisans find themselves in, they do not have total control of trade in the sub-sector. For example, they still lack patent rights to their products, which Orwa (2007) sees as a weakness towards the attempt to enhance socio-economic growth of the Jua Kali sector. Orwa (2007, 1–2) specifically points out the following in regard to the issue of patent rights and their implications:

“Weak property rights are compounded...the Jua Kali are unable to secure ownership of their properties as property rights are neither granted nor enforced.”

This limitation in the matter of patent rights in marketing denies the artisans real income earning since the formal economy can easily copy the products from the informal economy and continue to make large profits. To avoid this problem, the artisans need to stop performing all the roles. Sometimes they produce their wares single-handedly and market them in the same manner; it is difficult therefore to be the producer, marketer, seller and anything else that goes with business. The time has come for the artisans to employ qualified people to do such chores as marketing and advertising (ILO 2004).

It is noted that 1980s and respectively 1990s economically were hard times for Kenya’s formal economy (Lubell 1991, Bangasser 2009, Mureithi and Nderitu 1991). Due to the unilateral implementation of the structural adjustment programmes (SAPS) the formal economy experienced a recession. This was marked by problems like unemployment, and low economic performance which was far below Kenya’s economic potential both in the manufacturing and agricultural sector (Bocquier 2005). The culmination of these events saw the informal economy grow very highly and fast in Kenya. King (1996 xiii – xiv) concurs with this and points to the following key factors:

“There was an increased attention by the NGOs, donors and government to the informal economy between 1986–1987”

As the formal economy crumbled, the informal economy remained as the key economic hope for the workers who were retrenched from the formal economy. Thus job absorption in the informal economy became dynamic and expandable;

While the informal economy worked independently there before, not getting any credit assistance to access land or marketing; the 1990s saw a different approach especially by the government and the NGOs, for example:

- They began to support micro – enterprises credit
- Showed a renewed spirit in entrepreneurship training
- A lot of support towards income generation schemes among the artisans
- Appropriate technology development programmes for informal economy artisans were initiated

The government particularly integrated in its formal education programmes aspects of self-employment to spur job creation instincts among its citizens.

Consequently, the informal economy began to gain momentum and take new shape and direction as most of the stakeholders doubled their efforts in support of the informal economy. However, most of their actions and interventions were top-down with very little efforts to solicit the views and ideas from the relevant artisans in the informal economy. As a result, the informal economy continued as it had before as a vibrant sector of the Kenyan economy with unrealised potential

The focus of the current research, therefore, is identifying effective strategies that would empower the artisans in the manufacturing sub-sector of Kenya's informal economy to realise their potential for socio-economic development.

## 2 Literature Review

### Glossary of Key Terms

<b>Artisans:</b>	The people engaged in production of diverse commodities in the Jua Kali sector.
<b>Credit:</b>	Loan advanced to business people with a view of expanding their business enterprises.
<b>Environment:</b>	The surroundings where the artisans work, it includes the land, rivers, dams, wells, grass, air, and buildings.
<b>Formal sector:</b>	The economic sector registered and regulated by the government.
<b>Formal training:</b>	The training that takes place in the official training institutes like the polytechnics or technical schools.
<b>Human capital:</b>	The reservoir of abilities and skills that a group of people have for generating economic productivity
<b>Informal sector:</b>	including the Jua Kali sector but encompassing a wider range of activities.
<b>Informal training:</b>	The training that takes place outside the formal training schools; The training can take place on the job or as apprentices.
<b>Jua Kali sector:</b>	Network of entrepreneurs providing goods and services without government registration or regulation. It is also characterised by the individual's investment.
<b>Land:</b>	A plot or a piece of land that a person can own, it is bought or allocated to a person.
<b>Market: Trade</b>	where buying and selling of goods and services is done freely; prices are set by demand and supply of the trade activities.
<b>Mechanic:</b>	Person involved with the repair of vehicles.
<b>Policies:</b>	Guidelines, principles, regulations, laws that determine how to do things in an acceptable way.
<b>Pollution:</b>	Environmental degradation caused by artisans carelessness in dumping, discarding, burning waste or making too much noise for others.
<b>Primary stakeholders:</b>	Grassroots entrepreneurs.
<b>Tertiary Education:</b>	Education that goes beyond secondary schooling, providing specialised training in skills and knowledge for certain work either in the formal or informal sector or education that increases the capacity of ones employability and competitiveness.

### Methodology

The search for relevant literature has involved searches for books in university libraries, internKey words used in the search were: Kenya, informal economy, manufacturing, Jua Kali, and artisans.

The credibility of sources was critically evaluated on the basis of consistency between varying sources, evidence of vested interest of the author or authors, relevance to the specific area of research (as opposed

to being of general relevance to Kenya or Africa in general), and conflict with the candidates own first hand knowledge of the relevant situation.

The literature review is organised on the basis of the historical development in the field of research (APA 2010, 10)

## Introduction

The importance of the informal economy cannot be overemphasised. However, it has not been easy in attempting to observe, study, or define the informal economy, let alone measuring its real socio-economic impact. Hussmanns (2004, 62) makes a reasonable attempt by tabulating some of the criteria that can be employed as to measure the informal economy; he therefore mentions,

- “The size of the informal sector
- Employment in the informal sector
- The contribution of the informal economy to national incomes and economic welfare”

Besides the academic interests arising from the informal economy recently; the economic importance accruing from the informal economy is significant. In that regard, Adams (2008) says the informal economy in the sub-Saharan Africa is one of the biggest sources of employment. While employment in the formal economy has stagnated, the informal sector as shown significant growth. He says (Adams 2008, 1)

“...the informal sector of sub-Saharan Africa has become a growing source of employment for large numbers of youths, but also older workers pursuing entrepreneurial goals and others adjusting to structural changes in the region’s employment...In countries throughout the Africa region, where job growth in the formal wage sector has stagnated, making it difficult to absorb rising numbers of new entrants to the labour force, self-employment has opened opportunities for youths who are acquiring higher levels of education and skills.”

Based on his research mainly focusing on unemployment in Ghana, Hart (1973, 17) concluded that unemployment and low wages were the most troubling factors in sub-Saharan cities:

“In any case, at a 1971 conference on ‘Urban unemployment in Africa’, I argued that the Africans I knew, far from being unemployed, worked for irregular and often low returns...”

Thus, Hart’s study on Ghana (Hart 1973) was focused on how the people coped with unemployment in African urban cities, and in particular Ghana’s urban setting.

In his ten year research in Kenya, King (1996) found that the artisans working in the informal sector have great potential if only the right strategies could be crafted to empower them. King (1996, x) concluded that the artisans were creative, skilled, hardworking and highly innovative in their work. The research on the Kenyan Jua Kali by King remains the most comprehensive ever undertaken

As one of the major employers of the labour force, it is clear that the informal economy has significant potential contributor for economic growth of the country. Commenting on this factor, Ijaiya and Umar (2004, 5) have this to say,

“...the sector is an important development phenomenon in less developed countries. For instance, it is known to have contributed to job creation, apprenticeship training, income generation, asset accumulation and the provision of credit facilities and social services.”

This indicates the following benefits derived from the informal economy in Kenya:

- The informal economy is one of the greatest job creators

- Still while working in the informal economy, to some degree apprenticeship training still takes place; the trainees have double blessings, the trainee is still producing while on the other hand he/she continues to acquire more and more skills and knowledge
- The informal economy offers an easy entrance to the workers and an opportunity to generate income
- Over and above, working in the informal economy enables the actors in the sector to accumulate assets
- The actors in the informal economy can also provide essential services to the public
- Provision of credit facility can also take place within the informal economy

The constraints to business growth in the informal economy in sub-Saharan Africa has included lack of a culture of enterprise, inability to acquire or access appropriate technology and uncoordinated artisans. Due to the lack of coordination among the artisans in the informal sector, wasteful duplication of undertakings and inability to benefit from their field experiences are all common places (Farrell, Roman and Fleming 2000).

At the same time, the informal sector is regarded as of great importance as an economic development phenomenon. Ijaiya, and Umar (2004, 85) identify this importance in the following way,

“...for instance, it is known to have contributed to job creation, apprenticeship training, income generation, asset accumulation, and the provision of credit facilities and social services.”

While the informal economy is referred to as the engine of socio-economic growth in many developing countries, yet there have been significant hindrances to the achievement of its potential (World Bank 2004). One of the most significant of these hindrances is the lack of clearly identified and effective strategies to drive the informal economy in the achievement of its full potentialities. (Street Net 2008).

One of the most significant of these hindrances is the exclusion of the entrepreneurs in the informal sector in national policy-making. As Hart (1973, 9) says, “...the actors in the informal economy remain invisible.” Similarly, King (1996, 203) says: “...the workforce of the informal economies of many countries, including Kenya, is still substantially invisible, in respect of its ambitions, political alliances, and its associational behaviour”

Leaving out all the insights, experiences and discoveries made by the artisans in the informal economy defeats the end results being looked for.

The members of the informal economy are the true specialists in this area because of their work experience, and first hand knowledge of the common problems in the informal economy. However, due to their continuous exclusion, their voice goes unheard. Swanepoel and De Beer (1994, 4) argue: “People... are often reluctant to take the initiative, partly because they are not sure of themselves and partly because they are not used to it. They are used to the fact that some authority or organization takes the initiative. In most cases they are quite willing to follow passively.”

Orwa (2007, 3) however, lay the blame, not on a willing passivity on the part of the informal sector, but on external factors:

“...policies have been formulated mainly by the government without consulting the Jua Kalis. As a result, policies failed to address the specific needs of the Jua Kali sector and lacked ownership by them. When commitments have been made, no organization has effectively monitored implementation. Local authorities continue to harass informal business by arbitrary arrests, chasing them from their temporary business locations, confiscating their goods and other tools of trade, causing property damage, asking for bribes, and at times, even assaulting the entrepreneurs.”

## The Economy of Kenya before the British Invasion

Little is known of what is now Kenya other than the coastal strip until the nineteenth century. The first Europeans to venture inland were two missionaries of the Anglican Church Missionary Society, Dr. Johann Ludwig Krapf and Rev. Johann Rebman, who arrived in Mombasa in 1844. After speedily learning Kiswahili, in 1847 Krapf made an evangelistic exploration to Ukambani while Rebman visited Taita. As more missionaries came they pressed further and further inland, but their mission was such that they recorded nothing of the economic or political structures of the people. (The history of the Anglican Church in Kenya <http://www.ackkenya.org/ack/history.html>).

However, what we do know of the coastal strip provides significant information of economic life in the inland. In the 12th century Arab settlers had established themselves on the coast from which they engaged in trade. By the late 15th century they were exporting to India, Indonesia and China (July 1992, 73-74). While Arabs were the ones who exported the goods, the African peoples from the inland, of whom the Kamba were foremost, they were the ones who provided these goods in exchange from imported goods (July 1992, 253). From the 17th to 19th century control of the coastal strip alternated between Portugal, the Mazrui dynasty and the Omani Sultan who ultimately shifted his base from Oman to Zanzibar (July 1992, 78-82, 248-251).

While this tells us that the peoples of Kenya were active in trade, we must turn to other sources for information on trading systems between the peoples of Kenya. In this respect Ochieng' (1992, 38 – 39) says:

“Most historical studies of African economies, particularly those conducted by Western scholars, speak of an ‘African domestic economy,’ which they claim was essentially devoted to subsistence, rather than to market exchange. Indigenous African economic systems, they claim, simply ‘reproduced’ their existing forms ‘rather than invest in more efficient production.’ Thus, Africa — to these scholars — remained an anti-image of the dynamic West. This strange angle of looking at Africa is, of course, today largely antiquated. Recent and more discerning students of Kenya’s pre-colonial economies have observed that both the farmers and pastoralists did not simply practise subsistence farming, in the sense that they produced only to maintain themselves. According to Professor Robert Maxon, ‘They generated sufficient surpluses (grain or livestock) for exchange with neighbouring peoples, so as to obtain necessities not immediately available to them.’ Writing about the nineteenth-century Kikuyu economy, Professor Abdul Sheriff, the distinguished Tanzanian historian, has also observed that the Kikuyu produced huge surpluses of grain, tobacco, iron commodities and honey which they could not immediately consume. This led to ‘considerable’ internal trade among the Mount Kenya people, and large markets and market clearings became important features of the nineteenth-century Kikuyu economic life. These markets were held every four days, and in such a way that they did not conflict with similar functions in the neighbourhood. Even fighting, according to Sheriff, stopped on market days,’ and markets were regularly policed by members of the warrior grade.’ He writes: ‘Apart from grain, iron, salt, ochre, pottery, tobacco, etc., were bartered at such markets. The Kikuyu also traded across ecological boundary with the Maasai in agricultural products, weapons, tobacco and ochre. Exchange with the Akamba depended on seasonal scarcities, since both people produced more or less the same goods.’ Richard Wailer has also drawn attention to the triangular economic and social relations that existed in central Kenya in the nineteenth century involving the pastoral Maasai, the agricultural Kikuyu and

the scattered groups of hunter-gatherers who tracked wild bees as well as game. The relationship between these communities was based on the exchange of surpluses which accrued in each of the three modes of production.”

On the other hand, Austen (1987) while not entirely clear on this point, appears to write off the domestic economy of the peoples of Kenya as being a subsistence economy with no market exchange system. The account of Ochieng’ (1992) is more credible for two reasons: Firstly, because his is the later account of a professor of history in a Kenyan university (and so closer to sources of oral accounts passed on from earlier generations) who cites mainly Kenyan sources. On the other hand, Austen (1987) is an earlier account of an American scholar citing mainly Western sources which may lack in depth understanding of the local culture and realities. Secondly, Ochieng’s (1992) account is consistent with the reality of the extensive informal market system that persists, with some expected changes, to the present day in Kenya.

With regard to industrial activities we turn to Wandiba (1992) who identifies seven distinct industries: iron, pottery, salt production, house-building, woodworking—including bee hives, furniture, carved doors and dug-out canoes—leatherwork, and basketry. These industries were not always produced by all the peoples of Kenya but sometimes one person would buy the products from the skilled artisans of another community. Much could be said about the skill required to produce the high quality of products in each of these areas, but the iron industry merits special attention because of the complexities of the technology involved (Wandiba 1992, 18–20). First of all the ore needed to be found and mined; then it needed to be smelted to extract the pure iron. The smelting was done by a process identical in principle to the large scale blast furnaces of modern Western societies. In the case of Kenya the ore was placed in a small clay-lined furnace heated with a charcoal fire. The heat was regulated at the desired high temperature by the use of bellows made of sheep or goat skin continuously creating a draught that was directed via a clay pipe into the correct place in the furnace. It was the task of an apprentice, or a relay of apprentices, to continuously operate these bellows until the smelting process was completed—this could take from one to four days. Having secured the iron, this raw material was worked into finished products that covered a wide range, from crow-bars to tweezers. Wandiba (1992, 20) lists these as follows:

“Utilitarian artefacts included weapons and agricultural implements. The weapons made included spear blades, arrow-heads and swords. The shape and size of the spear blades varied from community to community, with certain styles developing on almost a regional scale. Thus, the agricultural communities of what is now western Kenya tended to make leaf-shaped spear blades whilst those of what is now central Kenya made theirs in imitation of the Maasai spear. Weapons were made by agriculturalists as well pastoralists. Agricultural implements included hoes, bill-hooks, sickles, the digging knives used by the Kikuyu and Akamba, harvesting knives and axes. Other utilitarian implements included razors for shaving hair, circumcisors’ razors, razors used by women in the operation of clitoridectomy, bleeding arrows, tweezers for pulling out facial and pubic hair, crow-bars for breaking up hard surfaces, and bells for livestock. Ornaments included chains of various sizes, rings and coiled ornaments worn about the ankles and wrists. In this category can also be grouped knee and ankle bells worn during dances. The iron objects used by manufacturers included adzes and chisels (for woodwork), awls (for leather works and basketry), wire drawer’s clamps, hammers, tongs, cold chisels, and axes for scraping skins.

Both smelting and forging required special skills which had to be learnt. This was done through apprenticeship, and very often the skills were passed on from father to son. The apprentice had to pay some fee, in the form of goats, to his master smith in order to obtain entry into the trade. As an apprentice, the young man learnt through participation and observation. He started off by working the bellows and then moved on to make small items that did not need a lot of skill. When it had been established that he could now stand on his own, an apprentice was given the tool of the trade, the hammer, at a special ceremony by his master smith. Henceforth, he could have his own smith and forge.”

The local social-economic structures could not mirror those of the Western societies. However the peoples of Kenya had ordered societies, economic structures and effective technology requiring significant levels of skill, before the coming of the British to “civilise” them. They had gone well beyond a subsistence economy nor were the economic structures those of a subsistence economy, even though they lacked the mechanisation of European countries. At the same time it is worth remembering that the mechanisation of British manufacturing, known as the Industrial Revolution, only occurred in the late 18th and early 19th centuries.

### **Kenyan Economy and Society under Colonial Rule**

Kenya was declared a British colony and protectorate in 1895 (Wagner 1956). Because they saw African culture and political systems in terms of their own, they saw them as an uncivilised, primitive people; a people that could not be left alone lest they destroy one another (Capra 1983, 285). Consequently they saw it as their mission to bring civilisation, progress and Christianity to the ‘dark continent’ (Shillington 1995, 76). Huxley (1998 Vol 2, 191) cites a British MP who visited Kenya as guest of the leading White settler, Lord Delamere, describing the Africans as, “...feeble, degenerate and indolent...” However, Capra (1983, 285 - 332) gives a very different view. Further, Davidson (1991, 41) rejects the notion of Africans’ inferiority as an overflow of the Social Darwinism theory famous in the 19th century and used to denote the seemingly inferior societies. Capra (1983, 285) observes:

“The characterisation of African societies as lacking history and dynamism ... implied that they were primitive ... the Western scholars compared them with the sophisticated Western societies that had established hierarchy of complex political and social institutions.”

Under Arthur Hardinge as the first governor; the formal administration brought a totally new and foreign concept of government to Kenya. This foreign concept of administration changed completely the political and socio-economic life of the people of Kenya, with consequent disruption of Kenyan culture and political life. While the British thought they were doing good, Chweya (2006, 4) on the contrary, observes:

“African societies had before the advent of colonialism a unique political and social organization that has been a popular subject of discussion—indeed controversy—since Meyer Fortes and Evans-Pritchard published *African Political Systems* back in 1940. The seminal work categorized pre-colonial African political systems into centralized and decentralized systems and asserted that the decentralized variant that societies in what is present-day Kenya reflect was largely both democratic and egalitarian. The assertion subsequently created a major rift among scholars who work pre-colonial African politics. Some concur with Fortes and Pritchard while others disagree or concur only with a major qualification. Pre-colonial Kenyan societies belonged to the decentralized category

except only for the small Wanga Kingdom in western ... Kenya and all contained many features of democracy. The political organization of most of the societies was nested upon small lineages, clans or sub-clans such as the Kikuyu mbari and the Kamba uti. The persistence of small political units within which pre-colonial African societies were organized was a disincentive for the rise of capitalism. In Western Europe, the rise of capitalist production occurred simultaneously with the rise of the nation state. The organization of government in pre-colonial Kenya societies based on consensus rather than representative or delegated government forestalled the possibility of the rise of a 'state-led' transformation that could have involved change, even compulsive change."

The colonial policy was one that seemed only to benefit the White settler community (Zwaneberg 1975, 156). This was at a time when, as Chweya (2006, 6) says:

"The advent of colonialism occurred at a time that Africa had reached a level of development that was arguably lower than existed in the Western countries."

Whites pursued their own economic interests single-mindedly in the colonies and for their home economies back in Britain (Middleton and Kershaw 1965, 69). Though Africans were skilled in areas such as metal work that could have been the basis for industrialisation, instead they became a source of cheap and free labour (Davidson 1991, 29). By allocating the natural resources against African economic interests the Whites eventually left Africans out in development. This helps to explain the views by Zwaneberg (1975, 132) where he accuses the whites of plundering resources to their own economic benefit and of exercising punitive economic development strategies. Thus Africans were 'condemned' by the prevailing economic situation to a subsistence economy outside the mainstream economic development (Middleton and Kershaw 1965, 104). As Chweya (2006, 13) says:

"The mode of colonial economic domination and exploitation of the Africans excluded the Africans from the mainstream economic progress and pushed the native population to the periphery of the emergent capitalist production."

The exclusion of the Africans and the economic backwardness arising from the white strategies characterised the colonial economy during the colonial rule. Socio-economic development in most of sub-Saharan Africa revolved around the land as the chief factor of production; this is so because sub-Saharan Africa's economy tends to be agricultural in orientation. As the Economic Commission of Africa (2006, 4) says:

"Land lies at the heart of social, political and economic life in most of Africa. Land and natural resources are key assets for economic growth and development... Reliance on land as a principal source of livelihoods and as a basis for economic development in Africa is likely to persist for the foreseeable future."

When the colonial government was dealing with land distribution in Kenya, the lack of understanding of African culture and political organisation led to significant, though unintentional, injustice. Any land that was currently not being cultivated was seen as unoccupied or unused land that could be allocated to White settlers without affecting African interests. As Morgan recounts (1963, 140) quoting Sir Harry Johnstone a senior colonial administrators:

"... here we have a territory admirable suited for a white man's country, and I can say this, with no thought of injustice to any native race, for the country in question is either utterly uninhabited

for miles and miles or at most its inhabitants are wandering hunters who have no settled home, or whose fixed habitation is the lands outside the healthy area."

This view is also reported by Huxley (1998 Vol 2, 191) quoting a member of the British parliament, Major Bush, after a visit to Kenya lavishly hosted by Lord Delamere made this comment:

"The settlers in Kenya are doing their best by the soil and they are setting an example to a somewhat feeble, degenerate and indolent people in regard to cultivation. . . . I have been astonished by the way in which the settlers, at great expense to themselves, are carrying out experiments for the betterment of their crops and their protection against disease. . ."

As seen from the African perspective, however, it was a very different story. It brought a new concept of land ownership. Before the incursion of the colonial settlers land was owned communally by a clan and a tribe (Mwangi 1998, 43). The colonial administration changed this perception by introducing individual ownership of land, and with the land registered against an individual's name. The individual owner of the land had the freedom to do whatever he liked with the land which he rightly owned according to the new arrangements, including buying and selling. This was totally different to what Africans practised; the African view of land ownership was very hard for Whites to comprehend. Huxley (1998 Vol 1, 114) comments on this fact very concisely:

"This question of the primitive native's attitude towards land is a difficult one for Europeans to weigh with accuracy. As an individualist the European regards land as personal property which he can buy or sell, build a house on, improve, beautify, tend and even inherit. This was not the tribal African's point of view. Land was not his to buy or sell. It belonged to the whole tribe."

The tribes had a committee that regulated access and land use. This was the way the forests and land were managed. The pursuit of individual ownership and management of land and forests by the white settlers changed such practices which in the end compromised land use and forest management. Mwangi (1998, 39) informs us that:

"Prior to the onset of colonialism (pre-1985), forests were managed by indigenous communities. They had their own rules and systems for controlling access to and utilization of forestry resources. Many of these systems were comprised of sacred groves and religious taboos as a form of protection. Others however were utilitarian, motivated by a need to ensure a sustainable supply of resources. Land management in forest areas was closely regulated. Around Mt. Kenya forests for example, the Kikuyu and Embu, both agricultural communities, had evolved a system of land management in which forest land was owned by clans, but only up to a maximum of two miles into the forest. Land above this cultivation line belonged to the community. The forest was inviolable, and bringing new land into cultivation was the result of community consultation and consensus. These examples indicate the existence of organized, well-defined forest management systems amongst indigenous communities prior to the onset of colonialism. Such systems comprised scattered core areas (sacred groves) protected by religious sanction, from which human interference was excluded. These were surrounded by utilization zones, the use of which was determined and regulated by specific rules. Forest management fell under a clearly defined structure of authority (elders, clans, family heads). These systems combined to promote sustained production of the forest's goods and services."

The alienation of land belonging to Africans was done in terms of the laws of the ruling power, Britain.

Since the White settlers had acquired the land legally—in accordance with British legal principles—they did not see themselves as doing any wrong in occupying it. Maxon (1992, 67) elaborates:

“The main legislative vehicle for the initial alienation of land to settlers was the Crown Lands Ordinance of 1902. This gave the commissioner (later governor) power to lease or sell land to settlers. Over the next decade, the colonial state issued rules under the terms of the ordinance, through which most of what came to be known as the white highlands was alienated. As a result of strong pressure from the settlers and the sympathy of the then governor, Sir Henry Belfield, a new Crown Lands Ordinance was approved in 1915. This allowed land held under the previous ordinance and land regulations to be converted to leases of 999 years’ duration... By any standard of economic measurement, the bulk of the land given over to white settlement was alienated very cheaply with little thought of obtaining significant revenue for the state. By the same token, this process was also marked, despite various rules designed to inhibit the practice, by substantial speculation in land. This brought the government little or no profit, though individual settlers made substantial sums from the process.”

At the same time, the colonial government provided substantial support to the White settlers; firstly by making available to them cheap land, and secondly by ensuring that they had access to cheap labour as a result of the introduction of a “hut tax” on Africans. Being excluded from the formal economy the only way in which Africans could pay the tax was by working as labourers for the White farmers. As Maxon (1992, 67 – 68) puts it:

“Moreover, the colonial state adopted a variety of other means to provide labour for settler ranches, farms and estates. Taxation was a major way in which proletarianization was fostered. The hut tax, first collected in 1902, was not meant merely to raise revenue or even primarily to spur peasant production. It was seen as a vehicle for economically forcing Africans to seek work away from their homes on European farms and estates. Still taxation was insufficient to provide the amount of labour demanded by the settlers and the state itself. Both were extremely undercapitalized during the early period of settlement; neither was able to offer wages and conditions of service attractive enough to retain labour. With the peasant option available to many, Africans did not need to sell their labour in order to survive. As a result, the state fell back on coercion as the most reliable way to obtain labour. Chiefs and headmen, on orders from the colonial administration, forced men out to work for the settlers and the state itself.

At the same time, the economic weakness of settler production helped to insure that the initial form the proletarianization would take was migrant labour and squatting on settler land. By the former, African labour could be obtained, with state assistance, only when needed most. A permanent labour force, entirely dependent on wages, was something the settler capitalists could not yet afford. Those involved in the migrant labour system were never completely divorced from the land, as such individuals normally returned to the African rural areas when not employed. By the latter, the undercapitalized settler could obtain labour without having to pay regular wages while the African squatter gained access to land for the planting of crops and the rearing of stock.

The colonial state not only involved itself deeply in the recruitment, it also set up, over the course of the first three decades of colonial rule, an extensive system for labour control. The system

provided state assistance to European settlement by requiring, among other measure, registration and pass-carrying by African men and providing criminal penalties for 'desertion' from work."

A further economic complexity for the Africans at this time was the initiation of a money economy that replaced the African barter trade system, both for internal and external trade. Maxon (1992, 69) notes:

"The colonial conquest brought with it new patterns of trade, and existing patterns of local trade were integrated into the new and broader colony-wide market and linked to an even wider international commercial network. The colonial state constructed railways and roads to facilitate the penetration of commercial capitalism as well as European settlement."

However, it was Asians—i.e. people from the Indian sub-continent—who engaged in commercial trade, both retail and wholesale, including being a major vehicle for the sale of commodities from African peasant production. British mercantile enterprises also entered the Kenyan market, pioneered by British East Africa Corporation and Smith MacKenzie Ltd. These played a major role in the export of commodities largely in the form of primary produce and the import of British manufactured goods. In the first two decades of the colonial era British commercial banks began operating in Kenya. (Maxon 1992, 69–70).

A further factor in the land alienation issue was the failure to recognise valid farming practices of African farmers that were unfamiliar to both the colonial government and White settlers. Kenyatta (1978, 57–58) points out that the Gikuyu in particular practised land rotation. This involved working an area of land every four or five seasons and then leave it to lie fallow while the farmers moved to another area. This enabled the ground to recover due to its high fertility so that crops could be produced without the use of any fertiliser. Unfortunately, this was not understood by the White settlers and administrators who saw the fallow land as unoccupied, unused land that could be allocated to White settlers without prejudicing the rights of Africans. (Capra 1983, 285 - 287).

Finally, the settlers' occupation of African's land endangered the relationships between different African tribes. For example, the so called idle land by the settlers was actually a buffer zone between the different African styles. Because they utilized land differently, the buffer zone was not only a boundary but also a strategy to guarantee each tribe freedom to use their land according to their respective socio-economic and social structures. Destruction of the buffer zone unduly disturbed some of the tribes and forced them to move deeper to forests for their productive land, with consequent environmental damage. This was a new dimension among the Africans who in the past only used the natural resources according to their needs, and could leave it to regain the lost vitality after some use. (Mwangi 1998, 91).

Neither the Colonial administration nor White settlers had any ill-will or tyrannical intention in their dealings with Africans, yet they did considerable damage due to their ethnocentric blindness—i.e. judging African life in terms of the cultural values of their own society. The White settlers thought they were doing Kenyans a favour by bringing them the benefits of "civilisation".

This conflict of cultures, together with the greater power of the British, resulted in a situation that was decidedly oppressive to the indigenous African population of Kenya. As Maloba (1996, 9) says:

"Politically, colonialism was a dictatorship. It was imposed by violence and maintained by violence. Ruling with utter indifference to the opinions of the governed—the Africans— colonialism perfected a reign of terror by silencing its opponents through detentions, exile, and even outright extermination. There is hardly an African country that does not have its list of martyrs of freedom—those nationals that were killed, imprisoned or detained for opposing specific or general co-

lonial policies. Colonial administrators were appointed and not elected. They owed their allegiance to foreign centres of power, represented in the colonies by governors. They were not accountable to Africans for their actions nor did they pretend to be constrained in their actions by local opinions. Because they were part of a dictatorial system they relied on force of arms to implement their policies. It is generally argued that without local collaborators colonial administrators would not have managed to control all the territories. This is true. Yet it should be added that these collaborators were not masters but servants of an oppressive system."

Kenyatta (1978, 196) concurs with this by stating:

"The present system of rule by the Government Officials supported by appointed chiefs, and even what is called "indirect rule", are incompatible with the democratic spirit of the Gikuyu people. It has been said that the Gikuyu do not respect their chiefs, namely, the "appointed ones." This is perfectly true, and the reason is not far to seek. The Gikuyu people do not regard those who have been appointed over their heads as the true representatives of the interests of the community. No one knows this better than the chiefs themselves, because many of them are only able to continue in their position through the fact that might is over right. The Gikuyu knows perfectly well these chiefs are appointed to represent a particular interest ... the interest of the British Government, and as such they cannot expect popularity from the people whom they help to oppress and exploit. In the eyes of the Gikuyu people, the submission to a despotic rule of any particular man or a group, white or black, is the greatest humiliation to mankind."

The Economic Commission of Africa (2006, 7) later commented:

"Throughout Africa, colonial powers imported European systems of civil and common law for their own purposes, to guarantee settler interests in land...In some cases, for instance in Kenya, governments sought to introduce a unified system of property rights based on an imported European model, through programmes of land registration and titling. These however proved at best only partially successful, and, while customary law was hardly acknowledged in national legislation, it continued to dominate land management in practice, particularly in rural areas and amongst poor and marginalised groups. More recently, some countries have come to recognise the integral role that customary law has in social and economic life, and its equivalent status to formal law as a legitimate source of land rights, and local systems of land rights or deeds documentation have begun to emerge. However, African nations continue to grapple with the co-existence of customary and formal tenure systems, symptomatic of the "bifurcated power" of the colonial state, and the question remains of how, in practice, to bridge the legal and institutional divide between tenure systems based on imported concepts of private property and more complex customary frameworks of individual and group based rights. Despite their extent and legitimacy, customary systems of tenure are under strain, because of demographic pressure, land scarcity and competition, growing urbanization, inter-group and wider civil conflicts, breakdowns in customary authority, and pluralistic systems of law."

Another factor changing the socio-economic landscape in Kenya was the completion of the Uganda Railway in 1902. The White settler farms were operating at their highest peak in order to benefit economically from the railway that now linked Kenya with other interior countries. This meant further assaulting the socio-economic systems in Africa through the introduction of forced labour and the usage of colonial

military expeditions to subdue the resisting African communities. Lacking access to production means and being subjected to the periphery of the economy left subsistence production as the only option for Africans during the colonial economy (Morgan 1963). Chweya (2006, 10) makes this notation,

The mode of colonial economic domination and exploitation of the Africans excluded the Africans from the mainstream economic progress and pushed the native population to the periphery of the emergent capitalist production. The emergent class structure was based on both relations of production and race. Specifically, the Africans were deprived of land, production of profitable cash crops, and social and economic services that the technical departments of the colonial state provided. Furthermore, African socio-economic organization was steered towards support of the European capitalist production especially with regard to the supply of labor, tax revenue, and peasant produced grain for local consumption. While the colonial economic order had adverse effects upon the conditions of living for the Africans and privileged the Europeans, the former were largely compliant with the colonial order at least until the post-war period.

Despite all the economic activities during the colonial rule, the period saw very little manufacturing works, tending to limit the Kenyan economy to a mere source of raw materials. In this respect Maxon (1992, 70) observes:

“...neither British nor other industrial capitalists initiated major manufacturing works in Kenya during the initial years of colonial rule. This was not surprising for, as noted earlier, imperial authorities regarded Kenya as a source of raw materials and a market for manufactured goods from Britain. British industrial capital had no thought of initiating manufacturing concerns in Kenya that might compete with metropolitan industries.”

Abuor (1971, 19) further documents the methodical exclusion of Africans from all forms of commercial activity in Kenya, including the growth of commercial crops. When some Africans planted such crops the British sent the army in to destroy them—only whites were allowed to grow these. Africans could only grow for their own use just as they were prohibited from operating any kind of business in the urban areas that were established as white enclaves where Africans could only go if they were working for a white. Due to this restriction by the colonial government, two generations of Africans passed who virtually knew nothing about business. Asians (meaning anyone from the Indian sub-continent) were excluded from political life but allowed to engage in commercial operations (Mazrui 1986, Birks, Fluitman, Oudin and Sinclair 1992).

### **Summary**

The colonial era brought an influx of White settlers from both Britain and South Africa who engaged vigorously in agricultural production on land allocated to them by the Colonial administration, in many cases on the mistaken basis that it was unused land. Together with this, it brought a commercial infrastructure operated either by Asians or by British interests.

On the other hand, despite the intention of the administration to treat the African population fairly, the impact on the Africans was a negative one. They were excluded from commercial life; their previously flourishing trading system was replaced by the new commercial infrastructure which was foreign to them; they were deprived of the use of valuable farming land that had been the mainstay of their life; and their well developed political authorities were over-ridden by the authority of the colonial administration that

appointed African “chiefs” to carry out the administration’s policies, destroying the generally democratic nature of the traditional African culture.

## **The Economy in Independent Kenya**

While Kenyatta in taking office as the Head of Kenya’s first independent government used socialist rhetoric by announcing that “his government would build a democratic African socialist state” (Ochieng’ 1996, 91), unlike Julius Nyerere of neighbouring Tanzania, in practice he built an unmistakably capitalist state. It was not long before the rhetoric was dropped; not without protests from influential critics, such as Tom Mboya, Jaramogi Oginga Odinga and J.M. Kariuki whose voices were effectively silenced (Ochieng’ 1996, 102–104).

Under Kenyatta’s increasingly authoritarian rule (Ochieng’ 1996, 106) economic strategy relied heavily on attracting foreign investment in order to drive industrial, and to a lesser extent, commercial development. Langdon (1981, 226) adds that in the 1960s indigenous industrialization could because African capitalist elites were not there. Therefore, the political elite joined in partnership with the Multinational Corporations (MNCs) to bring about economic development as a solution to the serious problem of urban unemployment. (Ochieng’ 1996, 83).

While this strategy did generate a thriving industrial economy in Kenya, with spectacular economic growth, Ochieng’ (1996, 85–86) observes that this was at the expense of entrenching the socio-economic inequalities of the colonial era:

“...right from independence, Kenya’s leadership opted for a clear strategy of economic growth, based on a determination to keep existing ties with the major Western industrial nations, especially Britain, in order to gain foreign aid and investment, build overseas markets for her products and expand tourism. In addition, the K.ANU government concentrated on growth rather than redistribution....

Kenya’s industries are ... still dominated by multinational corporations and other foreign investors, who export their surpluses out of the country. In addition, the government’s industrialization and investment policies tend to strengthen the dominance of multinational corporations. As a result a pattern of dependence has emerged, with the multinationals providing capital and a technology that is not always appropriate to Kenya. ‘The result of this’, according to Professor J .K. Maitha, ‘is establishment of high cost and capital intensive industries which tend to strengthen existing income inequalities by limiting labour absorption and producing inappropriate products.’

This is pertinent to the rise of the informal economy, though “inequities” rather than “inequalities” would be a better term to describe the situation. Ochieng’ (1996, 89–90) expands on this when he says with reference to an ILO report of 1972:

“The report pointed out:

‘The development of the Kenyan economy has been accompanied by a growing imbalance within the country. The tendency of Nairobi and other urban areas to grow at the expense of the rural, the richer regions in relation to the poorer, had led to growing imbalances between the regions and different groups of the population.’

While acknowledging the excellent progress which Kenya had achieved since independence, a World Bank report of 1975 also identified unemployment, poverty and income distribution as the

disappointing aspects of Kenya's development story: 'In many respects,' it said, 'the performance of the Kenyan economy has been quite remarkable in comparison to most other countries faced with similar problems. Only with respect to the growth of employment and its impact on the poverty of the lowest income groups has Kenya's performance been rather disappointing.'"

It is to be noted that the inequity was not simply urban vs. rural; some in rural areas were rich, e.g. the Delamere family while there were those who were poor in the urban areas. The concentration of the rich was in urban areas and of the poor in the rural areas. It is also worth noting that as time has gone Nairobi especially has accumulated a large number of the poorest of the poor.

Ochieng' (1996, 91) summarises his analysis with:

"A number of conclusions arise from our discussion of the postcolonial state in Kenya and her economic inheritance. Foremost, the postcolonial state in Kenya has largely inherited the former colonial economic infrastructure and policies. Kenya's economy is also still dominated by multinational corporations and foreign capital. While the former ruling and farming European bourgeoisie departed at independence, their positions were largely inherited by an indigenous bourgeoisie, who are ruling in collaboration with international finance. Although it is demonstrable that the interests of the indigenous (or local) bourgeoisie and those of foreign capital are not harmonious, no fundamental structural changes have been made in the inherited colonial economy."

Various legislative changes did not solve the issue; the MNCs continued to be a barrier to equity in economic growth. Langdon (1981, 154) elaborates how MNCs were a problem in enhancing equitable economic growth; for example, the rural areas continued to be backwards and at best with decaying infrastructures while in the cities socio-economic development was at peak.

Maxon (1992, 385) observes in relation to MNCs:

"By the end of 1960s, such foreign firms were strongly entrenched in Kenya manufacturing. In 1967, these firms generated more than half of the Gross Domestic Product (GDP) from manufacturing. By 1972 this percentage of manufacturing GDP generated by MNCs declined somewhat as a result of greater activity by local firms."

In conducting their business, the MNCs enjoyed a lot of support from the government; for example they had waivers from import barriers and market protection (Langdon (1981, 536):

"...the MNCs became an ally in that process, and they invested substantially in Kenya: during the period 1962-1972, well over 10% of total capital formation was financed by private capital inflows. Most of the MNCs entering Kenya were interested in import substitution rather than in export production, and they produced final consumer goods rather than intermediate or capital goods. They came to Kenya to produce and market the brand-name products on which their world power was based."

The government's support in the 1970s with a campaign "...buy Kenyan and build Kenya..." saw a drop of the percentage of the manufacturing GDP generated by the MNCs' thus, enhancing the role of the local industries. (Government of Kenya, 1984). It is difficult, however, to determine to what extent this campaign promoted genuine local industry, owned and operated by Kenyans, since many products that were manufactured in Kenya, and therefore "Kenyan", were produced by MNCs. Again, put together, Maxon (1992) and Langdon (1981) conclude:

“The impact of the MNCs economically impacted Kenya negatively given the fact that the MNCs’ core mission was to generate profits which were forthwith repatriated. Because of the repatriation of the profits; little investment was done and so, issues like creation of more employment could not be done.

MNCs perpetuated more internal inequality and poverty because they concentrated mainly in the big urban areas while neglected the rural areas. Given their economic size and power, the host countries (Kenya included) can not control effectively the actions and domination by the MNCs.”

The economic policy of encouraging inflows of external capital attracted many foreign investors; however, this did not guarantee equitable development between 1964–1977. Critics of the government pointed out areas like infrastructure, education, health, which they contended the government should have provided freely, or at affordable cost, to its citizens.

Kenyatta’s successor, Daniel arap Moi, continued the basic approach to the economy, signalling this by saying that his policies would be characterised by “Nyayoism” a Kiswahili word meaning “footsteps” used by Moi to indicate that he would follow in the footsteps of Kenyatta. He even published a book to articulate his “Nyayo Philosophy and Principles” which he entitled “Kenya African Nationalism (Moi 1986). He saw “peace, love and unity” as the “fundamental guidelines of Nyayoism” (1986, 22). He speaks of socialism as a fundamental feature of his Nyayoism, but it is clear that this he does not mean this to relate to economic policies but rather to a social life based on the traditional African communal pattern (1986, 20). Overall he regarded Nyayoism as a pragmatic philosophy (1986, xiv) which is an apt description if we take philosophy in an informal way.

In economic policies he followed the strategies of Kenyatta, modifying them only as needed to meet changing circumstances. It was still based on encouraging foreign investment in order to build an industrial base in Kenya (Maxon and Ndege 1996)

## **The Development of the Informal Economy**

It seems clear that the convergence of three factors led to the development of a strong informal economy and its expansion throughout the nation in Kenya;

- A stable political environment;
- The economic strategies of the government that made Kenya one of the most industrialised nations in Africa but shut most Kenyans out of an effective place in the formal economy;
- The enterprise of the Kenyan people that flourished before the colonial era, that was suppressed by the rule of a foreign power during was free to operate and develop with Kenya as a sovereign nation.

Shut out of participation in the formal economy, enterprising Kenyans set up a wide range of informal enterprises providing goods and services that were affordable to the people and brought a modest income to the entrepreneur.

The continuing pattern of the growth of the informal sector, or *jua kali*, is reflected in the article by Maxon and Ndege (1996, 169) commenting on economic development in the first ten years after the Kenyatta era, what they call “The First Nyayo Decade: 1978–1988”, when they say:

“The continued establishment and proliferation of the informal industrial sector, *jua-kali* in most of Kenya’s urban areas must be seen not only as reflective of SAP [Structural Adjustment Policies] but more clearly as people’s response to the difficulty or impossibility of the small man to invest in

the formal industrial sector. It also demonstrated the failure of the industrial sector to absorb the increasing number of unemployed. Easy entry and exit, low capital requirements, dependence on local resources and recycled waste, and employment of simple and easily adaptable technology were among the factors that aided the growth of jua-kali.”

The inescapable conclusion is that an indirect effect of the economic policies adopted by Kenya’s first President, and continued by his successor, Daniel arap Moi, has been a major factor in the development of a flourishing informal sector. Development of this sector as a strategy for strengthening the formal economy is another matter, as is the issue of official support for this sector.

The most clearly defined informal economy in Kenya is what is locally called the “Jua Kali” sector—a Kiswahili term meaning “scorching sun” with reference to the fact that much of the work of these enterprises is conducted in the open under the direct rays of the tropical sun. It is this that is the subject of this study (Adams 2000, Chariot and Hall 1992, 14).

### **The Dying Days of Colonialism**

The East Africa Royal Commission of 1953–5 anticipated and, in some respects paved the way for the rise of the informal economy in Kenya. King comments (1996, 4):

“On many topics, the Commission was exceedingly perceptive. It noted, for example, that the clusters of settlements just outside the boundaries of all the main towns were not so much eyesores as they were ‘important as centres of African trade’ (EARC, 1955: 208). Anticipating the spirit of the International Labour Office’s (ILO’s) Kenya Employment Mission some 15 years later when the term informal sector was first publicly applied to these kinds of clusters, it argued that:

“Their [African traders’] activities arc on a very small scale and, lacking security of tenure, they have no incentive to improve their premises. Yet to clear these areas of their inhabitants would be to destroy what in some urban areas, constitutes the only development of African commercial enterprise.” (EARC. 1955: 208)

The Commission also argued for the individualizing of land tenure, an initiative that was rapidly put into place in parts of rural Kenya, and which would soon have a powerful influence on the development of cash crops and on farm incomes more generally. In a rather forward-looking comment, the Commission affirmed its belief that African enterprise development was inseparable from urban land reform...”

### **The Beginnings in Independent Kenya**

The Kericho conference of 1966 was the scene for the first tentative steps towards recognition of the informal sector King (1996, 5) reports on this conference:

“The meeting was the result of the growing awareness of the scale of Kenya’s primary school leaver crisis, and what was conceived of as the stark arithmetic of unemployment that faced the dramatically rising numbers of young people.

...it is interesting to note that what would shortly be termed the urban informal sector was still being characterized [in a paper delivered at this conference] by Frederick Harbison, of manpower planning fame, as a sector where the unemployed can ‘eke out an existence as casual labourers, stallholders, beggars or petty thieves’ and whose activities also included a wide variety of petty barter trade and traditional crafts’ (Harbison, 1967: 175, 177). He was aware however that the challenge to this ‘traditional sector’ in the urban areas was how to ‘utilise them somehow in small-scale service

industries such as automobile and machinery repair, maintenance, construction and other activities for which demand is constantly rising in urban areas'; there was little point when the traditional sector was either unemployed or 'under-employed in petty trade, primitive crafts, begging and other low productivity activities' in just promoting the expansion of 'the services of stall-holders, casual labourers, artisans and beggars' (Harbison, 1967: 191). This contrast between Harbison's negative description and what would later be termed the productive and service sides of the informal sector is an interesting one, but it does not appear to have been based on a field knowledge of petty production in Nairobi and other towns."

While the Kericho conference is a milestone in the recognition of the potential of what was shortly to be defined as the "informal sector" of the economy, it did not recognise the full potential of the informal sector. It is important rather as what King calls the 'prehistory' of the informal sector in Kenya.

Such tradition pre-dates the colonial era and was continued during the era of governance of Africa by the European powers (King 1996, 5 - 6; World Bank 2004, 67; Wallerstein 2000, 11; Skocpol 1977, 38).

The official recognition of Kenya's informal economy came in 1971 with the Comprehensive Employment Strategy Mission of the ILO in Kenya. King (1996, 6-8) comments:

"The Comprehensive Employment Strategy Mission... was responsible for dramatizing the concept of the informal sector. It is intriguing that this concept was disseminated as a result of the Kenya Mission and published in 1972 in the report *Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya*. (ILO, 1972). In point of fact the term 'informal sector' had come from Keith Hart's work among the Frafra migrants from Northern Ghana working in Accra... In a retrospective reflection on this episode, Hart (1992: 216-17) sketched out the distinctiveness of this unorthodox point of view he had absorbed from Ghana:

"In my paper (Hart, 1973) ... I argued that the new urban poor were certainly employed, if not always for wages. Their incomes were qualitatively more irregular and uncertain; but in quantitative terms they covered a wide range above and below the unskilled wage rate at which the majority of uneducated migrants found jobs. The goal of most people was to combine wages and self-employed incomes. I talked about an 'informal economy' or sector of urban opportunities, drawing on Max Weber's theory of rationalisation to contrast the stable wage employment offered by corporate organisations with the more unpredictable commercial activities I had studied in Accra.

The Kenya Mission a few weeks later, offered the first opportunity to test this unorthodox view (that the allegedly traditional urban sector was actually quite innovative and productive), and the result was that the unorthodox became the new orthodoxy within a year. It is not perhaps surprising, however, that it should have been in Kenya rather than in Ghana or Nigeria that this research idea became adopted as a policy priority... What favoured its application in Kenya was that petty enterprise and services had quite rapidly, since Independence, attached themselves to Nairobi and other towns that had been colonial and racially segregated creations. These African beginnings of micro-enterprise were therefore suddenly becoming quite visible..."

What also made it likely that the informal sector concept would take root more readily in Kenyan soil was that there had been a good deal of relevant work done in the Institute for Development Studies of the University of Nairobi on many of the key sectors, such as Education, Housing, Technology, and, in that very same year, African business (with Marris and Somerset). But even before the concept of the informal

sector had been openly disseminated in late 1972 by the ILO, parallel ideas such as the 'intermediate sector' had been promoted by scholars such as David Steele who had also been working in Kenya (Steele, 1972: 208).

In other words the climate was right in Kenya for the discovery of the informal sector. It was reinforced also by the fascination with non-formal education, the processes of education and training that were going on outside the formal education system, and which had also just been noted for their policy implication.

Thus Kenya took the lead in the recognition and development of a vigorous informal economy in an independent African nation. By 1986, commenting on a government Sessional Paper on the informal economy, the annual report of the Kenyan NGO the Undugu Society of Kenya commented (Undugu 1986, 6):

"This document has defined the informal sector as having the greatest growth potential for employment creation and as such, proposes to support and diversify the sector. Undugu is pleased with the general direction since it justifies part of the thrust of our operations during the year under review."

By 2004 the Government of Kenya statistics on Micro and Small Enterprises (the informal economy) created a total of 458,800 new jobs; that number accounted for 94.3% of all the new jobs (Orwa 2007, 9).

In a ten year study of this sub-sector of Kenya's informal economy; Kenneth King, of Edinburgh University, concluded that the informal economy in Kenya was the most vibrant in Africa and, with the right kind of help, the sector had the potential to provide a substantial boost to the country's formal economy. A key factor that was identified by Kenneth King was the high level of creative skills and innovation already being exhibited by the artisans in this sector (King 1996, 20–22; ILO 2004, 45).

## **Realising the Potential from Without**

It is one thing to recognise potential but quite another thing to realise that potential. There is no doubt of its growth in terms of numbers employed but what of the potential of to drive Kenya's economy? Three key sectors enter into the picture here: Government, financial institutions, international agencies and NGOs.

### **The Kenyan Government**

The Kenyan government's commitment to provide support for the informal sector was first officially expressed in Sessional Paper No. 1 of 1986,—22 years after independence—which in part said (Kenya Government 1986, 50–56):

"...government will issue new regulations on tendering to require central ministries and district authorities to favour small-scale producers..." (Kenya Government 1986, 50-56).

The main point here is that the government expressed the political will to mainstream the informal sector's activities in the core government's socio-economic activities. For example, the then President of Kenya, Daniel arap Moi, visited the Jua Kali artisans at Kamukuiji and Ziwani—two suburbs of Nairobi communicated the government's intentions to support the sector.

The government saw the informal sector as a potential employer (Kenya Government 1986, 2):

"...obviously, the formal sector/industries cannot be depended on to employ much of the growing workforce. To employ people on small farms, in very small-scale industry and services, or in self-employment takes only a fraction... in the modern sector. Clearly the bulk of the workforce will have to be productively employed in these activities."

At the same time, the Minister of Science and Technology, the government formally gave this sector

the name Jua Kali sector (Kenya Government 1986, 134). However, the proposed strategy proved to be premature and too ambitious. In less than a decade the government was to announce its inability to shoulder the financial burden of this strategy (World Bank 1999, 77). Ikiara (1991, 9) is in agreement:

“The government’s optimistic focus on the informal sector risks underrating the need for comprehensive planning for industrialization...”

The government was biting off more than it could chew. The making of the so-called ‘Road Side Decision’ was a phenomenon that disturbed the economic sector whether formal or informal. The promises by the government about improving the undesirable situation of the Jua Kali in the end

Even though the government recognised the importance of the informal economy and showed some will to support it, in practice the Jua Kali sector experienced more hindrance than help. The following are a series of incidents reported in the local Daily Nation newspaper by government adverse to the Jua Kali.

- 2nd February, 1989. The structures owned by Jua Kali were pulled down in Nairobi.
- 6th February, 1989. The structures owned by Jua Kali were pulled down in Nairobi.
- 20th April, 1989. The Jua Kali artisans in Parklands had their sheds pulled down.
- 5th July, 1989. Jua Kali artisans evicted from their plots in Meru.
- 25th May, 1990. Jua Kali structures were knocked down around Machakos Bus stop in Nairobi.

Orwa (2007, 2) does not see the government as a committed partner in developing the informal economy:

“The Jua Kali have received a mixed response to their needs from the government. On the surface, the government appears sensitive to the Jua Kali sector’s needs; a number of policy papers produced by the government highlight the importance of the sector to job creation, poverty reduction, and meeting consumers’ demands. The government has passed laws and allocated funds to facilitate small enterprise development, improve working conditions, and easy access to credit, basic utilities, and property rights. The government has also envisioned providing vending space to Jua Kali business, for instance by closing at certain times.”

Louw (1996, 9) adds the following factors:

“Because members of the informal economy operate clandestinely, they have little opportunity to voice their concerns to government officials and thus policies are less responsive to their needs. Moreover, their lack of property rights fosters a concentration of economic power in the hands of a small number of elites who control government policymaking and large portions of economic activity through monopolies or oligarchies. This arrangement weakens check and balance mechanisms, potential opposition to the government, and government accountability vis-à-vis the general public thereby jeopardizing democracy.”

One of the gaps that the government has always failed to fill is to put in place effective legal structures relevant to the informal economy, Mitulah (2005, 8) argues:

“The Kenya Government has put in place a policy framework for MSEs, but legal provisions are still to be enacted. The use of outdated and retrogressive legal provisions is cumbersome and hostile to the growth of the MSE sector. They relate bureaucratic processes of transacting business is lengthy and adversely impacts on the operations of MSEs by diverting scarce resources from production to sheer ‘housekeeping’. Further, enforcing policies and Acts of Parliament relevant to employment in the informal economy is challenging, and the local governments are still to begin

addressing the issue. All not withstanding, there is a role for government in the labour market, at the minimum ensuring the right to collective action and enforcing minimum standards.”

Mitullah (2005, 11) continues:

“Turning the economy of Kenya, like other African countries will depend on how the government handles the informal economy and its workers. Most of these workers are their own account workers without employers and what they require is an enabling environment and protection of their rights. This should begin with workers getting organised beyond welfare groupings. Other elements of enabling environment include; appropriate infrastructure and services; business development services, expanding business opportunities and ensuring workers rights through efficient local governance.”

Beker (2004, 16) goes on to elaborate on other key steps by the government of Kenya,

“This work led to a policy on the informal economy in 1992, identifying the economy as having the greatest potential for employment creation in Kenya. However, there is no coordinating body in government responsible for the implementation of the policy. The Jua Kali policy needs to be seen as an integral part of overall technology and industry policy. Moreover, the voice of its principal actors is absent: the Jua Kali themselves do not seem to have had the opportunity to make recommendations for themselves. The consultant has also talked with one Jua Kali association in Nairobi that confirms this picture.”

What King said in 1996 remains true to this day (King 1996, 43):

“The evidence from K-REP’s studies and synthesis, and from their successful attempt to draw together the institutional memory on informal, jua kali and micro-enterprise development in Kenya, underlines the fact that there is now a critical mass of expertise on this sector in Kenya, scattered across NGOs, consultancy companies, higher education institutions, and in government ministries. That expertise is still not utilized sufficiently by policy makers, and, we have shown, even the government’s own policy development process still awaits a much stronger coordinating and implementing hand.”

In relation to the informal economy in general the ILO (2002, 25) argues:

“Informality is principally a governance issue. The growth of the informal economy can often be traced to inappropriate, ineffective, misguided or badly implemented macroeconomic and social policies, often developed without tripartite consultation; the lack of conducive legal and institutional frameworks; and the lack of good governance for proper and effective implementation of policies and laws. Macroeconomic policies, including structural adjustment, economic restructuring and privatization policies, where not sufficiently employment-focused, have reduced jobs or not created adequate new jobs in the formal economy.”

King (1996, 200), whose research on the Kenya Jua Kali remains still the most intensive piece of research on this issue, concludes:

“We have said sufficient in different chapters of this book to underline the very important close connections between the formal economy and the jua kali economy to be unhappy about policies that target the jua kali sector on its own. ...we have noted that the informal sector appears to have survived and prospered over many years in an atmosphere of, at most, benign neglect by government. But it has also done so in conjunction with a highly protected formal sector economy. We

remain unconvinced that Kenya's jua kali economy will prosper more, and be able to upskill itself substantially, in the absence of a diversified and growing modern industrial sector. It will be very important, therefore, to monitor the impact both on the formal and on the informal economy of current external conditionalities aimed to reduce protection, liberalize imports, and, hopefully, encourage greater export-oriented growth."

Little has changed in the 14 years since King wrote these words. While, in principle, both his and the ILO observations are sound, it seems unlikely that government support will be sufficient to realise the potential of the Jua Kali sector in Kenya.

### **Financial institutions**

**K-Rep Bank Limited** is the first but not the only commercial bank in Kenya that caters specifically for the low-income people in Kenya. One of its key objectives is to exist as a financial institution that provides microfinance services such as loans, savings and banking to low-income and poor entrepreneurs who have no access to mainstream banks and other mainstream financial institutions (Promotional Materials 2009,3). The philosophy of K-rep bank is captured in full in one of their brochures,

K-Rep Bank's core business is to serve low income people, especially those operating very small and micro enterprises, as a means of facilitating their participation in the economic development of this country. K-Rep believes that an institutionalized access to financial services enables poor people to better organize their financial lives and enhance their chances to propel themselves from the poverty cycle.

The commitment by K-Rep to empower people to break their poverty cycle and take control of their lives is quite explicit. The institution does not at all take the poor people as a sedentary population who need handouts; the institution only exists to enable enterprising people to access financial services that are appropriately delivered to them. This commitment is relevant to the Jua Kali who remain as a small micro enterprise sector which is a critical and integral part of the Kenyan economy.

In full K-Rep means Kenya Rural Enterprise Programme. Today it has become a fully fledged commercial bank. However, its service delivery is very much focused on the Jua Kali sector. K-REP was critical in the promotion of the understanding of the Jua Kali sector. Because of its research, literature and consultancy work it has even been seen as the information centre of the Jua Kali sector. It has also played a very big role in the accessing of loans by the Jua Kali artisans. Members of any Jua Kali established group act as the guarantors to the members in order to access loan facilities. Working with the grassroots has empowered the institution to serve the Jua Kali artisans with efficiency, understanding and specificity. Any economic breakthrough will be sparked off from the grassroots. Even the developed countries did not start from the top, they all started with the grass-roots people; solving their own problems and improving their standards of living.

K-REP today serves as the channel to reach out to the Jua Kali artisans; by 1999, K-REP was dealing with 15,000 artisans. Many of the artisans economic growth is due to the loans provisions of the institution; their lending conditions being friendly and feather soft (K- REP 2003, 15; King 1996, 42-43).

The emergence of **Equity Bank Kenya Ltd.**, has further improved the financial support to the informal sector since 2005. They have had a very vigorous campaign at the grassroots level with an aim to reach out to the informal economy's workers and their relevant financial needs. Tailor-made financial products have been launched to meet the entrepreneurs' financial needs at the grassroots level. What used to be a nightmare has been overturned to become reasonable strategic interventions. Many of the entrepreneurs

confessed to have benefited from the schemes by the Equity Bank Ltd., beyond their dreams in less than a decade ago.

### **International agencies and NGOs**

According to the World Bank (1999, 59; 2000, 45), we find the following information:

- In 1993, USAID Kenya (<http://kenya.usaid.gov>) conducted a survey that gave current and relevant information concerning the Jua Kali; first, they found that there was a serious underestimation of the people employed in the Jua Kali. Formerly the estimate had been 600,000 but USAID found it to be 2 million people.
- For the first time it was realised that 78% of the Jua Kali enterprises were in the rural areas.
- USAID Kenya (<http://kenya.usaid.gov>) helped to categorize the Jua Kali enterprises, 3-5 employees; 6-10; 11-50 employees being the middle small-scale enterprises. This information was critical in the assistance of the Jua Kali enterprises to graduate to the middle small-scale. The same basis could also be used to establish the number of the middle small-scale business enterprises.
- World Bank has been training the Jua Kali artisans in management and modern technology. For example, in 1999, World Bank gave \$13 million to train Jua Kali artisans in Nyanza Province, Kenya (Daily Nation, November 14th, 1999).
- Finally, USAID Kenya (<http://kenya.usaid.gov>) introduced the role of the women workers in the Jua Kali sector. They showed that 46% of the workers were women. Specific areas where the women outdid the men were in sectors like agricultural-based enterprises, textile-based and forest-based industries.

One of the most significant contributions of the World Bank in relation to the informal economy in Kenya was the Jua Kali Pilot Voucher programme. Through this programme, the World Bank collaborated with the Kenyan Government through its ministry of Research, Technical Training and Technology to launch the Jua Kali voucher training. According to the World Bank (2000, 76), the Jua Kali voucher pilot programme was expected to impact the informal economy with resounding results:

“As used in Kenya, vouchers are expected to focus attention on the skill upgrading needs of the Jua Kali sector and generate a supply response among trainers to fill these needs. The objective of the training is to improve the productivity of micro and small enterprises and increase the incomes of entrepreneurs and their employees. The voucher program is targeted on established entrepreneurs and employees, rather than new entrants to the sector, in order to assist enterprises with the most potential for growth and employment generation. The Jua Kali Voucher Program is important to micro and small entrepreneurs in Kenya, but also to other African countries faced with the need for reform of publicly financed training systems that are poorly aligned with market needs. ...Kenya is the only country where purchasing power has been moved directly into the hands of beneficiaries to promote training reforms. The experience will be watched closely by other countries.”

It was envisioned that by training the workers in the informal economy, this would spur faster socio-economic development. This was the brainchild of the World Bank, working with the other stakeholders such as the government and the commercial banks. The contributions therefore cannot go unnoticed when we deal with the informal economy.

In the context of Kenyan informal economy, the Jua Kali Pilot Voucher programme was put in place in November 1994. The programme was mainly targeting the small and micro enterprises by offering skills of the entrepreneurs already working in the informal economy; new entrants were excluded (World Bank

2000, 38). Johnson (2001, 4) gives a good summary in regard to the overall performance of the Voucher programme:

“The voucher departs from an old paradigm that:

- Financed the supply side through budgetary support for public training institutions. These public institutions provided a classroom-based curriculum that did not address the needs of Jua Kali. The curriculum relied heavily on theoretical, textbook-based teaching rather than practical learning. Most important, the public institutions were funded, and could remain in existence, regardless of their ability or willingness to serve the burgeoning Jua Kali enterprise market. Over the years, few have adapted their programs to the training ... needs of Jua Kalis.
- Ignored the apprenticeship culture within the Jua Kali business community. An important mechanism for transferring skills and developing enterprises. ...The apprenticeship culture indicates the existence of both supply—master craftworkers capably of delivering training—and demand—employees and enterprises seeking training.”

On paper it was a good move; certainly it did take step forward, but deficiencies remained. In particular, the Jua Kali actors themselves had not opportunity for input, and, in that sense, remained invisible (King 1996, 181 -182). Even so, important lessons about the features needed for effective training were learnt from the Voucher project as listed in (World Bank 2001, 79)

“Stimulate demand-driven training

- The trainees preferred to be trained by the master-craft workers in the sector
- For successful application of the training system effective criterion are urgent,
- An association for micro-business
- The private sector to champion the training using its resource people
- The master-crafts workers and the trainees to participate in planning the training,
- Existence of the political will
- Establishment of enabling policy
- Keeping the project away from the government’s control to avoid the possibility of abuse, bureaucracy and corruption.”

However, there has been no follow-up that would put into practice these lessons. There have been relatively few NGOs that focus on the needs of the Jua Kali sector. One recent entrant that has is:

#### **Practical Action:**

This organisation was founded in 1966 by radical economist and philosopher, Dr. E.F Schumacher, author of ‘Small is Beautiful’. Based in the UK, it now covers many countries and has a Regional Office for East Africa in Nairobi. It describes its approach in this way <http://practicalaction.org/about-us>:

- “Practical Action has a unique approach to development—we don’t start with technology, but with people. The tools may be simple or sophisticated—but to provide long-term, appropriate and practical answers, they must be firmly in the hands of local people: people who shape technology and control it for themselves.
- Using technology to change the world.
- Practical Action believes that the right idea—however small—can change lives. It can create jobs, improve health and livelihoods, and help people have better lives. That’s why, since 1966,

we've been working with poor people to develop the skills and technology that will enable them to build a better future."

How Practical Action operates in Kenya is best told by the story of Peter Onyango one of the Jua Kali workers in Kenya who found it invaluable for his situation: (<http://practicalaction.org/manufacturing/peoplestories>)

"On the edge of Lake Victoria in the Migori District of Nyanza Province, Kenya, live about two thousand very enterprising people who are working their way out of poverty. They are jua kalis. Peter Onyango is one of them....

- From his small workshop Peter makes good quality, inexpensive tools and equipment, very often from scrap metal and using limited resources, that he then sells to the local community. This is the story of how Peter became a jua kali worker to support himself.
- In 1998 Peter lost his job with a steel structure investment company and moved to Migori to look for opportunities to make a living on his own. Despite not having enough money to set up a workshop and only owning a hand-held grinder, Peter managed to do enough jobs not only to support himself for eight months, but also to save enough to open his own workshop.
- He was able to achieve this thanks to the help he received from The Tool Hire and Information Centre opened in Migori as part of ITDG Practical Action's Manufacturing Programme in Kenya....
- For Peter, and many people like him, the reality of working for yourself in a developing country like Kenya presents many problems. The initial investment in tools and materials is prohibitively high, and sustaining a reasonable income is difficult.
- The tool hire centre provided a starting point from which Peter could earn money and build up his customer base without a large capital outlay by allowing him to hire the tools he needed to make his products.
- The Centre also supports jua kali workers in other relevant ways. The Tool Hire Centre runs training programmes and workshops for jua kali workers to help with new product development, and with simple costing and pricing procedures. They also teach jua kali workers about production processes that could make their work easier and increase capacity."

Practical Action has gone beyond what any other NGO has done in supporting the development of Kenya's Jua Kali entrepreneurs. We would need to talk with Onyango himself to know whether it went far enough in his case. However, for those who were the subjects of the present research there are significant deficiencies when applied to their situations:

- The artisans are not always in business. There are days and weeks when one does not get any business. In such periods, the artisan would be unable to pay the hire fees. It is difficult to see how, in this situation, tool hire would work.
- Some of the tools being used easily break while in use. The artisans may lack the means to replace the broken tools or even if he pays for the tools, he may be incurring loss and that would compromise his work.
- During four years experience working with the artisans in the informal economy, it was noticed that small tools disappear quite often. With such high rate of stealing, an artisan may end up incurring a lot of losses.

For many the main problem is not lack of tools but other obstacles such as lack of access to credit for buying raw materials for their products that are often custom made.

### **Summary**

Some effective support to enable the development of the Jua Kali artisans has been provided by banks and Practical Action. However, it is clear that this does not go far enough to fulfil the potential of this sector of Kenya's informal economy.

Despite their best intentions, the government and the international agencies have all collectively done more to hinder socio-economic development in the informal sector than helping it to grow: their empowerment of the local artisans to use their human capital as the base for their development has never been realised. Orwa (2007, 1) observes:

“In Kenya, entrepreneurs and workers in the informal sector have long been disorganised and without a voice. Although they make up a large percentage of Kenya's economy, their lack of rights, land and education has stunted their growth and the growth of Kenya's economy as a whole, this is not a new story. For decades, the Kenyan government and international organizations have devised programs to improve their situation, and yet neither their rights nor their economic opportunities have improved substantially. There are anomalies that have refused to go away from the informal economy; for example even with all the assistance of government and the other stakeholders, the same problems have remained:

- Still the members of the informal economy have remained disorganized
- Still the members of the informal economy lack a voice
- Still the members of the informal economy have not appropriated the available economic opportunities
- The rights of the informal economy members are still compromised.”

In order for the potential of the informal manufacturing sector to be realised the liberation of the artisans in this sector is necessary; that is liberation from all barriers that impede their development, and avenues opened for their voice to be heard by those in power. As King (1996, 203) puts it:

“...the workforce in the informal economies in many countries including Kenya has remained substantially invisible in respect its ambitions, its political alliances, and its associational behaviour,... almost no item on the shelves upon shelves of literature currently available on Kenya's Jua Kali is produced by the Jua Kali themselves. In other words, the consensus about the importance of the Jua Kali has been achieved without the voice of the Jua Kali being heard.”

### **The Development of the Jua Kali from Within**

King (1996, 43) addressing the invisibility of the actors in the informal economy notes that the weakest link in this history of the Jua Kali sector remains the voice of the Jua Kali themselves. One potentially significant development initiated by the Jua Kali artisans to make themselves heard was to form Jua Kali associations. Orwa (2007, 3) provides information on this development:

“To protect themselves from government abuse and improve the conditions under which they operate, Jua Kali businesses have banded together and formed their own associations. These associations, of varying size and institutional capacity, play a key role in pushing for measures that enhance market functions and provide direct benefits to individual members. Currently, there are

over 600 registered Jua Kali associations in Kenya, with a further 300 Jua Kali associations awaiting registration. Most informal associations in Kenya, however, do not have the capacity to address the problems that their members face. Many exist in name only, hold infrequent meetings, and do not keep proper records of their members. In addition, their personnel lack leadership and financial skills.”

Some of the potential functions of these associations are listed by Orwa (2007, 4) as:

- “Protection of their members from government harassment;
- Improvement of access to property and modern infrastructure;
- Provision of services that will help to improve the business environment;
- Increase access to credit through loans;
- Promote vision and commitment to service by the members.”

While the sheer number of Jua Kali Associations is impressive on paper this clearly means little in practice. This is hardly surprising, since artisans without appropriate formal education could not be expected to operate a formally organised association without relevant support. It is clear that new development strategies are needed if the Jua Kali sector is to grow beyond its present status as low income, informal operations.

### **The Potential of the Informal Economy in Kenya**

The informal economy is the major employer in both rural and urban centres (World Bank 2009, 93). Becker (2004, 24) says of its potential in general:

“Enterprises with the potential of becoming a significant contributor to the national economy and that take up informal economic activities because of their potential for generating growth or wealth. What attracts some is the fact that informal activities are thought to be unregulated and untaxed and, therefore, to have the potential for autonomy and profits. These enterprises can be linked to organized and emerging national or international markets.”

While the above words do not directly refer to the Kenyan situation and context, Kenya is no exception. King’s observations of 14 years ago continue to be as valid today as then (King 1996, 199–200:

“One of the differences between *The African Artisan* (King, 1977) and Jua Kali Kenya is that there has been a huge outpouring of literature on informal, micro and small enterprises in the last 20 years....One of the consequences in *The African Artisan* was that discussion of the informal economy was much more closely linked to the analysis of industrial policy and to the changing policies of the formal industrial sector. The same was true of the ILO’s *Employment Mission to Kenya*. Its major chapter on Industry and Construction has a good deal to say about rural industrial development, rural and small-scale industry, and sub-contracting to the informal sector. This essential integration of industrial policy is also reinforced in the chapters on Technology and, further, on the Informal Sector (ILO, 1972).

By contrast in the 1990s, the patterns of scholarly specialization and of the associated literatures are such that whole documents can emerge on the informal sector that make no mention of the formal industrial sector, and equally there are whole books on Kenyan industrialization that may only have two or three lines or possibly just one chapter devoted to the informal sector. This is perhaps understandable in academic terms, but the conceptual separation of Kenya’s industrial policy from its micro and small-scale policy development is unfortunate. What is noticeably lacking is a con-

sensus at the highest level in Kenya about an industrialization policy that moves the country ahead to a next and more competitive stage of manufacturing intermediate goods, but at the same time makes the micro-enterprise world an integral part of that industrial project. The result is the lack of an active national policy on industrialization, and the continuing failure to integrate into any such policy the potential both of the Indian industrial sector and the informal economy (Coughlin & Ikiara, 1988; Coughlin & Ikiara, 1991 ).”

On its hard won independence, Kenya inherited three social structures—state, economy and church—all modelled on individualistic Western cultural values, with a grassroots still holding African communal values (see Menkiti 1979, 165–167) but lacking a socio-political structure to support these values. Instead their lives were regulated by an all-powerful Western style state.

Hiltzik (1991, 23) points out the major importance of the informal economy by stating:

“Accordingly, across Africa private development agencies are turning more attention to financing fledgling informal businesses. In any event, Africa’s steady economic decline will continue to encourage informal sector growth in two ways, encouraging new would-be entrepreneurs to go into business and simultaneously providing new customers for their shops. In Kenya, for example, more than 250,000 persons, and possibly as many as 400,000, enter the job market every year. The formal sector—big industrial enterprises, for instance—produces only 50,000 new jobs a year.”

In 1993 the number employed had risen to 2 million (USAID Kenya, 1993)

In 2010 USAID Kenya (<http://kenya.usaid.gov/programs/economic-growth/178>.) shows that: MSEs are the key to Kenya’s socio-economic development—accounting for 20% of Kenya’s GDP and providing employment to more than three-fourths of Kenya’s labor force, over 8 million people.

This evidence shows that the Kenyan informal economy as a whole is the nation’s major employer showing continuous and spectacular growth. It is therefore a phenomenon that cannot be ignored if the country is to achieve its potential.

One of the factors blocking the effective development of the informal sector, in the view of several writers is the irrelevance of the Western concept of development for Africa.

As long ago as 1992 Kerre (1992, 376–377) said:

“What has been the greatest problem, [in development] has been the will to try our own solutions at the expense of our temporary conveniences. At this time when Africa’s future is forecast as bleak, we must redeem ourselves. We cannot afford to have any “conscientious objector”.

While Africa cannot isolate herself from the rest of modern civilizations, it is quite obvious that modern cultural values which have been borrowed from the West can no longer promise humanity a balanced and humane lifestyle. ...Africa can therefore take a leaf from her own past and forge an identity that comprises of:

- a moral code bound by African cultural values that will define individual and social responsibilities;
- spiritual growth that will adequately serve Africa’s strong religious tendencies;
- intellectual pursuits to broaden the scope of understanding of our environment, natural laws, and principles and our human capabilities;
- socially valued knowledge, skills and attitudes that will equip an individual with vocational skills in order to be a productive member of society;

- a good sense of leisure and other avocational interests that will make life more complete.

Inherent in this domain of good life are such strong values as family, individual and social responsibilities, respect for human life, love for children, sharing etc. The good life in the African context will therefore, be one where beside access to food, shelter, clothing and medical care, the individual will have cultivated a balanced view of self in his moral, spiritual and intellectual dimensions of life.

...In order to establish a viable industrial base in the next century, Africa should prioritize developments in three major technological domains, i.e., production technology, communications technology and transportation technology. The first step would be the establishment of tooling industry where the necessary tools and equipment required for the production of goods and services in all domains will be manufactured.

...After establishing the tooling industry, concerted effort should be directed to the systematic development of technologies in the three domains based on:

1. the production of basic goods and services for African people.
2. competitive trade within the international market and within Africa itself to market African commodities.
3. future needs of the African people and their posterity."

Chweya (2006,19) argues, in the same vein, that development is real and sustainable in any nation when it is driven by and designed to meet the real needs of the people of that nation. Lorraine (2008, 49) writes:

"The Western concept of industrialisation has met with little success in most African countries. The poor performance of industries has led to the emergence of micro and small scale industries. In Kenya, these micro and small scale industries have been commonly referred to as 'Jua Kali' industries. The Jua Kali entrepreneurs as result remain poor and their businesses small and uncompetitive. Though the Government has recognised the potential of the Jua Kali sector as an employment opportunity for many Kenya, it has failed to create an enabling and sustainable environment for these micro and small industries to grow."

Then comes Nyasani (2010) warning that it is illusory to assume that Africa will ever develop using the western model of development and directly replicated structures. Therefore, there is a need to identify workable strategies by Africans suited to the unique African circumstances and history to achieve sustainable socio-economic development in Africa. Nyasani (2010, 4) observes:

"The truth of the matter is that Africa at this point in time, desperately craves for any development no matter how distorted, indiscriminate and objectionable it may appear provided it vindicates the seemingly hollow foreign vaguely contrived and articulated criterion of social change and betterment of social standards. ...Africa would seem to undertake and to pursue the course of change for its own sake and not so much because change must inherently conduce to the improvement of the quality of life and the conditions attendant thereto."

Yet nothing has changed despite these repeated challenges showing a consensus of informed observers who see the need for a new vision of Kenya's development; one that is distinctively African while learning from and linked to Western and other world economies.

The Kenya Association of Manufacturers (KAM) lists 698 members at the date of writing giving an

indication of the size and power of the formal economy <http://www.kam.co.ke/?itemId=7>. The membership does not indicate whether they are foreign or Kenyan owned industries; in some cases it is obvious that they are foreign companies but it is beyond the scope of the present research to take the time to attempt a detailed analysis.

On the other hand, the Jua Kali sector has shown steady, even spectacular, growth while completely detached from the formal sector represented by KAM. It certainly raises the question of what might be achieved if the vision of King (1996, 200) were to be realised:

“What is noticeably lacking is a consensus at the highest level in Kenya about an industrialization policy that moves the country ahead to a next and more competitive stage of manufacturing intermediate goods, but at the same time makes the micro-enterprise world an integral part of that industrial project....

Specifically in Kenya, we have noted that the informal sector appears to have survived and prospered over many years in an atmosphere of, at most, benign neglect by government. But it has also done so in conjunction with a highly protected formal sector economy. We remain unconvinced that Kenya’s jua kali economy will prosper more, and be able to upskill itself substantially, in the absence of a diversified and growing modern industrial sector. It will be very important, therefore, to monitor the impact both on the formal and on the informal economy of current external conditionalities aimed to reduce protection, liberalize imports, and, hopefully, encourage greater export-oriented growth (King, 1995).”

The question for the present research is: How can we make even a start on clearing the development roadblock?

### **The Role of Training in Realising Jua Kali Potential**

UNESCO (2003, 34) lists the following types of “tailored training”:

**Table 1: Tailored training for different groups.**

<b>Participant category</b>	<b>Example of Educational Training</b>	<b>Training Description</b>
Adults	Adult and Community Education	Promotes, facilitates and celebrates the joy of lifelong learning.
Students	Bright Future Scheme	Gives scholarships for top achievers eg. Doctoral and Masters degrees.
Employees	Industry Training	Gives new workforce knowledge and skills needed for industry.
Age 18–21	Modern Apprenticeships	Workplace-based education combines apprenticeship with other modern training.
Over 18 with low qualifications	Workplace Literacy	Gives chance to gain valuable skills that help them find a job.

It is debatable whether any of these are what is needed in Kenya’s Jua Kali sector Nganga (2010), in an article published in the August edition of University World News Africa, reports major plans by the Kenya government for upgrading and renewal of institutions in this sector:

“Kenya is to spend US\$56 million in donor funding to strengthen vocational and technical training countrywide, and help boost the country’s skills base. The plan includes building new technical institutions and elevating some to national polytechnic status.”

Each of Kenya’s eight provinces will have a national polytechnic, said officials at the Ministry of Higher Education, Science and Technology.

The government will also replace two polytechnics - Kenya Polytechnic - in Nairobi and Mombasa Polytechnic that were recently upgraded to university colleges, leaving a big hole in the sub-sector’s training capacity. At least \$25 million sourced from The Netherlands government will be used to buy modern equipment and train teachers while \$31 million from the African Development Bank will be used to build new technical institutes to replace those promoted to polytechnic status.

“We want in total to have 13 new polytechnics so as to increase the intake of students seeking vocational training,” said Higher Education Secretary Professor Harry Kanne. “For the economy to grow, we need to invest heavily in this sector.” The government hoped to increase enrolment by at least 20,000 students.”

The Ministry of Youth Affairs and Sports runs at least 750 youth polytechnics - grassroots vocational training schools - and is also reviving these learning centres, most of which have become run-down and unable to offer adequate services. The multi-million dollar twin initiatives are seen by experts as a double-edged strategy to increase access to higher education as well as fight biting youth unemployment. Government officials said that tertiary and technical institutions would be the key to these efforts.

This is good news when compared with the situation at the time we began the current research. Then these institutions were run down and left decaying with inadequate staff who are de-motivated. However, there is no evidence that these institutions will provide the kind of training that the Jua Kali sector of the economy needs:

- Training that is affordable for the average Jua Kali worker;
- Training institutions that have an open enrolment policy in order to include those whose low level of formal education would otherwise prevent their access to this training;
- Training that is flexible and practical, building on what the Jua Kali artisans already know. In some areas the artisans may need a lot of information and training. However, in other areas they might be way ahead of the trainers especially in terms of experience, wisdom and practical knowledge (Steel 2003, 49).

As things stand, the renewal and upgrading plan for technical institutes and polytechnics will bring an increased flow of workers trained to serve the needs of the formal sector of the economy; when the clear evidence from employment statistics (already quoted) is that Kenya’s economic priority should training that will expand the considerable knowledge that the Jua Kali artisans already have so that this sector is strengthened in order to be a major driving force for Kenya’s economy side by side with the existing formal sector (King 1996, 200)

This can only be provided by programmes custom designed to serve the needs of the Jua Kali sector. There is no evidence that this will be provided by the promised upgrading of technical and vocational training facilities. The Jua Kali sector exists in complexity; it is fluid, dynamic and innovative (King 1996, World Bank 1999, 88). By saying the sector is dynamic; it underscores the fact that there are changes from day to day. Change may involve the designs for the products; the technology employed, and finally the

materials being used for in the process of production for that matter. Besides that, the market demand also shifts; this will trigger further change of things without any foreseeable notice. The artisans are flexible, and, when needed innovative, able to respond quickly to changes in demand.

The main point is that the artisans are not beginners or naïve. Over time they have developed their technology in their own way. They have achieved much to cause concern in the formal sector and have actually emerged as close competitors if not at par in some areas. Using creativity they have improvised, invented and manufactured goods of high quality. They therefore should be approached as people who are developed in their sector; this leads us to the second concern, the person who should train the artisans (ILO 1979).

Not every person qualifies to train in the Jua Kali sector. The trainer must know the artisans well, their work, present and prior experience, level of education and past training, their work specialisation, the current needs and problems which they may have. The trainer must be willing to take a participatory approach in developing the training programme, implementation and evaluation in the future. Evaluating the programme will be necessary for innovation.

Most of the foreigner trainers with NGOs who come to 'help' the Jua Kali sector fail at that point. They come with predetermined training programmes without any prior knowledge of the artisans or having just a handful of information that in the end may not be enough.

Finally, the trainers must be very flexible with the artisans. In some areas the artisans may need a lot of information and training. However, in other areas they might be way ahead of the trainers especially in terms of experience, wisdom and practical knowledge (Steel 2003, 49).

Existing training institutions do not provide what is needed because the three key objectives that determine the relevance of training to the Jua Kali sector are not embodied in what they offer. (Yambo1991, 23–26; Twoli and Maundu 1994, 44).

1. To acquire technical skills. In most cases the artisans do not need basic technical training. What they do need is training in upgrading their products and quality of services they give in a changing world. Since the technology and market demands are ever changing, there is no other way of catching up with what is new in the market other than training. The technological skills will also help the artisans in product design and diversification.
2. To develop basic management and bookkeeping skills. To be able to make informed decisions in costing and pricing, proper accounting for business, effecting sound financial management, store keeping and procurement one needs the basic and advanced training in management and book-keeping.
3. Entrepreneurship training. Such training will cover marketing and sale skills. To produce the goods is one thing and selling them another. The rate of production should be the same with that of marketing. Of great importance are maintaining the market and accessing new markets continuously. To be able to maintain the market, the artisans will need to be trained in customer care and relations.

Smith and Perks (2006, 8) comment about training as one of the strategies for expanding the sector, "...this process ensured that the correct training intervention could be linked to the various skills. In conducting this analysis, a conscious effort was made to set aside rigid presuppositions about the theoretical framework, so as to allow new training trends and methods."

### **Training Modes: Formal versus Informal Training**

Formal training takes place in formal institutions such as Technical Institutes, Polytechnics, Diploma Colleges and Universities both public and private. These have worked very well for the school leavers who were well qualified. Age factor is also an impediment to some older students especially psychologically when they have to study with much younger students (Yambo 1991, 24). One of the gaps that remains unresolved is the fact that many of the graduates from these institutions do not seem to enter straight into self-employment despite their trainings. Adams (2008, 73) cites some of the reasons for this as the need for raising capital, acquisition of practical skills and development of the right attitudes and self-confidence.

In relation to the Jua Kali sector, the formal institutions in general do not offer suitable paths for further training.

- One, it is difficult for the Jua Kali artisans to leave their business to attend the training on a full-time or even part-time basis. To do so would mean losing business that they need for survival.
- Two, it has been difficult to find training that fits the particular needs the Jua Kali artisans tend to have pertaining to their work.

A significant body of literature agrees that it is the apprenticeship model that best suits the training needs of Jua Kali artisans. Therefore, most of them have acquired their training on-the-job through an apprenticeship system (World Bank 1989, 76;Yambo 1991, 18). According to King (1996, 162 - 172) several features make the informal sector outstanding for the training of the Jua Kali sector:

- The trainers have a lot of experience in manufacturing.
- The trainers are good in designs.
- The trainers have experience in material sourcing.
- The trainers have a good experience in dealing with clients over the years.
- The trainers know the market trends well.
- The informal sector is entry friendly to those trainees who did not qualify very well as to competitively enter the formal training institutions.
- The trainees can earn and train at the same time. This is good for they do not have to abandon their work.
- The trainees can decide what they want to learn, rather than following a set curriculum; for example they only train in what they believe will definitely help them in their work. While they may want to learn everything, some of the courses can wait while others are number one according to their needs.

One drawback of on-the-job apprenticeships in the Jua Kali sector is that, being informal in nature, the apprentices do not receive an officially recognised certificate or diploma that certifies the nature of the training that they have received and the level of skills they have reached. This is not a problem while they remain in the informal sector, but it is a problem if the Jua Kali sector is to achieve its full economic potential.

As a way of modifying the formal training institutions so as to fit in the peculiar world of the Jua Kali sector; there is the notion of Outreach Schools. This mode of training is a combination of formal and informal training. The trainee does some modules at least one on a monthly basis, then followed by 3 months of on-the-job training. The government through the Ministry of Training and Technology provides trainers as its contribution to the Jua Kai sector to train the artisans. Instead of attending schools that are far, the

artisans can have the training closer to them on flexible days and time. The on-the-job training is then done in the real work situation. Example of the modules they can cover in their training are like (Macaulay 2000, 76; King 1996, 107) :

- Financial management.
- Marketing.
- Safety at work.
- General hand tools.
- Engineering materials.
- Technical Drawing.
- Basic Electricity.
- Basic calculations.

On-the-job-training for the informal economy is gaining favour by a number of scholars; for example, Stay (2006, 19) comments,

- Workplace learning is a form of experiential learning.
  - Powerful learning can occur in the workplace.
  - Reflection is an essential part of learning in the workplace.
  - Learning in the workplace cannot be separated from participation in work.
  - Learning in the workplace is largely social, tool-based, contextual, and situation-specific.
  - The structure and pattern of work has an influence on learning in the workplace.
  - Learners have an agency and decide whether to engage with opportunities to learn
  - Training on the job fits in very well with the needs of the members of the informal economy.
- Besides the above points, there is also a possibility of making a tailor made training whereby the trainee describes his expectations.

Teese (2006, 32) sees the following advantages of on the job training,

- The activity is beneficial for all parties: learner, university and partner organisation.
- Learning in the workplace is an integral part of the curriculum.
- Intended learning outcomes that include generic attributes are clearly defined.
- Critical reflection on learning from experiences in the workplace is an integral part of the activity.
- Assessment tasks accurately reflect intended learning outcomes and emphasise authentic products and processes.
- Assessment criteria, including levels and standards, are clearly defined.
- All parties are adequately prepared for the activity.
- Learners are supported in the workplace.
- The quality of the activity is subject to continuous improvement.
- The activity is resourced appropriately.

During the field research, I once asked the groups this question, “given a chance, where would you want your training to take place?” Amazingly, 94% of the respondents wanted the training to be held within the precincts of their work. When I probed the reasons for their answer, they told me the following:

“Working within your work precincts is good because you are training in the same environment where you normally work; therefore you do not feel detached from the environment you know.

You can relate the training with your normal work. When we go to some hotels for trainings we feel detached and almost misplaced; there is nothing common with our work. So, if it is our choice we would rather be trained here and not far from our works.”

Because of the claims of the on the job training, it is quite fitting to the context of the informal workers.

Evidently, on the job training is very good and very conducive to the informal economy setting. Whether formal or informal, trainee’s satisfaction and the possibility of training taking place to empower the trainee is critical. If empowered, the trainee will increase his/her capacity to produce quality goods and services, then it can be said to be good training. Also for the purpose of being effective, the trainees must be heard articulating their needs and problems that the training is to meet. The anxiety in many people just to acquire certificates to hung on the wall is no concern for the Jua Kali artisans, they want training that helps them to produce and market their products.

Training is critical in impartation of knowledge and skills. It enhances the quality of goods and services in the informal economy as the artisans acquire specialized knowledge and skills (Reimer 2000, 104). One of the emerging factors in regard to training is that fresh trainers in the informal sector prefer mostly on-the-job training. Deriving insights from Filipiak (2007), Adams (2008, 8) makes this inference:

“In a study of the informal sector in 7 African countries, ...on-the-job training, self-training, and traditional apprenticeships account for 95 percent of training in the informal sector...in Ghana 80 percent of the training is acquired through on-the-job training and traditional apprenticeships.”

Such inferences should serve as a guide to policy makers in regard to the training in the informal economy.

### **Common Problems in the Informal Economy**

#### **Access to Credit**

The struggling of the informal sector to grow is very visible. Such struggles can be over if they can be an efficient financial support from credit-giving institutions. The introduction of such financial resources to the sector can have far reaching effects:

1. Business expansion or formation can take place with more ease.
2. Improved productivity, either more people will be hired to enhance productivity or acquisition of new machines, tools and better improved technology.
3. Competitiveness. With goods and services of better quality, one can compete with other businessmen. Access to new markets will not only mean more money but sustainability. This will end the over-reliance of the local market.
4. Diversity will be possible. Instead of just producing the same items over and over. Bringing alternative goods to the market is a blessing to the consumers just as the businessman benefits by producing what he was buying before. There is also wisdom in diversification, if the demand for one commodity declines, one is not put out of business; he can have something to hold on to.
5. Poverty alleviation will occur. Increased income will open doors to other avenues which were out of reach before. One can pay fees to his dependants, eat better food or even be able to get better medical care. In short, the person will enjoy better living standards (ILO 1987, 76; King 1996, 64; Maundu 1996, 28).

Today, there are several micro business institutions that exist to facilitate credit. Examples are like K-

REP, NCKK, KWFT and FAULU. In their mission statement, they clearly state that their core purpose of existence is to provide the small-scale enterprises to access and enterprise finance.

One factor deterring the granting of loans is in the hands of the Jua Kali operators themselves. They need to learn to distinguish between personal and business finances. Some have been known to divert the money lent to them for business purposes to finance personal issues such as weddings, school fees, funeral expenses, festivities, etc. They must develop the principles practised by businessmen and women in the formal economy, and use business loans for business purposes only. (World Bank 1999, 134; Human Development Report 2001, 119).

Apart from this, the Jua Kali artisans experience drawbacks in gaining credit: (King 1996, Maundu 1996, 29).

- Many of the credit institutions demand a membership of not less than six months before one becomes eligible to apply for a loan. The loan is based on one's savings. This is hard for the Jua Kali who do not have a regular salary and the money they earn might be too small to be saved after meeting the daily needs. This disqualifies most of the Jua Kali artisans.
- The credit institutions demand the availability of a guarantor to the loan. This is hard to come by in the Jua Kali sector. The work lacks security, any day and time a person can move out leaving the guarantor to bear the liability. At the same time, lack of property and land ownership results in the artisans lacking collateral assets that can be used as security.
- Legal requirements by the banks and some other credit institutions discourage the artisans from making any move—especially the enormous paper work. It would help the artisans if the requirements were. The banks can even start an outreach scheme whereby they visit the artisans in their workplace. This will be good for not many find the time to go out hence the prevalent poverty of information. For the banks this could increase the banks' own profitability.
- Lack of records. The artisans (many of them) do not keep accurate records of their business enterprises. They lack any quantitative proof that the business is growing or even to tell the financial position of the business. Even where they are indebted, it is not shown very clearly; some old and dirty papers pinned on the wall may be the business records.

We have already referred to the recent entrance to the banking sector, the Equity Bank. The model it is using seems as though it would be more friendly for the Jua Kali sector. It remains to be seen if this works out. This will not depend entirely on the bank but also on the willingness of the Jua Kali operators to adopt a more business-like approach to the banking system.

### **Access to Land**

Mechanisms in place for the transaction of land ownership are cumbersome and sometimes tangled. It can take a decade and still fail to get the necessary legal documentation showing ownership of a piece of land. Part of this has to do with corruption, but it is also a legacy of the colonial era and the departure of most White settlers at independence. In some cases it is not known for sure whether or not a piece of vacant land is owned by anyone. Cases are common where land ownership is either revoked or is found to have multiple owners all with title deeds and each believing themselves to be the sole owner. (Republic of Kenya 1993, 42 and 1998,17).

Working out in the hot sun may look normal for the Jua Kali artisan. However, it comes with far reaching consequences to their business enterprise, products and to them as businessmen. First and foremost,

due to lack of permanent access to land denies the artisans the opportunity to invest heavily on machinery and tools. Both in the urban and the rural areas, there is a huge difference in terms of investment between those artisans who have permanent premises of their business and those who work out in the open. For effective expansion it is critical to access land and on a permanent basis. (Republic of Kenya 1998,36).

Permanent premises are expensive to put up or to hire. If one is to put it up, the land must be his and clearly proved so; it is a great loss to have to pull it down. Permanent premises give the owner/occupier better working conditions. Experience of past studies (King 1996,175) has shown that where working conditions are favourable, the quality of the goods is superior by far. As the artisans work with ease, they are able to produce commodities of high class..

There is need for security for the materials, commodities, machinery and tools. Heavy investment calls for security of every valuable thing. Because of the inability to guarantee such security, some of the artisans even though they can afford heavy machinery, more materials and tools they opted not to invest there because of the high risk envisioned. Lack of this machinery has the effect of curtailing productivity and thus denying the sector expansion. (Maundu 1996, 36; King 1996, 55).

Besides the dangers cited above, there are also the natural ones like rain, water and excessive heat of the sun. Such conditions threaten the safety of the materials, commodities, and equipment. When rained on metallic objects can easily begin to rust thus lowering their value. Such risks can be taken care of by owning land and then building permanent premises.

Lack of visible permanency may compromise the possibility of accessing credit. When the artisans appear as though they are 'floating' without a permanent working site, they are naturally regarded as a credit risk making access to credit next to nil. Therefore, at the end of the day, accessing land makes a lot of difference (Human Development Report 2001, World Bank 1999).

### **Access to Markets**

Jua Kali artisans have the potential to make their economic footprint in many of the markets in Kenya, other parts of Africa and beyond. However, it will be virtually impossible to do this without appropriate support from the government as it has done for the formal manufacturing sector. For example, the area of infrastructure is critical in boosting access to markets (King 1996, 24).

- For the home markets, the government must develop the needed infrastructure like roads, telephone, equity tax system and sound financial policies.
- The regulation of the finance giving institutions can be done effectively by the government. In some instances it may even pay subsidies for an initial establishment period to assist the informal sector to effectively compete with the formal sector.
- The artisans may be assisted to improve their technology which in effect will promote the quality of the goods produced.
- Other mechanisms that will help will be like helping the artisans to improve their purchasing of the materials. The government has obligations to fill in the promotion of the domestic market (ILO1972, 67 and 1987,91).

For the international market, the government will have to take the leading role.

- In addition to the measures needed for the domestic economy, the government can assist is through maintenance of good diplomatic relations that promote bilateral trade and to be a member of the trade blocs like ECOWAS, EAC, IGD and COMESA. The inclusion of appropriate Jua Kali entre-

preneurs in these arrangements would open virtually unlimited opportunities of trade (market) for the Jua Kai artisans (World Bank 1999, 45).

- The government organises regional Trade Fares and Business Shows to which suitable Jua Kali are encouraged and assisted in displaying their wares.. Such exhibitions are good for information gathering, accessing wider markets beyond the national horizons, and facilitates business partnerships across the region. Such moves will enable the artisans to change from the mentality of being subsistence minded always (Republic of Kenya 1999, 22).

Export is never easy; the Jua Kali artisans will need to be helped to prepare their wares to the international standards. This will call for keen preparation ahead of time which will include (Oliver-Smith 1990, 7):

- Proper packaging.
- Having a logo.
- Designs.
- Accessing patent rights.
- Establishing proper contacts like e-mail addresses, websites.
- Order forms.

In the domestic market China and South Africa have penetrated the Kenyan market with commodities that are of lower quality than Kenyan firms but cheaper prices. The Kenyan answer should be support for the Jua Kali sector to penetrate other markets with high quality, innovative products at lower prices than others.

In general, the manufacturing sector in Africa has not done well, as Bigsten & Soderborn (2006, 4) contend:

“First, the domestic markets for manufactured goods are typically very small. African industry must therefore orientate a substantial share of its output towards exporting if the sector is to grow, generate new jobs and contribute to poverty reduction in the continent. Second, there is evidence from the data that firms become more productive as a result of exporting. This is the so-called learning by-exporting effect...”

Besides the benefits of wider markets for the Jua Kali sector by efforts directed towards the export market, there is reason to believe that this strategy will enhance the opportunities for this sector to grow in the domestic market.

### **Access to Relevant Information**

According to the Centre for International Private Enterprise (2000, 12) access to relevant information is critical to those who engage in business:

“Engaging in business requires information such as how to find suppliers and buyers, and the market value of goods and services being exchanged. Without inexpensive access to this information economic activity becomes very risky and costly. When deciding on whether or not to buy a company, for example, you need to know if the price accurately reflects a company’s market value. If a company keeps accurate accounting records, figuring this out is straight forward; if a company does not, either you take the risk that the sellers are accurately representing the company’s value or you expend the resources to go through the records and calculate the company’s assets and li-

abilities. Regulations that fail to ensure transparency and accountability in privatization and procurement process have been shown to invite corruption and to increase the cost of doing business.”

The main cause of the information poverty lies with the stakeholders of information delivery. Mostly they choose to give the information in piecemeal. This causes a very low consumption of the still inadequate information. That results in uncertainty on how to support the sector to facilitate its growth (Human Development Report, 2001, 11).

It should also be noted that lack of access to information triggers corruption. Commenting on the issue of lack of information and corruption, Centre for International Private Enterprise (2000, 12):

“Studies using different measures have consistently shown that there is a positive correlation between the sizes of the informal sector and the degree of corruption. Corruption increases the cost of goods and services, distorts economic activity and weakens the credibility of political institutions.”

Just as the sector thrives as without formal identity, it is also lacking in the sources of information readily available to the formal sector. There is an over-reliance on word of mouth that mostly is unreliable. More often than not, the information turns out to be hearsay, distorted, and inaccurate. Much of this is caused by cutthroat competition in the sector where one hides the information gain an advantage over competitors (King 2006, 14).

There are some suggested factors that seem to promote the poverty of information in the Jua Kali sector as tabulated by the World Bank (1999, 56) :

- Artisans do not know where to get the vital information.
- Ignorance due to illiteracy.
- Lack of time due to their busy schedule and demand by their work to be present.
- Disability, the sector has many people who are physically challenged. Moving around is not easy for them.
- Poor communication facilitates; most of the telephone booths are dead.
- Heavy presence of brokers. For any information they give, they demand commission.
- Bad packaging of the information. Where local language is new, the artisans are greatly disadvantaged by that; it also tends to have some ethnic problems.

While information poverty is a problem it need not be fatal. It is easy where co-operatives and associations of some kind exist to pass on critical information. This information can even trickle down to any person working and staying alone. (Kenya Government 2000, 41).

It is not just accessing information that is important, relevance and cost are important. The Centre for International Private Enterprises (2000, 22) observes:

“Conducting businesses requires easy access to relevant information ...an example of this is if credit agencies know which borrowers are creditworthy, they will be more willing to offer potential borrowers loans at lower rates. If they do not have this information, they will either spend the time and money to obtain it or, most likely, simply require larger amounts of collateral and charge higher interest rates, thus raising the cost of credit for businesses. It is worth mentioning that the way information is organized and stored also affects the cost. If businesses can access credit rating on the phone or online quickly, it saves time and money that they may have wasted if they had to go look through files at an office across town or in a faraway city. If formal institution fails to provide

essential business information efficiently, entrepreneurs will have little incentive to pay the cost of becoming formal.”

In short, what is needed is:

- Easy access to relevant business information.
- Cheaper means of accessing the information, shorter time and lesser cost of accessing the business information.
- A systematic way of storing the business information so as to retrieve it with ease whenever needed.

Having raised all the above points, it suffices to say essential and relevant business information is critical for the business transactions. Whether we are thinking of entry to the business or even its sustenance, access to timely, relevant and essential business information is indispensable to the actors in the informal economy.

This calls for concerted efforts from all stakeholders in the informal economy, especially the government in view of both the present contribution and the potential for a much greater contribution to the nation’s economy. NGOs could also play a role.

However it is done it is done in a manner that is tailored to the circumstances of the workers in the informal sector. This requires collaboration with the workers to ensure that the information is delivered to them in a manner that fits the needs of these workers. Too often efforts in this area have failed to achieve the goal because they have been designed entirely by the information providers without consultation with those needing it. The Jua Kali artisans commonly refer to such efforts as ‘outsiders seminars.’

Apart from failure in the manner of delivery of the information, there is a serious deficiency of reliable and relevant information due to a deficiency in systematic research. (World Bank 1999, 69; King 1996, 9; Maundu 1992, Human Development Report 2001, 33; Kamung 1988,31; Republic of Kenya 1992, 11).

The sector cannot be expanded in darkness; information and the right information is critical (ILO 1987, 18). It is clear that the potential of the informal sector can only be realized if the right information is delivered in an effective manner to the operators in that sector.

## **Relationship between Jua Kali and Formal Sector**

This section does not purport to give an in depth treatment of the micro and macro-economic analysis, nevertheless, it will highlight the interrelationships of the two and its significance in economic growth. ILO (2006, 3) sees the relationship as important and beneficial:

“Closer linkages between the formal and informal sectors would be mutually beneficial in terms of market access, productivity, employment and working conditions. The drive, with formal sector support of SMEs and micro-enterprises, for higher levels of profitability should be accompanied with the improvement of general working conditions...”

In working together for mutual benefit, the two economies—informal and formal—can bring benefits in regard to:

- Ease in access to the market both local and international.
- Increase productivity.
- Improve the working conditions.
- Enhance higher profitability.

- Therefore, the relationship of the two economies has the potential for greater and more effective socio-economic development to the mutual benefit of the two sectors.

The economic analysis that characterised the early 1970s and immediately after saw the informal sector as an isolated segment of the formal economy (Maundu 1992, 19). The conception of the duality was based on:

1. Earning differentials. In the formal sector, the size of labour force was fixed and the wages pre-determined. Comparatively, the informal sector was exactly the opposite of the informal. Always there 'was' room for employment in the informal sector and the wages expandable (decreasing marginally) and fluid.
2. Price differentials. The informal sector had prices that were comparatively low hence the phrase 'poor man's economy' for people of lower economic abilities were seen as the main beneficiaries of the informal sector of goods and services.
3. Autonomy in the informal sector. While the government regulated the formal sector with policies covering taxes, labour, quality of products, environment, marketing, etc. the informal sector was highly deregulated.

While this clearly show the differences, it does not follow that the two sectors should operate in isolation from each other. On the contrary, there are strong arguments in the literature for regarding them as complementary to each other. (King 1996, 1; Maundu 1992, 14). The formal sector cannot continue to ignore the heavy presence of the informal sector as it is argued in the following statement (Republic of Kenya 1994, 26):

"It is a well recognised fact that a substantial part of economic action in the developing world takes place in the informal sector. Consequently, the size of informal employment is definitely big as well."

In a broad sense, we can say there is a lot of overlapping of the two sectors in terms of commodities and service provision. The following are the areas of relationship of the two sectors :

#### **Environmental Policies for the Jua kali Sector**

Unwise selection of sites in the informal sector is evident with consequent demolition of their structures occurring from time to time (Kenya Government 1998, 16). Sometimes they choose parcels of land belonging to individuals and public property only to be evicted later. Continuous use of those areas without adequate facilities for sewage and water promotes disease, and contamination of the available natural water sources. It is not uncommon in such areas to find the dwellers experiencing chronic typhoid and stomach problems. The fact that around many garages there are open points where they sell food, this makes health matters complicated (King 1996, 103; World Bank 2000, 43).

Other environmental issues associated with Jua Kali operations are:

- Constant dumping of non-decaying matter such as petroleum residue, discarded rubber and plastic paper. Where garages have been situated for long, it is common to see rubbish 'mountains.'
- Loud noise: Where labour is intensive and the work associated with metallic products, there is usually a lot of noise. The other people around such premises cannot do much to change the situation but come to live with it. Young children are vulnerable and there are possibilities of developing ear problems later in life due to the noise pollution.

Since some of the metallic containers are second hand oil drums, they are normally 'burnt' to remove the oily substances. As the oil based substances burn, they emit huge black smoke which pollutes the air in a very wide area. When this goes on for a long time, it becomes a health hazard especially for the people working in those sectors for a long time or permanent neighbours who have to put up with such pollution for years.

Very little is heard about such dangerous pollution of the environment. Yet, apart from the environmental degradation as such, there is the question of the potential adverse impact on the economy. The social impact is already evident. (Human Development Report 2000, 87; World Bank 1989, 46).

The government and other stakeholders appear to turn a blind eye. At most the government engages in sporadic demolitions and evictions of Jua Kali operations when it should be taking positive and systematic steps to ensure that the Jua Kali sector, the nation's largest employer has suitable premises for its operations. (World Bank 1999, 112) (Human Development Report, 2000, 156) (King 1996, ix; Kenya Government 2000, 14).

While we have policies to regulate Small and Medium Enterprises, there are no effective laws to back up such policies. Whatever Act is being used it is as old as 1977 under the Local Government Act according to the Government of Kenya (1999). The issue being raised here is, there are new dynamics that are not being addressed relevantly by the Act put into place in 1977. As Mitullah (2005, 19) says,

"Policy without laws is meaningless, and it is necessary to reflect on laws and regulations which sustain the informal economy and the development of entrepreneurship."

The section below discusses some of the challenges that face entrepreneurs in their innovation efforts.

### **Special Focus on the Jua Kali Artisans.**

As Oliver-Smith (1990, 6) argues, the new technology has been expanding at an accelerating rate in recent years. Such increase in technological change definitely calls for workers and personnel who have a high level of skill and knowledge.

Apart from the technological challenge, there are other challenges that face these artisans. Customer care and maintenance is an issue. There must be an honest transaction that encourages the customer to want to come again. Also a satisfied customer can be an effective publicist. One of the areas where these artisans go astray is in overcharging if they can get away with it. There is a need therefore to train the artisans in customer care. (Oliver-Smith 1990, 7).

It is sometimes difficult to tell the difference between a trainee and qualified artisan. They wear the same aprons and carry the same simple tools in their hands. If one is new in the area, it is easy to give your order to an inexperienced workman who ends up making inferior goods.

Also it is not uncommon for the areas to be infested with robbers who steal from the customers or rob them when the opportunity avails itself. This was the problem with the garages working along Kirinyaga Road in Nairobi. Gangsters steal from the customers or rob them when the opportunity avails itself. This was the problem with the garages working along Kirinyaga Road in Nairobi. Gangsters would steal from the customers or just rob them (The Standard, 11th February, 2006). It would help the sector to install order and peace by sending regular police patrols around the artisans area of work.

In the pre-testing of the questionnaire, one of the artisans told me that some of his regular customers no longer come to his place of work due to the recent unrest in the area.

“Thieves who come to steal pretending to be artisans make us lose customers; also some mechanics fight over small matters, some are young; you know..” .

Although the Jua Kali artisans created the Jua Kali sector over the past decades, at this point it is time for the official policy makers to step in and bring order to disorder and regulations in the highly deregulated sector. All these steps will be part of many other suggestions to be brought out by this study so as to bring out expansion of the sector (Maundu 1996, 14). In amplifying the same point, therefore, the expansion of the sector is possible; and without losing the focus, everything will revolve around the empowerment of the relevant artisans working in the informal economy.

## **Conclusion**

This section summarises important issues encountered in the literature from sources dated from 1995 to 2010 that are representative of the main themes and identify the existence of gaps in current research on Kenya's Jua Kali sector. Common themes that occurred satisfactorily in nearly all the literature covering the informal economy were:

- The historicity of the informal sector
- Nature of the informal sector
- Importance of the informal sector
- Growth of the informal sector

Such themes only satisfied the study with the information dealing with issues like 'what,' 'how,' 'when' and 'where' as far as the informal sector is covered in the literature. Some of the examples of such literature are (ILO 2002, World Bank 1989, 68, Almas 2004, 4, Kenya Government 1986, Udungu 1994). However, some gaps were left uncovered. Examples of those not covered by the literature reviewed are :

### **The role and importance of the entrepreneurs in the informal economy.**

1. The entrepreneurs' unique voice on the strategies that can be used to develop the informal economy to realise its full potentialities.
2. The initiatives by the entrepreneurs in their bid to bring socio-economic development in the informal economy.
3. How the policy makers can draw important insights, experiences and wisdom from the entrepreneurs' long years of experience working in the informal economy.
4. The problems as seen by the entrepreneurs in the informal economy are not articulated; most of what we see is attempts by outsiders to describe the informal economy according to their 'lenses'.
5. Empowerment of the entrepreneurs to realise the informal economy potential for socio-economic growth is nowhere shown as a big undertaking. With this anomaly, the members of the informal economy continue to be excluded from the sector.
6. Continuous exclusion and ignoring of the entrepreneurs in this sub-sector was highlighted as a serious overarching problem. Some of the books reviewed illustrate the cases are summarised here as representative examples.

### **Fowler (1995)**

This author, though not an African, writes with an intimate knowledge of Africa, especially Kenya, having lived with the African people for extended periods. Key features of his work relevant to the current research are:

- The systematic destruction of African social and political structures (usually democratic in nature) by a European government that assumed Africans were lawless savages.
- The disruption of African society by the imposition of an individualist model of society that overrode the traditional communal model of Africa.
- The Western models of development have failed Africa.
- The African entrepreneurs must learn from, but not slavishly imitate the Western world.
- The building of modern Africa must be based on the African cultural values.
- We need to build structures relevant to the contemporary context and not the pre-colonial African social structures.
- For success, we need to start at the bottom: the grassroots people on the basis of the African communal values that are still commonly held by people.

### **King (1996).**

This literature served as the cardinal source in the earlier literature because:

- The author covers a wide period in regard to the Kenyan informal sector, 1975–1995. In this regard, the book gave a good historical overview of the informal economy in Kenya. It also remains to this day the most thorough piece of research on the Jua Kali sector in Kenya.
- He brings out the government's perception of the importance of the informal sector, and how the government attempted to benefit from the informal sector by bringing about 'Kenyanization' of the informal sector. This meant integrating the informal sector in the national economy.

The following brief statement by King (1996, 3) has become the main thrust and focus of the current research report:

“...awareness grew about the importance of the informal economy in Kenya. Then there is a third dimension that has often been absent in discussion of the informal economy and that is the voice of the Jua Kali themselves.”

The Jua Kali entrepreneurs for years have worked in the informal sector building up a flourishing informal economy in an environment where there is :

- No effective government support.
- No access to credit.
- No access to land
- No assistance to access markets.

No reception of subsidies

Using their experience, inputs and knowledge, the informal entrepreneurs of the Jua Kali therefore can be of greatest help in the socio-economic development of this sub-sector. Their home-grown strategies can inform us on the development of the informal economy.

We need to start at the bottom, not the top. There is a need to build a network of grassroots people where they can work on the basis of democratic consensus that is essential to traditional African values, and in the end add their voice in the policies made to bring about socio-economic development. The informal sector will never realise its potential as long as the entrepreneurs in this sector are ignored and excluded from policy making.

### **ITDG (2001)**

Whilst this literature identifies key challenges for the development of the informal economy, it says little

about the appropriate strategies for meeting these challenges. The challenges identified are:

- Subsistence vs. growth-oriented enterprises in the informal economy: By being subsistence; the informal economy has very little chances for growth. Therefore, relevant strategies are needed to turn around the “subsistence” mentality and in its place embrace a growth-oriented enterprises spirit. The stand taken by the study was that the relevant artisans in the informal economy should be the ones to inform us of the relevant and effective strategy out of their experiences, skills, knowledge and practice; hence the need of the study.
- Lack of protective policies in the enterprises development: The kind of protection that will make a difference will include a dialogue and audience between the policymakers and the local producers. In such forums the needs of the local producers can be known and met to enable the local producers to develop strategies to enable them to participate in the rigours of free-market competition which enhance exports
- Lack of business development services for the MSEs: By this statement, ITDG pointed to the fact that the informal economy artisans badly lacked the non-financial services and support, information and communication services, new markets, training and technology up-grading. It points out that it would make tremendous strides in development if the artisans in the informal economy were able to access the appropriate business development services.

The contributions being made by ITDG are highly significant but it contributes little in the way of practical solutions.

#### **ILO (2002)**

This literature describes well the limitations of the entrepreneurs’ situation:

- They are not recognised under the law and therefore receive little or no legal or social protection and are unable to enforce contracts or have security of property rights.
- They are rarely able to organise for effective representation and have little or no voice to make their work recognised and protected.
- They are excluded from or have limited access to public infrastructure and benefits. They have to rely as best they can on informal, often exploitative institutional arrangements, whether for information, markets, credit, training or social security.
- They are highly dependent on the attitudes of the public authorities, as well as the strategies of large formal enterprises, and their employment is generally highly unstable and their incomes very low and irregular.
- They are placed at a competitive disadvantage because they do not have the type of influence which those in the formal economy are often able to exert—influence which sometimes violates an essential feature of a market economy, i.e. free and equal access to markets based on efficiency rather than influence.
- There is no simple relationship between working informally and being poor, and working formally and escaping poverty. It is certainly true that a much higher percentage of people working in the informal relative to the formal economy are poor, and even more true that a larger share of women relative to men working in the informal economy are poor.

While the account given by the ILO (2000) is quite accurate, the literature fails to show what the entrepreneurs can do to improve their situations.

**Albu (2007)**

He correctly praises the role of MSEs as wonderful avenues for providing vital access to technology that in the end helps all livelihoods to access bundles of assets, skills, tools and knowledge. Without access to MSEs affordable services and products (tools and implements) most of other sectors would have their production, distribution and processing compromised.

However, he leaves the artisans hidden behind the scene although they play a critical role in the production of services and tools and implements; this is a big gap that requires attention to establish the voices of the artisans who play a pivotal role in the informal economy.

**Vuletin, Guillermo 2008**

Identifies from the literature two of the factors which can compromise the growth of the informal economy if not addressed,

- Lack of legal structures that give protection to the entrepreneurs working in the informal economy. Relevant legal framework serves to strengthen the policies regulating the informal economy.
- Exclusion from policy making. This has the effect of making the policies weak as they do not address the relevant needs of the entrepreneurs in the informal economy. Since policies are only useful if they meet known needs, the excluding of the entrepreneurs from policy making only ends up in watering down the importance of the policies.

**Lorraine, Amollo (2008)**

Lorraine makes three critical observations which were very informative for the research,

- The members of the informal economy are unable to access development services; for example they cannot access export markets. The implications of this anomaly make the actors to remain poor due to the fact that they were not able to access export markets.
- The informal enterprises have consequently remained and uncompetitive especially with the formal economy.
- The government has failed to provide an enabling sustainable environment for the Jua Kali sector to grow. Without the socio-economic structures that are supportive of the Jua Kali sector's growth and development, the sector's actors and enterprises will remain stalled economically.

**Lund (2009)**

Lund does a very good piece of work in discussing the empowering of the workers in the informal economy, for example:

- Guaranteeing their right to work,
- Their protection,
- Enactment of proper legislation that addresses the entrepreneurs' needs,
- Unfavourable working conditions and wages.

The lack of recognition, in so much of the literature, of the importance of input from the Jua Kali operators in the making of policy in relation to their activity is a surprising. Just as operators in the formal economy have input to government decision making in relation to their operations, so also this input is needed from the informal sector if its potential is to be realised.

### 3

## Research Methodology

### Theoretical Framework: Quantitative or Qualitative?

Kerlinger and Howard Lee (1999, 11) define a theory as an abstraction that deals with constructs or concepts; however, theory does not tell us anything about individual instances. In any research of the social world, as distinct from the material world, theories can be of two kinds: Quantitative or Qualitative. Cohen, Louis, Lawrence Manion and Keith Morrison (2000, 7) provide a useful overview of the basis for this distinction:

“Where one subscribes to the view which treats the social world like the natural world — as if it were a hard, external and objective reality — then scientific investigation will be directed at analysing the relationships and regularities between selected factors in that world. It will be predominantly quantitative. ‘The concern’, say Hurrell and Morgan, ‘is with the identification and definition of these elements and with the discovery of ways in which these relationships can be expressed. The methodological issues of importance are thus the concepts themselves, their measurement and the identification of underlying themes. This perspective expresses itself most forcefully in a search for universal laws which explain and govern the reality which is being observed’ (Burrell and Morgan, 1979). An approach characterized by procedures and methods designed to discover general laws may be referred to as nomothetic.

However, if one favours the alternative view of social reality which stresses the importance of the subjective experience of individuals in the creation of the social world, then the search for understanding focuses upon different issues and approaches them in different ways. The principal concern is with an understanding of the way in which the individual creates, modifies and interprets the world in which he or she finds himself or herself.”

Within this category there are a number of alternatives; the one that is used in the present research is grounded theory described by Ezzy (2002, 8-13) using three useful diagrams. The first represents the way in which theory functions in traditional quantitative research.

In this pre-existing theory guides the whole research process. The researcher logically deduces hypotheses, logical possibilities, in relation to the research problem. The research then proceeds to a systematic process of testing these hypotheses on the basis of the data. An hypothesis that passes the test is then added to the store of tried and tested theories that may be used to guide further research.

With the rise of qualitative research methods, many found

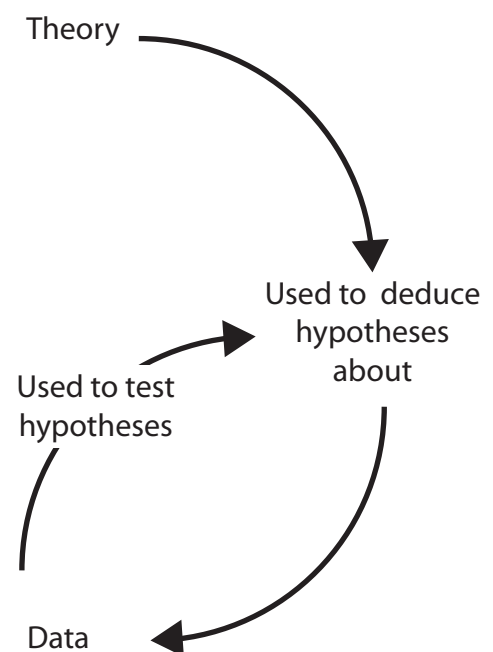


Figure 2  
Function of Theory in Quantitative Research

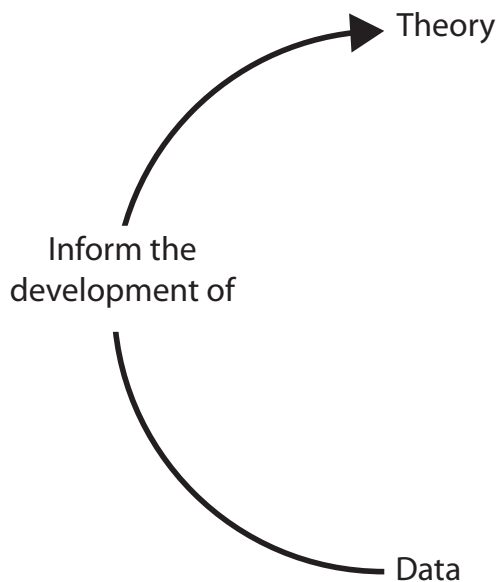


Figure 3: Simplistic Inductive Theory Building

this deductive process placing too much constraint on exploring the possibilities of the data. They therefore developed an inductive process that develops theories on the basis of a logical induction from the data. Some early versions of this Ezzy labels “simplistic inductive theory building” using the following diagram.

A more refined version of an inductive approach is “grounded theory”. It is this approach to the theoretical framework of research that is used in the present research project.

Grounded theory recognises the influence of preexisting theories. Preexisting theory sensitises the researcher to particular issues and aspects of the phenomenon being studied.

However, grounded theory searches for dimensions of the experience not covered by preexisting theory. Grounded theory inductively generates new theory through careful and repeated observation. These inductively generated theories are then, in turn, used to shape further research, and their implications are tested against the observed data.

The more sophisticated uses of grounded theory draw on both inductive and deductive methods of theory generation. In contrast to simplistic deduction, grounded theory argues that theory can be built up through careful observation of the social world: ‘A grounded theory is one that is inductively derived from the study of the phenomenon it represents. That is,

theory is discovered, developed, and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon’ (Strauss & Corbin 1990: 23). According to the methods of grounded theory, concepts, categories and themes are identified and developed while the research is being conducted. In many ways grounded theory is a reaction against the natural science model of research method that always begins with hypotheses to be tested. Rather, grounded theorists begin by identifying some important issues that guide the collection of data. Theory is built up from observation. Observations are not selected to test a theory. Theory is ‘grounded’ in data.

However, in contrast to simplistic induction, many grounded theorists emphasise the role of preexisting theory in sensitising the researcher to orienting questions that need to be examined during the research. The task of the grounded theorist is to allow deductions from preexisting theory to suggest specific research problems and foci, but the researcher must not allow this preexisting theory to constrain what is

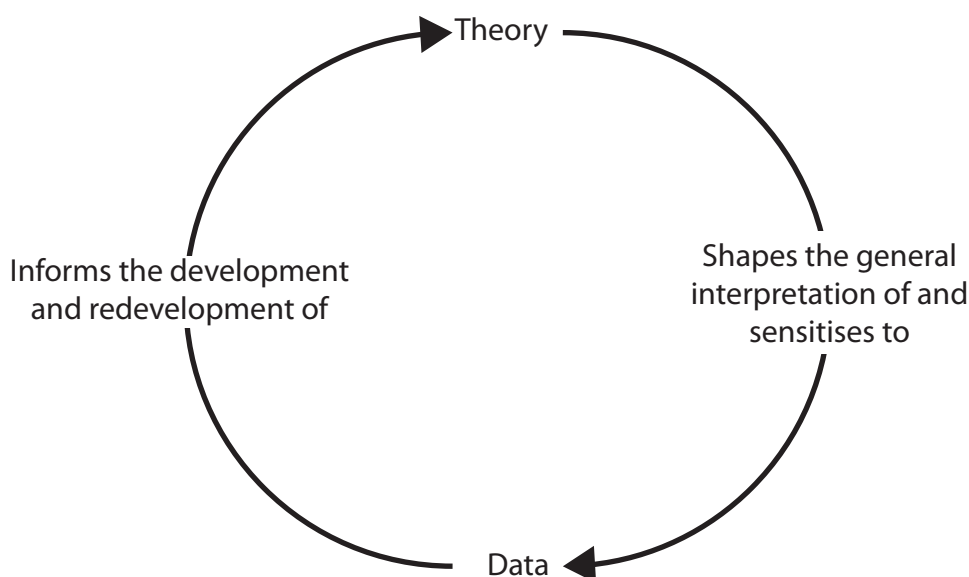


Figure 4: Grounded theory: A sophisticated model

noticed. The grounded theorist uses deductively derived theory, but also examines questions and issues beyond what is suggested by deductively derived theory.

## **Participatory Research**

According to Chambers (1997: 76), participatory methodology in development came about as a critique of the community development model and approach that was being used after World War II. According to that old model, the process of development was piloted by experts who were seen as the only people with knowledge and skills, therefore the making of decisions was their prerogative and preserve. All ideas and guidance trickled top down.

The experts did not include the locals in the planning and executions of the development plans. They even ignored the local culture and practice. Due to such isolation, this resulted in dependency and lack of sustainability in development projects based on such research. It is against this background that a participatory alternative was advocated (Chambers 1997, 108). In this approach those most affected by the research are not merely the 'subjects' of the research but play an active role in collaboration with the researcher. Their voice is heard as an essential component of the research. As a result the research tends to be broader, multidimensional, and democratically oriented.

Also known as "participative" it was closely linked to the broader movement which Reason and Rowan (1981) called "New Paradigm Research" that broke the monopoly of the positivist-empiricist approach to research practice. The latter remains a valid approach but researchers now have broader options that allow them to use other methodologies where they are more appropriate.

Max Elden (1981, 253) reporting on his experience with participative research says:

"The idea of research 'subjects' participating actively in the research concerning them seems foreign to the scientific enterprise. In work research, however, around the problem of actively involving workers in studying and changing their own workplaces, social science research can contribute more if it is participatory."

Again (1981, 266) he says:

"Finally, to the extent social scientists would democratize work they may also be called on to democratize the research work itself. A participatory, action relevant social science would aim at both the production of new, directly applicable knowledge and at helping people learn to do their own social science. 'We need not more highly trained and sophisticated researchers operating with ever more esoteric techniques, but whole neighbourhoods, communities, and nations of 'researchers' ' (Hall, 1975, p. 30)."

At the same time he warns (1981, 266) that there is no guarantee that a participative approach will be effective:

"The alternative we have explored in participatory research, however, is no panacea. As I learned in getting booted out of the first pilot study, participative research takes time. I had a few weeks in the first pilot study and over six months in the second. It also requires that people have the will and resources to participate. They did in the second case but not on the first."

At its best, a participatory process allows the 'subjects' of the research a key role as active players in the research, enhancing self-determination. It opens the possibilities of:

- Improved social-structures.
- Better citizen agents.
- Better outcomes.
- Increased capacity among the citizens.
- More empowered citizens.

In the context of the present research, it can enable the Jua Kali mechanics to participate in the building of the economy without taking the experts in the formal economy as the final word. The participatory approach brings every stakeholder on board equitably in economy growth. It helps to minimize the dualist approach in reference to micro and macro economics.

## **Research Method: Critical Ethnography**

The initial choice of research method was based on the practical experience of enabling illiterate Kenyan farmers to enhance their productivity and profitability by a participatory approach that respected their skills while adding to their knowledge. This project also operated on the basis of the traditional cultural values of the people of Kenya. It led to the establishment of a Community Based Organisation “Grass-roots Development Programme” as an ongoing operation.

Based on this experience it was natural to look for a research method that would enable a formalisation of this strategy in researching the Jua Kali manufacturing sector.

Through a survey of a range of publications on Critical Ethnography it became clear that this was the exact fit for the intended research (Thomas 1993, Madison 2005, Lassiter 2005, Foley and Valeuela, 2005 Cohen, Manion, and Morrison 2000).

Ethnography has long been a research method designed for the study of human society and social relations. Critical Ethnography, while more recent, has become well established as a method that embraces Critical Theory as another dimension of the more traditional ethnographic method. Bohman (2010) gives an overview of critical theory in the following terms:

“Critical Theory has a narrow and a broad meaning in philosophy and in the history of the social sciences. “Critical Theory” in the narrow sense designates several generations of German philosophers and social theorists in the Western European Marxist tradition known as the Frankfurt School. According to these theorists, a “critical” theory may be distinguished from a “traditional” theory according to a specific practical purpose: a theory is critical to the extent that it seeks human emancipation, “to liberate human beings from the circumstances that enslave them” (Horkheimer 1982, 244). Because such theories aim to explain and transform all the circumstances that enslave human beings, many “critical theories” in the broader sense have been developed. They have emerged in connection with the many social movements that identify varied dimensions of the domination of human beings in modern societies. In both the broad and the narrow senses, however, a critical theory provides the descriptive and normative bases for social inquiry aimed at decreasing domination and increasing freedom in all their forms.”

Cohen, Manion and Morrison (2000, 153) provide a good summary of critical ethnography:

“An emerging branch of ethnography...is the field of critical ethnography. Here not only is qualitative, anthropological, participant, observer-based research undertaken but its theoretical basis lies in critical theory... concerned with the exposure of oppression and inequality in society with a view to emancipating individuals and groups towards collective empowerment. In this respect research is an inherently political enterprise.... Quantz (1992: 473-4) argues that research is inescapably value-laden in that it serves some interests, and that in critical ethnography the task of researchers is to expose these interests and move participants towards emancipation and freedom. The focus and process of research are thus political at heart, concerning issues of power, domination, voice and empowerment. In critical ethnography the cultures, groups and individuals being studied are located in contexts of power and interests. These contexts have to be exposed, their legitimacy interrogated, and the value base of the research itself exposed. Reflexivity is high in critical ethnography. What separates critical ethnography from other forms of ethnography is that, in the former, questions of legitimacy, power, values in society and domination and oppression foregrounded.”

Thomas (2004, 216) offers the following explanation of Critical Ethnography:

At its simplest, critical ethnography is a way of applying a subversive worldview to more conventional narratives of cultural inquiry. It does not necessarily stand in opposition to conventional ethnography or even to conventional social science. Rather, it offers a more reflective style of thinking about the relationship between knowledge, society, and freedom from unnecessary forms of social domination.

What distinguishes critical ethnography from the other kind is not so much an act of criticism but an act of critique. Criticism, a complaint we make when our eggs are undercooked, generally connotes dissatisfaction with a given state of affairs but does not necessarily carry with it an obligation to dig beneath surface appearances to identify fundamental social processes and challenge them. Critique by contrast, assesses “how things are” with an added premise that “things could be better” if we examine underlying sources of conditions, including the values on which our own complaints are based.

While not in any sense a mirror of these, Critical Ethnography does have clear links with the critical theory of Jürgen Habermas as formulated in his “Theory of Communicative Action” (1984), a complex work where, in its simplest terms, he argues that social oppression can be overcome by actions that are generated by action-directed speech communication within the oppressed community.

Similarly, it has links with Critical Action Research designed for educators (Carr and Kemmis 1986). It was Kurt Lewin who coined the term “Action Research” (Carr and Kemmis, 1986, 162) but Carr and Kemmis have modified this by the application of Critical Theory, just as Critical Ethnography modifies classical Ethnography.

The critical component of Critical Ethnography, making it especially suited for research in socially marginalised groups, was seen as an ideal model for achieving the goal and objectives of the research project since it is designed to do more than merely gather and analyse data, but to gather data that leads to self-empowering action by those who, for one reason or another, lack social power to achieve their full potential. This exactly fits the circumstances of Kenya’s Jua Kali industry.. For this reason it fits very well in the context of the entrepreneurs in the informal economy who had been ignored, rejected and marginalized for a long time.

Prior research, particularly that reported in Kenneth King's classic work (1996) has shown that the entrepreneurs who are the subjects of the present research operate in a social and historical context that leaves them with a lack of social and political power and that power imbalance inhibits the fulfilment of the potential of their enterprises. The principles of critical ethnography, therefore, were seen as providing an ideal framework for exploring the possibilities for self-empowerment that will enable them to fulfil their potential.

## **Ethical Issues**

The importance of ethical issues when conducting research with human 'subjects' has been recognised in the field research. Since most of those concerned are illiterate, it would have been meaningless to have them sign a form of consent. However, once a basis of mutual trust is established—something that was necessary in any case before research could begin—they are accustomed to treating oral agreements as binding.

On this basis, no record of individual names has been kept other than during the period of field research for the purpose of keeping track of the artisans concerned. In this case it was almost always only the first name that was used. The participants were aware of this and, not only agreed with it, but welcomed the practice in these circumstances.

With the field work completed all this information has been erased, leaving no permanent records of any individual names that could be made public now or in the future. By this, somewhat unusual procedure, the anonymity and confidentiality of the 'subjects' has been fully respected and protected

## 4 Research Design and Process

### Entering the Field

The main research question was, “What strategies will empower Kenya’s informal economy, and specifically what is known as the Jua Kali manufacturing sector, to realise its full potential for socio-economic development?”

#### **Sub-problems were:**

1. What problems are faced by the relevant informal economic sub-sector in Kenya as seen by the entrepreneurs themselves?
2. To what extent are the entrepreneurs aware of the problems inhibiting the realisation of the full potentiality in this sub-sector?
3. What, if any, initiatives have already been taken in these areas by the entrepreneurs and, if so how effective have they been?
4. What, if anything are the other players doing to assist in the realising of the sub-sector’s potential and, if so, how effective have such initiatives been?
5. How can the effective strategies developed be identified and implemented by the entrepreneurs to realise the potentialities of this sub-sector?

#### **Selection of sites**

With a population of 38.6 million (Kenya National Bureau of Statistics, 2010) and with the informal sector of the economy employing 75% of the workforce and still growing it would be unrealistic to cover the whole field. Even narrowed down to the manufacturing sub-sector it would not be possible within the appropriate time frame to engage in research in the whole country. Any attempt to do so would result in very superficial research. Even Kenneth King (1996) who spent ten years on his research covered only a limited area. In the interests of an intensive research, which would also cover a diversity of sites where there is a concentration of informal sector manufacturers operating under diverse conditions, the following three sites were selected:

1. The bustling commercial centre of Machakos;
2. The industrial town of Athi River;
3. The truck stop and weighing station of Mlonglo on the main Mombasa–Uganda highway just outside Nairobi.

These sites not only provided a representative sample of the relevant sector of the informal economy, but also were sufficiently close to the researcher’s base to enable intensive research. They ensured that minimum time was consumed in travel with maximum time engaged in research without compromising the representative nature of the sample.

#### **Selection of key informants**

#### **Focus Discussion Group**

This was a group of 12 key people who provided invaluable information about the Jua Kali sector covering

the whole area of research.

This group was selected on the basis that the members of the group represented a cross-section of parties with an interest in and substantial experience of the informal sub-sector that was the focus of research.

### **Objectives**

1. To complement the data generated from the Action Groups (the research sample);
2. To give insiders' stories to form a good foundation and road map for an outsider;
3. To shed the needed light in the sub-culture surrounding the jua kali which otherwise is hard to be penetrated by the outsider;
4. To give an objective interpretation/explanation of the behavioural patterns and activities surrounding the jua kali sector;

To validate claims by newer artisans in the jua kali groups as part of the validation process.

### **Membership**

1. Jua Kali operators with long experience.
2. Elected officials for Jua Kali Action Groups: leadership perspective
3. Jua Kali co-operative leaders... gave data cutting across the jua kali sector
4. One government official assigned to work with the jua kali artisans for the areas covered by the research.

### **Action Groups**

1. These were groups of Jua Kali artisans operating as a community making decisions on the basis of consensus. They were the key players in the research since they were the ones that identified needs and strategies that they could implement to meet these needs. The key criteria for the selection of informants was:
2. The willingness to participate in a group of at least 10 members that operates by consensus decision making;
3. Jua Kali manufacturers providing a range of quality products;

Evidence of creative thinking, together with an openness to learn;

### **Recruitment strategy**

This involved a preliminary informal observational survey, including informal discussions, for the purpose of :

1. Getting first hand understanding of the sector and the associated problems as understood by the participants in the sector themselves;
2. Identifying key communities of entrepreneurs that were likely to become participants in the formal research process;
3. Selection of the research participant groups especially those:
  - with evidence of creative thinking;
  - willingness to work as a community with a consensus approach to decision making;
  - work geared towards the possibility of export;
  - and finally their willingness and openness to learn.

In some cases possible informants were wary of agreeing to participate, because of their past experience

rience of researchers from NGOs who came with their own ideas and showed little interest in how the artisans themselves saw the situation or the ideas they might have for further development. This was the only unanticipated barrier that was encountered.

However, once it was made clear that this would be something very different from anything they had ever experienced before there was little difficulty in recruiting the initial informants. The initial wariness was very instructive of the reality of past attempts to promote this sector of the economy.

A start was made with a small number of participants but as the programme got under way and the benefits that could be gained by participation became evident, other suitable artisans joined the research programme. In the end there were 100 artisans from the three sites who participated consistently throughout the research project.

## **Field Work**

While the fundamental principles of Critical Ethnography, including the reflective/reflexive nature of the interactions, were followed it was modified in two ways to fit the cultural values of Kenya's grassroots population from which the Jua Kali artisans are drawn; this was particularly the case with the Action Groups that are described a little later:

The informants were required to operate as an authentic community for both economic and social reasons.

1. For economic reasons because it would give them the advantages of size that would give them more power in the market;
2. For social reasons because community is seen as fundamental to human identity in the cultural values of the traditional African society that provides a more natural way of operating than the individualism of modern Western culture.

For the sake of Western readers of this thesis, it is appropriate to remind them, and perhaps also some Africans who have absorbed Western individualism, of what Menkiti says (1979, 165–166):

“Western writers have generally interpreted the term ‘community’ in such a way that it signifies nothing more than a mere collection of self-interested persons, each with his private set of preferences, but all of whom get together nonetheless because they realise, each to each, that in association they can accomplish things which they are not able to accomplish otherwise. In this primarily additive approach, whenever the term ‘community’ or ‘society’ is used, we are meant to think of the aggregated sum of individuals comprising it. And this is argued, not just as an ontological claim, but also as a methodological recommendation to the various social or humanistic disciplines interested in the investigation of the phenomenon of individuals in groups...Now this understanding of human community, and of the approach to its study, is something completely at odds with the African view of community...[in which] there is assumed to be an organic dimension to the relationship between the component individuals, whereas in the understanding of human society as something constituted what we have is a non-organic bringing together of atomic individuals into a unit more akin to an association than to a community. The difference between the two views of society is profound”

The American missionary to Africa, Vincent Donovan says (1978):

“When I first went to Africa, a difficulty I had in visualizing how a priest could be essentially related to a community was that I had never really encountered or experienced a truly fully-fledged human community....The strange, changing, mobile, temporary, disappearing communities of America can leave one without any experience of what community is. The different groupings there are in America do have one common denominator—competition within the group.

When I came in contact with African communities for the first time, one of the things I noticed about them was the lack of competition within a community. No one really tried to stand out in a community, perhaps did not even want to. There was no particular value attached to standing out, as an individual, that is. The most beautiful girl was simply recognized as such, and was a mark of pride for the community which produced her. Everyone would point out the greatest athlete, or the best dancer and rested hopes on such gifted people to bring honor to the village or the community.... People with lesser talents were accepted as such and were expected to contribute according to their ability. No one was rejected for lack of talent.”

Two distinct but complementary sources were used in this study: a Focus Discussion Group and Action Groups.

### **The Focus Discussion Group**

The data from this group was used to form the themes and sub-themes for discussions with the Action Groups, providing a deeper understanding of the jua kali sub-culture that is unknown territory for the outsider. It was valuable in clarifying, complementing and confirming issues that were important for the Action Groups’ study. There were 12 members in the Focus Discussion Group. The following table shows the results of interviews with this group on the potentialities of the informal sector.

**Table 2: Potentialities of the informal sector**

<b>Description of the potentialities of the informal Sector</b>	<b>No. of people</b>	<b>Percentage</b>
It can create limitless number of jobs	12	100%
It is a good avenue for training people on the job	10	83%
It helps people to reduce poverty	12	100%
We can produce tailor made products	5	42%
We can tap the young people who are strong and with ideas	8	67%
We can recycle metallic materials	12	100%
We can produce cheaper things than those in the formal sector	11	92%
We can develop our economy by selling products across our boundaries to countries like Sudan, Uganda and Tanzania	12	100%

When they were asked, “If you were given a chance to give the road map, how can the jua kali sector be helped to realise its potential?” the following table shows the pattern of response:

**Table 3: Ways the jua kali sector may realise its potential**

<b>Ways the jua kali sector may realise its potential</b>	<b>No. of people</b>	<b>Percentage</b>
Listen to the experts locally and from outside	4	33%
Let the government show the way forward	3	25%
NGOs should assist	2	17%
Empower the grassroots artisans to develop the sector as the people who know the sector and have relevant experience	10	83%

Asked about the challenges faced by the jua kali sector faces the pattern of response was:

**Table 4: Challenges faced by the artisans**

Challenges faced by the artisans	No. of people	Percentage
Lack of land registered against their names	12	100%
Inability to access credit	9	75%
Harassment by the government and municipal officers	12	100%
Lack of access to timely and relevant information	11	92%
Poor infrastructure in the working areas of the jua kali people	7	58%
Lack of relevant training	8	67%
Nobody listens to us	10	83%
Lack of storage facilities	12	100%
Poor leadership among ourselves	9	75%
Weak cooperatives due to poor legal framework and regulation	10	83%
Poor marketing across the barriers	12	100%

Asked “Do you feel the other stakeholders are doing enough to assist the realizing of the full potentialities of this sub-sector?” the pattern of response was:

**Table 5: Help by the others stakeholders to develop the sector**

Help by the other stakeholders to develop the sector	No. of people	Percentage
Nothing substantial we can be proud of	8	67%
Some NGOs have helped but their help has always been irrelevant because they do not consult us; they come with a ‘know it all attitude’	10	83%
Most of the stakeholders just want to tell us what to do; its like we do not know what we are doing already.	12	100%

When asked “What initiatives have the local artisans taken to realise the full potentialities of the jua kali sub-sector?” the pattern of response was:

**Table 6: Initiatives taken by the local artisans to realise the potentialities of the sub-sector**

Initiatives taken by the local artisans to realise the full potentialities of the sub-sector	No. of people	Percentage
Our approach for many years has been waiting for donors to come and help. That attitude has made us to stagnate and also the sub-sector	11	92%
We have also tried credit facilities but because of limitations like lack of security for the loans have severely limited us	12	100%
Also we have tried to strengthen our cooperatives so as to be guaranteeing each other, buying and marketing our products collectively for a better bargain. However, the cooperative is weak due to poor leadership and fear of risks	9	75%

### Action Groups

These consisted of artisans actively involved in the jua kali sector. The following is a brief summary of the research process:

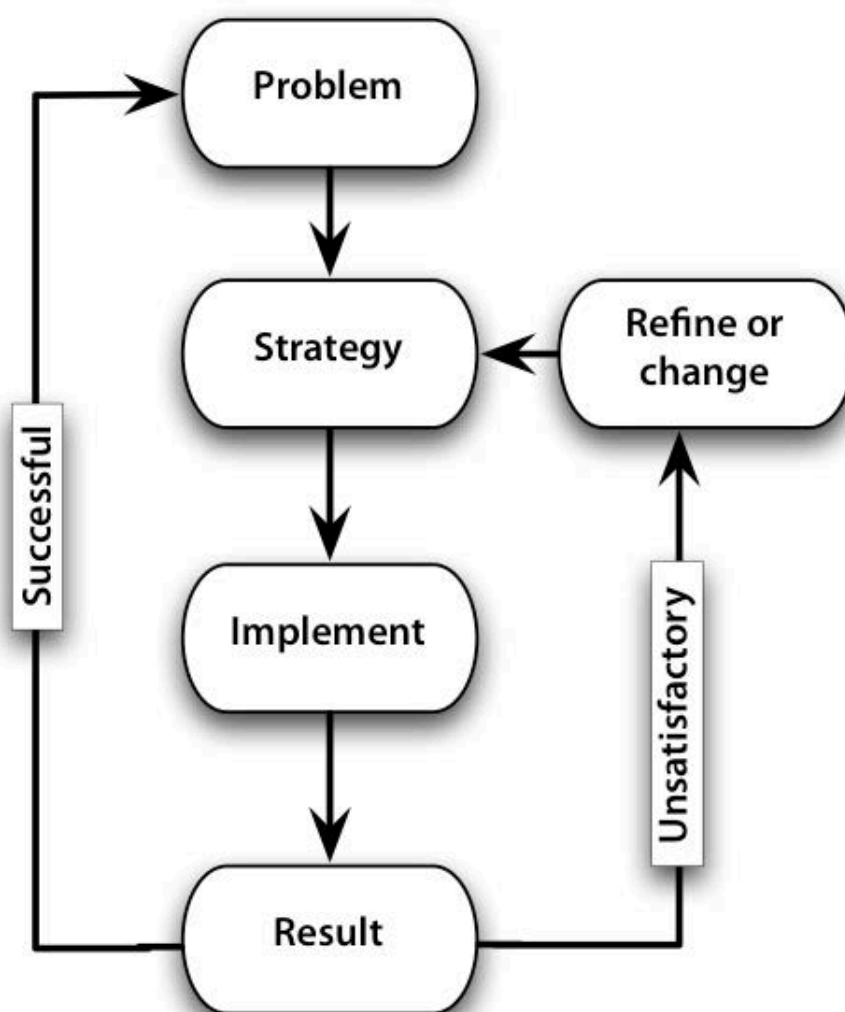
1. What do you see as the greatest obstacle to the growth of your business?”
2. The artisans would discuss this question to formulate a consensus response to
3. When the artisans had agreed on the answer, they were asked to formulate a strategy for dealing with

the problem.

4. When they had identified a strategy, the artisans were asked to try it out in practice—with refinements if necessary in further dialogue within the whole group, including the researcher. The researcher was regarded as a dialogue partner at all times but refrained from participating in the initial discussion so that the identification of the problems and strategies would be those of the entrepreneurs.

This process was repeated in a cyclical manner, moving further forward in each cycle. That is as one strategy was successfully implemented, the group would move on to another problem that was impeding their progress (as shown in the following diagram):

**Figure 5: The Research Process**



As this group process continued the researcher would compare and tabulate results from all the groups looking for common patterns. All the research questions followed the same process with the groups. Where there were some disagreements or difficulties in reaching a consensus at once, more time was given for discussion until consensus was reached. This was designed to ensure a democratic process of decision-making in harmony with the cultural tradition. It was also designed to encourage the relevant entrepreneurs in the informal sector in identifying the relevant strategies which they were to implement by themselves later on in the advanced part of the research.

## Data Analysis

The reflexive nature of the research process meant that data analysis was occurring in an informal way throughout the field research as groups reflected on their problems and developed strategies to resolve these, then reviewing the implementation of these strategies.

As Cohen, Manion and Morrison (2000, 154–155) observe this tends to be a feature of critical ethnography:

“Here data are generated by, and discussed with, the participants (Carspecken and Apple, 1992).

The authors argue that this is not-naturalistic in that the participants are being asked to reflect on their own situations, circumstances and lives and to begin to theorize about their lives. This is a crucial stage because it enables the participants; to have a voice, to democratize the research. It may be that this stage produces new data that challenge the preceding two stages.”

However, after the field work was completed, there was still need to formalise the data analysis. (Singleton et al. 1988) suggest that in the case of this type of research there is a need to identify the “units” of analysis—the social entities whose characteristics were studied. In this study, such units were strategies that would spur socio-economic development in the Kenya’s informal economy. These strategies were generated by the artisans in the Jua Kali sector of the economy, studied in their natural working groups and environment as research partners.

In the field, all the data collected was tabulated and coded on a computer. Since cost and other circumstances did not allow for the use of special software the analysis was done using a spreadsheet and computer calculator. Data from the Action Groups was correlated with that from the Focus Discussion Group providing a basis for cross-checking.

The analysis first gave a systematic account of each of the Action Groups and then a consolidated account of the three groups.

In the initial analysis the data from each Action Group was analysed on the basis of:

- To what extent has it been shown that effective socio-economic development can be achieved through strategies of grassroots self-empowerment?
- Evaluation of the strategies’ strengths and weaknesses.
- The final stage of data analysis of successful strategies was collation and comparison of the results from each of the Action Groups involved with a view to developing answers to three key questions:
- Has the success of the strategies been equally effective in all three locations represented by the Action Groups?
- If not, has this been due to any identified difference in the social and/or economic conditions?

Where more than one strategy has been effective can they be rated in order of effectiveness?

Before finalizing a formal research report, a summary of the findings of the final analysis was presented to each of the participating groups for their comment with those comments being incorporated in the report.

The accuracy of the analysis as a systematic representation of the data was ensured by this process of all parties involved in the research process being also involved in checking and cross-checking the findings of the research. The role of the Focus Discussion Group, representing experienced persons with differing interests in the area of research, was especially important in ensuring that the analysis fitted the data.

The danger of bias in the analysis on the part of the researcher was minimised by the involvement of all parties to the research in helping to shape and endorsing the analysis.

The analysis of the data indicates issues under two major heading:

1. Strategies that showed clear evidence of potential for developing the manufacturing sub-sector of the informal economy as a major player in the national economy;
2. Areas in which obstacles to this development still remain.

## **Reliability**

As it pertains to qualitative research, Cohen, Manion and Morrison (2000, 120) suggest that in qualitative research “reliability includes fidelity to real life, context- and situation-specificity, authenticity, comprehensiveness, detail, honesty, depth of response and meaningfulness to the respondents.”

In the present case, reliability is based the agreement of all participants that the research results reflected the authentic realities of daily life with honesty and meaningfulness. The final analysis of the data, which was endorsed by a consensus of all participants, was seen as demonstrating the very real possibility of developing effective and feasible empowering strategies as evidenced by what has happened in the transformation of the realities of their situations by the research.

## **Validity**

In considering validity, it is important to put it in the context of critical ethnography. In this respect Cohen, Manion and Morrison (2000, 153) observe:

“Quantz (1992: 473–4) argues that research is inescapably value-laden in that it serves some interests, and that in critical ethnography the task of researchers is to expose these interests and move participants towards emancipation and freedom. The focus and process of research are thus political at heart, concerning issues of power, domination, voice and empowerment. In critical ethnography the cultures, groups and individuals being studied are located in contexts of power and interests. These contexts have to be exposed, their legitimacy interrogated, and the value base of the research itself exposed. Reflexivity is high in critical ethnography. What separates critical ethnography from other forms of ethnography is that, in the former, questions of legitimacy, power, values in society and domination and oppression are fore-grounded.”

Against this background, in the present context we ensure an internal validity in terms of authenticity, described by Cohen, Manion and Morrison (2000,

1. fairness (that there should be a complete and balanced representation of the multiple realities in and constructions of a situation);
2. ontological authenticity (the research should provide a fresh and more sophisticated understanding of a situation
3. educative authenticity (the research should generate a new appreciation of these understandings);
4. catalytic authenticity (the research gives rise to specific courses of action);
5. tactical authenticity (the research should benefit all those involved—the ethical issue of ‘beneficence’).

In these terms the present research passes the test of validity on all five counts:

1. Fairness is achieved by the participatory nature of the research with all parties having an input, not only throughout the field research, but also in the final analysis of the field data;
2. Ontological authenticity is achieved by providing a fresh understanding of the socio-economic development potential of Kenya's Jua Kali sector with a level of sophistication that replaces the commonly held simplistic view that generally prevails;
3. Educative authenticity is achieved by the new view of their own role and potential that was generated by the Jua Kali artisans involved. They saw their activities in a fresh and encouraging light;
4. Catalytic authenticity is achieved by the way in which Jua Kali artisans took new courses of action in pursuit in previously unheard of goals;
5. Tactical authenticity is achieved by the recognised and valued benefits shared by all.

In short, the participants were empowered to bring change according to their desire, pace and capabilities; change that was demonstrated to be feasible and sustainable by the ongoing activities of the participants.

### **Researcher standpoint**

The researcher came to this project having obtained an M.A. in Rural Sociology and Community Development from the University of Nairobi. A lecturer at a small Kenyan private university, he followed up these studies by setting up a Community Based Organisation, "Grass-roots Development Project" recruiting others to assist him, to enable farmers in the adjacent area to improve their farming practice and so increase their output with environmentally friendly farming practice. After some initial problems, he changed his approach by first of all listening to the farmers and what they were doing, before trying to teach them more. With this approach his project quickly showed spectacular results, with one farm rising to be exporters sending green beans to Europe.

Against this background, he enrolled for PhD studies convinced that the strategies that had worked so well for farmers could be just as effective for the Jua Kali sector. Basic to this approach are the following values:

- A firm conviction that the most effective way to empower the grassroots of Kenyan society is to operate on the basis of the traditional cultural values of that society;
- A belief that authentic democratic practice in decision making in which all parties concerned have an equal voice in issues that concern them;
- A consensual process of decision making that over-rides all hierarchic social structures is necessary for authentic democratic practice;

## **5 Presentation of the Analysed Data**

### **Introduction**

This section presents results and discussions of the study conducted. The purpose of the study was to assess the factors that can be put in place to empower the Kenyan informal sector to realise its full potential. The findings are based on data collected from the groups of artisans in the field and endorsed by them when they had been carefully analysed as described earlier.

Guided by the objectives of the study, the results obtained in this study have thereby been presented in five parts:

1. To establish the problems faced by the relevant informal economic sub-sector in Kenya as seen by the entrepreneurs in the informal sector.
2. To establish the extent to which the entrepreneurs are aware of the inhibiting problems within the sector to the realisation of its full potentiality.
3. To establish what, if any, initiatives that have already been taken in these areas and, if so, how effective they have been.
4. To find out what, if anything, other players are doing to assist in the realising of the sub-sector's potential and, if so, how effective such initiatives have been.
5. To facilitate the development of effective strategies identified and implemented by the entrepreneurs to realise the potential of the sub-sector.

### **The Problems Faced by the Entrepreneurs**

In a bid to attain the first objective of this research, the study sought to establish the problems faced by the informal economy in Kenya. The problems that were seen as a problem by the relevant entrepreneurs in the informal sector. These were the problems that were inhibiting the entrepreneurs from the realisation of the full potentialities in socio-economic development. Besides citing the problems, the entrepreneurs also offered a short description of each problem so as to be clear in what they were talking about.

This section too shows the initiatives taken by the entrepreneurs as an attempt to solve the problems. Whatever initiatives found to be workable in solving their specific problems by the entrepreneurs; such initiatives were identified as strategies that could be applied in the informal economy as relevant strategies for working in the informal economy. The entrepreneurs implemented the same strategies which they had identified by themselves. At that stage what remained was to perfect such strategies by finding out why they worked, and how they could be improved to even work better.

#### **Inability to Access Land**

In all areas of economic production land remains a critical factor among the factors of production. Therefore, owning land or not owning it is phenomenal and a matter that impacts greatly on any person or persons involved with any type of economic activity. In relation to land ownership among the entrepreneurs in the informal economy; the study established that those who owned or had some arrangements to lease

a piece of land had a comfortably working environment. However, only 15% of the respondents had such arrangements. For the rest of the respondents (85%), the study found out that they were working on the periphery of public land like :

- Working besides footpaths, this brought a lot of congestion for passers by and customers. In such places pretty crimes like pickpocketing would find some fertile ground too; such threats ended up scaring potential customers and such eventualities meant a great economic loss for the entrepreneurs because customers stayed away minding their own safety.
- Working on the margins of roads; which posed a lot of danger from the traffic for the entrepreneurs themselves, their customers and for pedestrians. Many customers mostly kept away from such spots; again that meant losing business and in the end translated to economic loss for the entrepreneurs.
- Working near open drains/sewers. Such venues obviously were a great health threat for any person. For the entrepreneurs working in such areas meant risking their health. Customers did not want to go to such areas that were of some risk to their health. That also translated to loss of business and income to the entrepreneurs.

Wherever the entrepreneurs were working, there was a lot of congestion, and they had a big challenge in where to put their wares. Some of the entrepreneurs who had stores, these were very far from their work sites; in the end such stores were not of any immediate help for their work.

Lack of adequate space for work was seen as a huge problem by the entrepreneurs. Reacting to this problem, one of the group members made the following observations which were critical in understanding the impact of the problem of not owning adequate land and consequently enough working space,

“This congestion is very bad; you lack space where you can work properly.

Some of the customers are afraid to come to us for business transactions because of the same problem of congestion. They fear petty thieves who may pose like customers, fear they may have an accident either automobile accident or even being electrocuted.

We lack space for effective display of our wares to the potential buyers. People want to see what you can make so as to determine the quality of your work.

You have to lay the products side by side with other people’s products; sometimes you end up mingling your products with some products of inferior quality from your neighbour; that makes you lose potential customers.”

It was clear that the entrepreneurs were all in agreement that not accessing land was a big problem to them. The problem of not accessing land was a business threat, it was evident they were losing business because of the same problem.

### **Bad Leadership**

Good leadership is pivotal for any development whether by a group or a large organisation. Equally true, bad leadership is a liability for any business venture irrespective of its size. In regard to the informal economy, it is leadership that was responsible for setting the proper business climate that would allow the informal economy to grow and develop.

By bad leadership, the entrepreneurs meant that the leadership did not meet their needs and was doing very little to improve the sub-sector (Jua Kali). Although there were people in positions, their con-

nectivity with the grassroots people was very poor and consequently their effectiveness to meet the needs of the artisans in the sector was also worrisome. To this, 90% of respondents identified bad leadership as a problem.

It was apparent that there was a big outcry due to bad leadership. When the respondents were asked what they thought brought about bad leadership, they cited the following reasons:

1. Most of the leaders were doing things their own way: we don't see any policy that guides them and they also do their activities without consultations. They don't ask us our opinions we just see things being done. They are dictators who do not seek other peoples opinions. If they were democratic, they can listen to our voices and go by what the majority want.
2. There are no frequent meetings to address matters that are seen as being urgent.
3. Other leaders were corrupt. It is like they serve their own interests and pursue whatever brings money to them or other favours.
4. After the elections that saw the leaders elected to office, no other elections have been held. So, we do not have any more faith in the leaders. We do not see what they do to us. And it is ridiculous that they still ask us to contribute money to run their offices.
5. Whatever happens, these people do not even have accurate records. They don't know our population, they cannot tell you how many people they represent and they cannot tell you what our true problems are this morning.

During the study, it was not easy to meet with the leaders regularly; this confirmed the outcry. There was nothing to show their presence apart from some dusty offices that had a sign **"OFFICE OF THE JUA KALI ASSOCIATION"**.

The entrepreneurs at the initial beginning of the study were working individually to solve their problems. Through the four years and six months of the study, some of the respondents came to discredit the idea of working individually. They were convinced more could be accomplished when they worked together as a group. They realised they had to improve their leadership so that it could help to unite them to work together as a group. Actually at one point they told me it was very limiting to work as an individual. One of the respondents told me;

"Before we started working as a group, I used to have a lot of limitations. For example, I used to lack important information like where to find cheap materials; where to sell my things, and so on. Now, life is very easy, I can always reach out to my group members who are ready to help me. Yesterday I needed some materials in Nairobi, they agreed to bring to me what I wanted in a cheap way because we were able to cost share the transport ... something that we could not do before. Also, some of the problems which we had to live with can now be solved quicker because instead of one feeble voice, we can speak together as one voice and get what we want quicker and easier. To approach such matters as a person it is very cumbersome and frustrating, it takes forever."

The study established the fact that it is very important to have a good, functional leadership. The respondents felt that good leadership was significant because it could :

1. Facilitate groups within the sub-sector. This is the only sure way of guaranteeing us to have one voice in the sector.
2. Make decisions through consensus, we can pass things easily by establishing consensus with the other members.

3. Work to meet the needs of the entrepreneurs. With one voice we can push for things as our oneness would be our strength.
4. Enable the entrepreneurs to speak with one voice as a group, we can say what our interest is and do so without divisions among us. We can all go in one direction.
5. Establish the structures within which proven African communal values could be applied. We can work together, support each other and come alongside anyone who has special difficulties.

The individualistic approach was holding back the sub-sector. Working as a group excited the entrepreneurs very much. They were able to achieve much more than what was achieved in those days when each entrepreneur worked by himself as an individual.

### **Lack of Access to Information**

Access to good information at the right time is very crucial in business. For the entrepreneurs such information would apply to issues like where to buy the materials; where to sell their wares; new technologies; the market situation or even the current demand in regard to the products they produce. Yet 90% of respondents said they were unable to access reliable information. As it was shown earlier, good leadership can be a good tool to help in the accessing of good and timely information. This linkage is not a coincidence; the study found that the same people who lamented about bad leadership were the same who did not access good and timely information.

Information is critical in the informal sector. With a good leadership in place, it is possible to access information. Some respondents made huge losses due to lack of information. For example, one of the respondents was able to confide this to me,

“I did not know the prices for the jikos (ovens) had gone up due to the increase in demand and other factors like higher cost of the iron sheets we use! I was just selling at the old price only to find out that I incurred a big loss while the others were making big profit. I wish I had the information in good time.”

It was conclusive to the study that if the entrepreneurs are to respond to the markets' changes in a relevant way, they must have the timely information in regard to:

- Accessing good cost for their materials.
- Knowing the current prices for their products according to the market.
- Other relevant information like credit, loans and even information touching policies relevant to the sector.

One of the respondents put it so well, “...lacking relevant information is like trying to run when you are blind; you can not go far without falling and hurting yourself badly.”

Therefore, timely and relevant information is very crucial in the informal economy. All stakeholders in the sector must aggressively help the actors in the informal economy to access timely and relevant information if the sector is to grow.

### **Poor Policies**

Policies help to give sanity and direction to the people concerned. Therefore, it becomes evident that good policies are significant in the sector if the sector will grow economically. Of all the problems cited by the entrepreneurs, the problem of having poor policies was the most acute in terms of the number affected by the problem. All respondents, without any exception, cited poor policies as a problem (100%).

When probed further on what they meant by poor policies, the entrepreneurs said,

1. We mean those policies that cannot meet our needs. The policies that we do not know where they were made at, who makes the policies and for whom they were made.
2. Policies that we were never consulted for any ideas when they were being made.
3. The policies which harass us instead of helping us.
4. Policies that will never improve our work when they are applied to the sector.

One day, while we were resting after a long day's work, one of the entrepreneur known to me made this complaint,

"Some times I wonder who comes up with these policies; I even ask myself is it a mad person or a fool? Why can't they come to ask us instead of wasting time and money making those policies which will not work? Do they think we do not know anything about the informal economy? To be in the office is one thing, and being here in the Jua Kali quite another thing. Here I may not have the power of any office, but I have experience which can be helpful. But at the end of the day, we are the people who know what can work for us; however, nobody wants to know anything."

The entrepreneurs knew exactly what they needed and what could effectively work for them. It is prudent therefore to consult them when making any policies. It is their experience, knowledge and information that make them very important when dealing with the informal economy. As such, a good grassroots networking can result to good, relevant and applicable policies.

The future is informal economy; in that regard, we need to develop the sector very much. The sorry state in the sector in relation to the workers condition should be improved because more and more people will be pushed to the informal sector in the future. To this, Lund (2009, 48) comments,

"The conditions of informal work for millions of workers in the developing world are objectively and starkly worse, and unprotected. Millions of the world's poor work all their lives, yet never receive more than two dollars a day for their work. They face low and uncertain incomes, high levels of hazard associated with the work, and the work is not covered by social protections. The global financial recession will result in more people working informally, and in more people earning less through their work. Both these facts mean that more working people will have less access to social protection through work."

As I stated earlier, the future is informal economy; this is so because the present economic situation spells bad news for the future. More and more people will therefore be pushed to the informal economy. Unless we therefore solve the problems in the informal sector we will be condemning the future entrants in their millions.

I find the words of ILO Proceedings (2006, 3) very fitting to drive the point home that the actors in the informal economy need to have a fair representation when it was said:

"Considering its size and potential the informal sector should be given a wider role at local, regional or nation levels in decision-making on issues affecting its interests. Representation should be actively pursued. By joining forces, established unions and organizations in the informal economy could enhance their capacity to represent their respective and common interests in policy-making circles. Close cooperation between representative organizations in the informal sector would enhance their say and leverage."

First and foremost, the sheer size of the informal economy, and the importance of the informal economy should compel all the shareholders and the actors in the informal economy themselves to actively

pursue fair representation. This will make sure that the turn of events in the informal economy will come out in their favour, and their interests will be fairly represented and enhance their say and leverage. That is what the actors in the mammoth informal economy have missed for long.

Without the support of the government and the government playing an active role in heeding to the voices of the actors in the informal economy; vibrant informal economy will remain a dream too high to be realised. Besides sound policies, the government must show a political will and commitment to seeing growth in the informal economy by extending an enabling environment to the actors in the informal economy and all the other stakeholders. For example, healthy infrastructure, articulating and supporting a good policy framework and finally, enabling the community based programmes to thrive fully and become sustainable in growth (Lund 2009, ILO 2006).

### **Lack of Access to Market**

While not so many saw this as a problem, 60% did. With such huge statistics, not accessing the markets that make the problem a big problem. It meant that a substantial number had successfully produced products that were not easy to be sold. The study observed that particular products could only appeal to certain people due to their economic conditions. For example, some products like the tin lamps commonly known as karabai could only sell in the rural areas and some slum areas. The entrepreneurs jumping to make such products without knowledge where to sell them found themselves stranded. There other types of products too that could not be sold easily. The study found it wise for the entrepreneurs to do a bit of market research to establish what was needed, what the current prices are and where the market is. Blind production would lead to marketing problems.

The entrepreneurs who were producing things for institutions or NGOs were the ones who did not have a problem with marketing. They produced what was needed and were able to sell immediately because they had orders/ready market. Individuals who were at times aping what others were producing with no idea where to sell were the ones who had problems with markets.

In another category of the informal economy, the study was able to observe the same problem. In the local market at Machakos, there were a large number of women selling vegetables. I interviewed a good number of women towards the end of the day; a good number confessed that they did not sell anything significant. The reason was that they jumped to sell vegetables because other women talked of making huge profits. They did not do any market research. So, there is an urgent need for the entrepreneurs to do market research before production or do market promotion for their products.

### **Poor Environment**

For many people working in a poor environment is synonymous with the jua kali; however, like any other worker, the informal economy workers need a good environment where they can work without risking their health. Poor environment meant an environment that was a health risk. 85% of respondents identified this as a problem. Many of the entrepreneurs have continued to work in work sites that are truly a risk to their health. For example, the entrepreneurs who work near open sewages, refuse dump sites, etc. are risking their health. No matter what profits they make, sooner than later it will be consumed by doctors fees after they are sick.

Besides risking their health, the customers who come to buy from them risk their health too. Finally, some entrepreneurs confessed of experiencing low sales. Although they make good products, customers

did not want to come to their sites because of the health hazards; bad smells, sewer from broken sewages, etc. this is how one of the entrepreneurs put it,

“I work at a very bad worksite; look at that broken sewage and what it is emitting. It sends potential customers away. Even myself, I know all is not well, I fear that some day I may lose my sense of smell because of this bad smell that I have to contend with every day. Last month I had a funny skin problem and I have not ruled out this bad environment as the cause. But where else can I go? And what will I eat if I don’t come here?”

Even what was seen as a safe environment had a lot of challenges; for example, of those who claimed to be working in safe areas, it was found that :

- They did not have toilets
- Did not have running water
- There was no escape road in case of dangers like fire
- The risk of being knocked down by vehicles was very high
- Many of the informal workers did not have gloves at all

What the minority meant by saying they work in safe areas meant their work sites were slightly better than that of the others; but all the same, the majority of the work sites were all in a sorry state and a health hazard due to long periods of exposure to a poorly maintained environment.

It is the same number of people who complained of inability to access land who had problems with working around a poor environment. That confirms the reality of the problem on the ground.

#### **Lack of Access to Materials**

The impact of the cost of material to the prices of the products cannot be over emphasized. If the artisans got good prices for their materials, that meant good prices for their products. Good prices meant the artisans could compete with products made by other people even from the formal economy The study found that 75% of entrepreneurs were really concerned about where and how they could access materials at a fair cost. Those entrepreneurs living far from Nairobi showed the most concern. They cited two main concerns: one, distance and means of transport. Those based in Machakos knew where to buy the materials in Nairobi, but Nairobi is quite some distance from Machakos and always there was an element of cost when it came to transport. Beyond the cost of transport was also the challenge of finding convenient means of transport; most of the Public Service Vehicles were not ideal for transporting large quantities of iron sheets and bars that they would like to bring to Machakos.

The other group of entrepreneurs cited the problem of not knowing where the prices were friendly. Since prices for materials are not in most cases fixed, it takes time to develop a customer and seller relationship in order to enjoy lower prices.

Those enjoying lower prices would hide such information from the other entrepreneurs with a motive of enjoying more profits or even ensuring a good amount of competition with the other entrepreneurs.

Finally, the entrepreneurs cited the desire to have a person who would supply the materials on credit and get paid later. That would also require a good trust built over a long period. To this, one of the respondents informed me,

“You can never enter a shop of a person who does not know you and expect to get the materials on credit. You must have a relationship that grows over time until this person is able to trust that you will pay him at the agreed time. Sometimes we have to go through other entrepreneurs who

may act as guarantors and a go-between at the same time, and since we are competitors, sometimes those entrepreneurs with connections may refuse to connect you with the suppliers.”

The above concern of working as competitors began to die when the work-groups were established and developed for the purpose of this research. The study established that the inability to access materials was a real problem. One of the entrepreneurs lost a contract with a local FBO (Faith Based Organization) because he could not supply the products at the required time due to the lack of the materials. He said it in this way,

“Inability to access the materials is not a small matter with us, last month I lost a contract with a local Faith Based Organization because I could not supply them with their goods on the exact time they wanted them. I could have made money because I know how to make the products pretty well; but look at me; I had no means of getting the materials and no one to stand for me. What else could I do? “

The study established that the materials sold within Machakos and Athi River was costing about 25% higher than what they would pay in Nairobi. While some old metallic objects could be recycled, some objects required exact kind of metal that could only be bought from the hardware shops in Nairobi. The artisans had no choice but to go for the exact materials.

#### **Lack of Access to Training**

Training becomes critical for the purpose of acquiring more knowledge, skills and the necessary attitudes. There was a real need for training according to the entrepreneurs; this was expressed by a good number of them. About 60% said that they were not able to access the training they needed. The study established that the training that the workers in the informal economy were being given was not wholly related to their work. They said as far as production was concerned, they usually learn through apprenticeship, before one becomes independent, they typically work under the guidance of a master entrepreneur who has learned over time. The skilled master would then impart job knowledge and skills through training on the job. They cited the following needs,

- We want to learn new technologies like computer, this will simplify record keeping
- We want to learn marketing
- We want to learn accounting so as to be able to keep our books well
- We want to learn giving First Aid, when we get hurt
- We want to learn how to maintain our customers
- We want to learn how we can package our goods well to add quality

Besides knowing the kind of the training they would want, the entrepreneurs were also very particular on the mode of the training and the kind. To this they said:

“The training must be relevant to us, we do not want just any training. We want the training to be convenient to us in terms of distance, it must be near to our premises, we don’t want to go very far from our work sites we don’t want to leave our business for long from our work, maybe one day can be enough.”

There was enough evidence that the entrepreneurs knew what they were talking about when they cited training as an issue. Their reaction was basically on the many types of training being brought about by the NGOs, the Government and other stakeholders.

When looking for some work, some of the workers in the Jua Kali were being left behind because

they had no proof that they knew the job. They did not have any paper qualifications to show. One of the respondents had this to say:

“The worst question I fear most is, ‘Do you have some training for this work? Can you produce testimonials to prove your claim?’ Such questions always would seal ones fate. I know many instances when I would miss a tender because of my inability to prove my knowledge of the work through providing some certificates. Then to my surprise, those who win because they had paper qualifications would end up sub-contracting us to the job for them of course at a far lower pay.”

I remember very vividly some suggestions a group of artisans offered as a solution to the above problem. They said,

“Maybe the government should just give us some certificates that declare the level of our work; for example, if my work is very good, I can be given artisan division I, or II and the lowest III. If there was some way of distinguishing us and our level of abilities it would save us from some of the frustrations that follow us in the field.

I am in agreement that there must be some way of distinguishing the artisans’ skills and abilities. Some way of distinguishing them should be put in place. That calls for some control to check out corruption and wrong grading of the artisans.

One of the very successful modes of training not captured literature was the home training from experienced family members (see also King 1996). The story of one of the artisans helps to explain the fact that families form a great training base in the Jua Kali. I met him about four years ago. Just from our first day’s meeting it was evident that he was an accomplished artist in the informal economy. Intelligent, a good listener, an accomplished designer who could easily come up with any commodity the customer wanted. Casually I made the conclusion that he was a well trained artisan. One day, I decided to share with him the issues I was following through in the informal economy. He had a lot of experiences to share and a good measure of wisdom.

- He was working alone,
- As the producer
- As the marketer
- As the designer
- As the deliverer of the product

So, if he was tired at one stage, it meant all the other stages would be compromised. He saw the wisdom of working in a group where sourcing support from the group was easy and guaranteed. He now works together with the others and enjoys group work.

In regard to background and training a man who comes from a large family (extended) where according to his own words:

“As far as I can remember, all members of our immediate and extended family were all tinsmiths. The art is in our blood. I am now a third generation, and even the fourth generation... my children, nephews are all showing the signs of the same trade. Something else I need to mention is that all of us learn from each other. As you see me, I did not go for a formal training. I learnt at home, I cannot precisely tell you how many years it took to learn, but I learnt at home. Then using my own creativity and imaginations, I have developed more and more in the trade to reach where I am today. My children are well schooled; they too make good things; should they join the informal economy,

they will go further than me because they have more formal education than me. I only went up to primary school.”

He remembers the short stint he worked in the formal economy building machines. Here he was introduced to the world of reading drawings. Within a few months he could read and interpret drawings just like those who had formal training. He did not find any challenge working side by side with trained people; he remembers at times they consulted him on things he had experiences on and where innovations were needed. To him, on the job training at family level is as effective as any other training when it is done with all due seriousness and commitment. It can produce a well rounded artisan who is able to work competently alongside the artisans from the formal training.

Finally, commending on the importance of the training on the job at the family level, he cites the fact that the trainee is learning from a person whom he is fully acquainted with.

“Relationship is everything in training, if you have fear, doubts or other negative concerns, that inhibits learning. Again, the trainee has all the time with the trainer. I hear in some schools the ratio of trainers to the trainees at times maybe one to one hundred; that means the trainee will get very little personal time and attention from the trainer; whereas, in the on the job training at the family level, time is not an issue. The trainee has all the time he needs with a person he knows, understands and who is available to offer support and well meaning guidance in a friendly environment.”

Apart from enjoying a good relationship and trust from the family mentors and trainers, the trainees are also allowed to make some small products which they sell. To him this helps to boost the morale of the trainee very highly, he also sees relevance in the skills being accessed as he is able to apply the same immediately. The trainees are also in touch with the reality as they make things that satisfy known needs from the customers. He made the following remarks:

“When you allow the trainee to make some products for himself to sell to the people, this is a very good way of encouraging him to learn more and produce more and to sell more. He can also test himself by applying what he is learning. This comes with more joy, more commitment, and eagerness to learn. The trainee’s self-confidence develops very quickly and learning becomes easy because of the learner’s interest in the work and the relevance of the training in applying the knowledge and skills earned.”

This man is a typical example of the kind of artisans who can be produced in the training on the job at the family level. I am aware of other dynamics of being sensitive to child labour, allowing the child to fully enjoy its childhood, and allowing the child to access higher education which is indeed a universal right for all the children. Having raised these points therefore, home based on the job training should not be abused by using it as a guise for child labour, or a denial for the child’s enjoyment and full development of his childhood or inhibiting the child’s access to higher education.

#### **Lack of Access to Credit**

In any business venture, expansion of the capital is always a challenge to the business people. While discussing with the artisans in the informal economy, the entrepreneurs constantly expressed their desire to expand their business. However, most of the entrepreneurs said they did not have the capital to expand their business. Therefore, the entrepreneurs were limited so much because in their ability to expand their business; they expressed the cause of the inability as caused by financial constraints; then in the end they would lament of the inability to access credit. Only 20% of respondents had been able to access credit.

The respondents were asked why they could not access credit and the majority said the conditions were hard, there was a lot of paper work, they did not have security and most of the credit giving institutions did not understand them and their needs. One of the entrepreneurs said this to me,

“These credit giving institutions don’t understand us, they ask you for a Title Deed, how many of these entrepreneurs have a Title Deed for the plots they work on? And even if they were to have one, what value would the Title Deed have? Look, I only occupy 3 metres x 2 metres; what is the value of such small land? Other institutions can give you a loan, yes, but they want you to start repaying within three weeks time; now in all fairness, is what has been realised from the sales in such a short period enough to start paying for the loan? No!”

- The entrepreneurs wanted to access credit, they knew what they could do with the credit but the constraint was their inability to access it.
- The entrepreneurs knew the source of the constraints to access credit, the blame squarely placed on the credit giving institutions.
- They had made very hard conditions on the entrepreneurs like demanding security for the credit; they did not understand the entrepreneurs, for example the grace period given by the institutions before starting to repay the loan was in most cases too short, the example cited by many was just a few weeks.

The entrepreneurs spoke very well of the K-Rep bank as a good supporter in their bid to access credit. They talked of one of the products of this bank called ‘Juhudi’ a Kiswahili term meaning determination; the product was developed by K-Rep bank. It is a kind of group lending methodology. This specialised lending methodology enables the bank to broaden its outreach, ensures self-sustainability, credibility and professionalism in the delivery of the credit to the members of the informal economy. The chairman of the artisans at Mlonglo told me that they find the specialised lending methodology relevant to them because,

- Members are only required to join groups of five,
- Six membership groups are federated into a bigger group of thirty,
- They are required to have a weekly group meeting,
- Attend a federation’s training for 8 weeks on loan management,
- Contact a weekly collective savings by members into a pool,
- A member gets a loan which is commensurate to his savings,
- The group exercises a group co-guarantee mechanism,
- Apart from their savings, members are free to attach domestic assets as security for loans,
- Loan duration is between six months to one year,
- In case one is unable to pay back the loan, he forfeits his savings and those of his guarantors,
- The repayment of the loans is monthly.

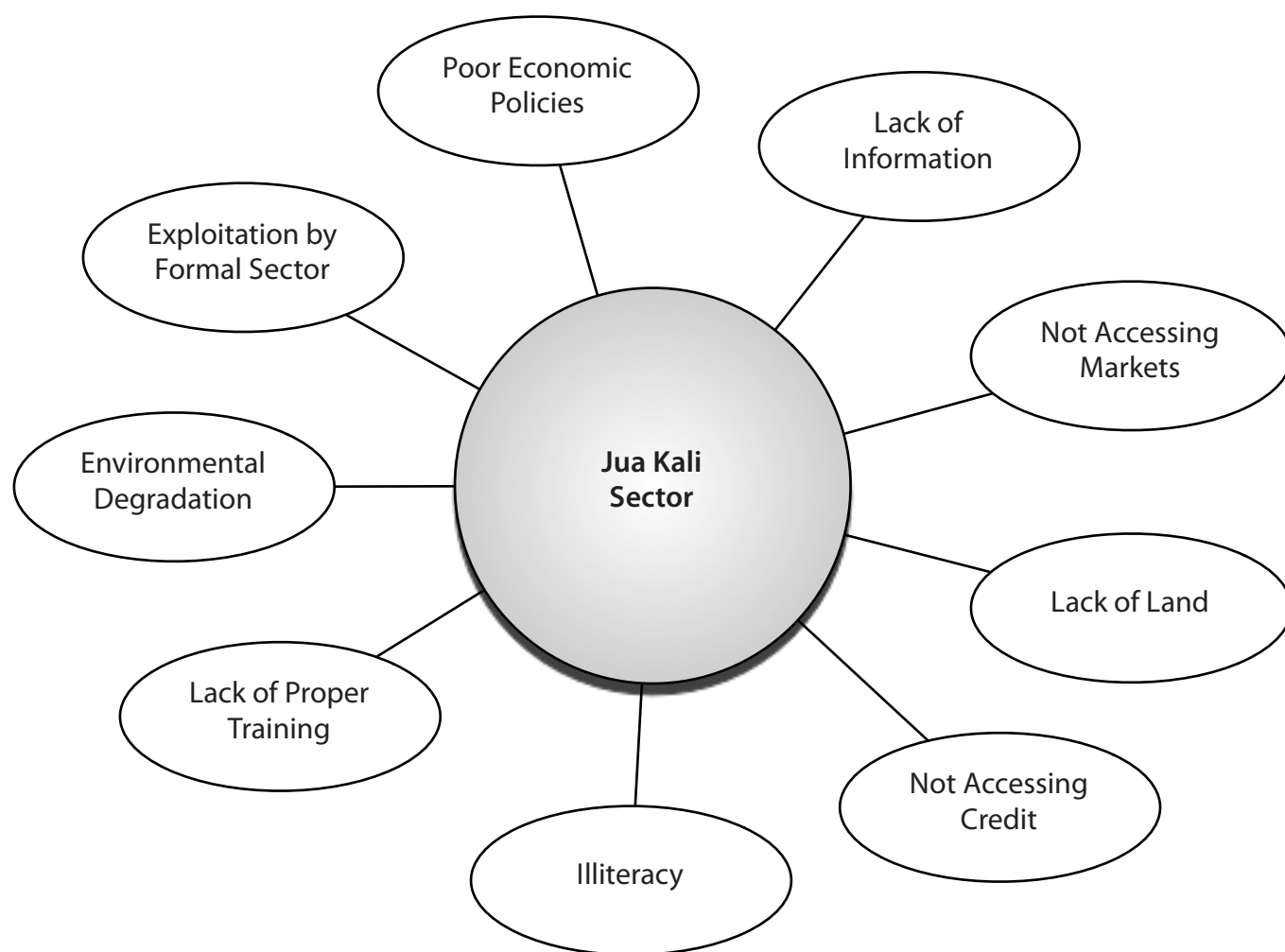
Apart from putting in place friendly terms, K-Rep has borrowed its loaning methodology from known local and indigenous grassroots lending methods. For example, one of their promotional materials describes one of their products called ‘Chikalo’ this way (K-Rep 2010, 4),

‘Chikalo’ is the second loan product of the K-Rep Bank way back in 1991 and its a term from a local dialect in Kenya the Giriama people meaning merry-go-round. It blends the concept of lending methodology of the indigenous rotating savings and credit clubs with that of the K-Rep Bank. ‘Chikola’ is popular in areas with groups whose objectives rotate around economic and business issues rather than welfare activities.

By starting where the people are, what they know and practice then becomes easy to take them along to the unknown. Apart from other barriers presented by the mainstream financial institutions, most of their products are new concepts to the people, hard to be related to their indigenous life or understand. Not so with K-Rep bank's products which are closely knitted to the indigenous practices. This is how the general secretary for the Jua Kali association described K-Rep bank's products:

"K-Rep bank is just wonderful. We like the terms, they are not for causing problems to us or for making it hard for us. They are friendly and applicable to our unique situation in the Jua Kali. Again, their products are understandable because they have their roots in our traditional way of life. The mainstream banks are not for us, they do not know us, and neither do they exist to serve us in our poverty."

From the above statement, the members of the informal economy have a big trust and confidence to the K-Rep bank's products. Therefore, properly led, K-Rep exists as the hope of many of the artisans in the informal economy.



**Figure 6: Summary of Barriers that Hinder Jua Kali Expansion**

### **Entrepreneurs Initiatives to Solve their Problems**

The second objective of the study was to ascertain the entrepreneurs' awareness of the problems they

experienced in the sub-sector as they saw them, and their initiatives in solving the problems. The study established that the entrepreneurs were aware of their problems. It was interesting to see how the list very much looked the same despite the research sites being different. To achieve the second objective, the study posed a similar question to all the group members,

“What if any, initiatives have already been taken in these areas and, if so how effective have they been?”

The entrepreneurs were very much aware of their problems and were doing everything they could to solve them. However, their initiatives were of no known immediate consequences due to the following problems,

In the informal economy, there was an obvious lack of effective and relevant socio-legal structures to address their needs. Their efforts and initiatives therefore were not able to go far in their attempts to solve their problems. The conclusion of the study is that it is not just the initiatives that counted in solving their problems; the existence of a relevant socio – legal structures would help to complement their efforts and initiatives.

The workers in the informal economy remained invisible to the policy makers, therefore, their voices went unheard whenever the policies were being made and implemented. The same anomaly is well captured by the Centre for International Private Enterprises (2000, 3),

Moreover, these entrepreneurs are often excluded from policymaking or lawmaking processes. As a result the government is not held accountable to their concerns and democracy is weakened...to the extent that excessive regulations are created to benefit particular interests groups and not society in general, the presence of the informal sector is as a result of the failure of political institutions to protect and promote an efficient market economy. In addition, lack of democratic and market-based institutions imperils the competitiveness of an economy and weakens its ability to take advantage of globalization.

As it were, we see the members of the informal economy lack the supportive socio-political and socio-legal structures to support their good intentions and initiatives to solve the problems that trouble them in the informal economy. All this is blameable on the fact that their plight is not addressed in the countries policies due to their exclusion from policy making bodies and also lack of adequate representation.

Another factor militating against the initiatives of the members of the informal economy in regard to solving their problems was the fact that the members besides being many in the informal economy, they are also largely unorganized. By being unorganized, they consequently lack a bargaining power when attempting to voice their woes.

On the other hand, the government officer assigned to promoting the welfare of their members of the informal economy displayed the same apathy, he personally told me that,

“These members of the informal economy are far too many. Even if we were to boost our outreach effectively, we will not have enough resources in terms of personnel and finances to reach out to all of them. Even at present we have no known strategy to reach out to them.”

Correctly, it is the members of the informal economy themselves who will eventually solve their own problems; however, for that to happen, the other players will need to put in place the relevant structures and dynamics to make that possible. To empower the members of the informal economy we need:

- Good legislation that will empower them by ensuring a level playing field;
- Effective representation in policy making bodies at the highest level.

Right now the effects of the exclusion of the members of the informal economy are being felt across the board; without the representation, we cannot expect the voices of the members of the informal economy to be heard and considered. Consequently, the informal economy will remain backward or stagnated; the artisans in the informal economy will not be the ones to blame but the policy makers themselves due to the exclusion of the artisans from the policy making organs.

Another problem that the study noted was that even where the government was willing to listen and help, the members in the informal economy had a serious overarching problem; they could not prove beyond doubt that they were members of the informal economy. They did not have any formal identification unlike the workers from the formal economy who could be easily and duly identified. This is how it was put by one of the artisans who had visited the government office seeking for help,

“Upon arrival to the government’s office, we were received very warmly and in our hearts we had a lot of hope that we will truly get what we wanted. However, at one point all our hopes were compromised. The officer serving us asked us to prove beyond doubt if we were genuine artisans in the Jua Kali and not impostors. We knew we were finished as none of us nor the other workers in the informal economy ever possessed any identification towards that effect. Our fear was even if we were to come up with some identification; we did not have the mechanism of protecting other people from illegally coming up with such identification. We were defeated and lost the day.”

The inability to have a rational way of identifying the members of the informal economy is a serious anomaly that will consequently prove to be a real barrier to its development. The lack of identification also compromises the possibility of carrying out a sound census that would enable the country to properly and effectively document the people working in the informal economy. Therefore, lack of proper identification is not just the problem of the members of the informal economy alone but for the entire informal economy as important as it is.

The disturbing low education, illiteracy and inadequate legal literacy heavily compromised the ability of the workers in the informal economy to solve their own problems in the sector. Even where solutions could be reached, they showed lack of strategies to effectively implement such decisions. This made the study to aggressively seek to see the workers in the informal economy to even work hard to identify their own strategies that they could work with a lot of ease and comfort.

In their answers, the respondents displayed a lot of apathy and hopelessness. It was noted that the problems had been with them far too long and nobody was really serious in improving their states. One of the classical examples from one of the respondents responding to this question said,

“My friend, we have no hope that anybody will solve the matters we have told you. For a person like me, I have been here for twenty years. We have talked to all kind of leaders from the government, churches and NGOs; up to this time I have not seen any serious initiative to change anything. Yes, there may be a lot talk but nothing can really said to have resulted from the talk. Sometimes the very opposite is what is done, we were promised better times by the government last year, we were very happy. But the following week, we had our sheds demolished by the same government. The NGOs come with their big cars, they talk big to excite us, but they finally leave us as they found us. Even with you, you may do the same; get what you want from your interviews, then abandon us after wasting our time.”

The entrepreneurs were raising the red flag that no visible initiatives were being put in place from the

outside to improve the problems they cited. That is contrary to what most of the other players like World Bank, ILO, Government and other development agencies would want the world to believe; because they are doing enough to develop the entrepreneurs.

Consequently, entrepreneurs were also very de-motivated because of working hard while their efforts and struggles were not recognised. One member of the informal economy had this to say,

“Our work and activities are hard, we have to struggle very much to produce our goods; and not just producing, we have to compete with the other manufacturers in terms of quality. Our bitterness is that all this work is not recognized. We are harassed daily; our problems seem to be bothering no other persons but only us. The only comfort is that we are an important sector. But should we be the only ones seeing the importance of this sector?”

All the stakeholders should rally around the members of the informal economy and partner with them to remove the barriers to make the informal economy to grow, develop and realise its potentialities.

### **Attempts by Other Players to Enable the Sector to Realise its Potential**

The third objective was to establish the actions by the other players in assisting the sub-sector to realise its full potential and effectiveness in socio-economic growth. The entrepreneurs all agreed that the other players were doing something, however, they were categorical that what the other players were doing was totally out of step and irrelevant. The common ones with which they interacted with were World Bank, various NGOs and the Government. For example this is how the entrepreneurs evaluated the actions of the other players.

#### **The World Bank: Training of the Entrepreneurs**

Over the years, the activities of the World Bank in the Jua Kali have been many. For example, in its report (World Bank 2002) it reported on the Voucher Training system in Kenya which ended 1996 having started September, 1996. According to Adams (2008), the voucher training system was supposed to respond to the demand for skills which were tailored to specific needs in the jua kali. Thus, the voucher training system was envisioned to be the correct response to the rigid and traditional training offered by the public technical and vocational education and training institutes. They were supposed to offer very innovative programmes that elicited with ease favourable attitudes for self-employment and those skills geared to running a business. Through the voucher system, World Bank subsidized the cost of training of the Jua Kali entrepreneurs. The following were the categories trained,

- Those seeking technical training =211.

This category covered some interests like woodwork, metal work, and auto mechanics.

- Those seeking management training =216.

Here the interests captured included business management, making business plans and loans management as a factor in expanding the business capital.

The overall objectives of the voucher programme were superlative,

1. Improve productivity in the Jua Kali
2. Improve the earnings of the Jua Kali members
3. Enlarge the supply of training providers catering for the informal economy and thereby promote choice
4. Introduce competition in the market between public and private

##### 5. Build capacity in the Jua Kali associations to promote development in the economic sector

The concern of this study however was on the impact of the voucher programme. However, this was not easy to come by as one of the beneficiaries of the programme confided,

“Well, one of the most difficult, and most challenging is to try to measure the impact of this voucher training programme in relation to productivity and earnings. On our side as the members of the informal economy, we have no structures to measure that. On the side of the donors and trainers I also fear they lack the means and structures to do that. For example, some people were trained here in Machakos, but no one knows for sure where they work today. In such circumstances, how can you measure? Even having said that, it is also intriguing that some of the young trainees have left the informal economy in favour for the formal economy which according to me is more rational and predictable. How can you talk of measuring the training’s impact on people who deserted the Jua Kali?”

While in totality it was difficult to account for the impact on the trainees, scattered cases were found that reported some kind of improvement on areas like their income and competence. However, the numbers were too small to generalise the real impact. For the majority of the respondents who had very close contacts of the people trained through the programme, they were sceptical of the success of the voucher project because:

- Most of the master-craft workers who doubled as trainers were not sincere in their training; they took it as an opportunity to make money. Their trainees in the end did not have much to show.
- Some of the trainees were young and since then have moved on to other things.
- The training was not all that advanced; we felt the trainers were just our own peers, therefore, the training served very little purpose for us who are old in the sector. Our pronounced needs still remained unattended.

Following our discussions, it was doubtful if the programme helped. For example, the members of the informal economy could not:

- Verify if the programme helped to increase the amount of training for the members of informal economy
- Verify whether after training the trainees continued with their activities in the informal economy, and whether the training was of any help in improving their work
- Verify to what extent the Jua Kali associations got rejuvenated after the training

One thing was clear though, the training scheme’s popularity in attracting the attention of potential trainers, and moving them to offer a wide range of diverse training opportunities. However, the real motivation for this strong from potential trainers interest remains highly debatable since is more likely to be due to the opportunity to make extra money for themselves than enthusiasm for the benefits it would bring to the trainees. This may explain the critical sentiments harboured by some of the entrepreneurs who did not see the activities of World Bank as able to bring about the envisioned socio-economic development in the informal economy. Thus some of the entrepreneurs who knew enough about the voucher programme lamented,

“They claim to mount training for us, but their training is totally irrelevant because they never enquire what needs we may have before bringing the training. To implement their trainings, they get people who are not Jua Kali entrepreneurs, such people use favouritism or just in a corrupt way

waste those funds. They bring very inexperienced trainers who lack experience, local context and knowledge about us as entrepreneurs, so we no longer find their training viable.”

For the majority of the entrepreneurs, they had a negative perception of the World Bank’s interventions to bring socio-economic development. This is captured by the table below which tabulates the responses of the entrepreneurs.

**Table 7: The effectiveness of World Bank training for the Jua Kali sector (comments based on the voucher system in Kenya early 1990s)**

Options put to the entrepreneurs	Entrepreneurs’ response
World Bank <b>has</b> done enough to bring socio-economic development in Jua Kali sector	9%
World Bank <b>has not</b> done enough to bring socio-economic development in the Jua Kali sector	91%

### NGOs Role in Assisting the Informal Economy

While the entrepreneurs agreed that the NGOs have been doing something towards the socio-development of Jua Kali sector; they were however very vocal that very little has been achieved from their ventures.

This is what one of the members of the informal economy had to say about the NGOs,

“These ones are the worst of all. They come with their big cars give sweet talk but not when it comes to solving the specific problems addressed to them they don’t do anything. Again, they are dictators, whatever they said even when we complain it does work that way, they still want us to do it, no consultation or listening to us.”

When I asked the entrepreneurs to give me their views in relation to what the NGOs were doing, the responses were as follows :

**Table 8: The role of NGOs in assisting the informal economy**

Options put to the entrepreneurs	Entrepreneurs’ response
They <b>are</b> doing enough to bring socio-economic development in Jua Kali sector	10%
They are not doing enough to bring socio-economic development in the Jua Kali sector	90%

In trying to find the real issue with the NGOs, I asked the entrepreneurs if they were telling me that the NGOs had no capacity to help them. This led to a very good discovery, what the entrepreneurs were saying was the NGOs do not listen to them in order to give relevant help. They come with closed minds, so they only mount some programmes without caring if they will be applicable. One of the entrepreneurs said,

“These people lack wisdom; the programmes they mount are so irrelevant to us. Sometimes we are tempted to think they are just out for a spending spree. If they come to us we can give our own suggestions on the areas we feel we are needy. Plus why do they take us to hotels and we are not learning about cooking? We can have the trainings closer to our work situation and train on the job.”

On a different day I revisited the issue of their needs. I posed the question what their real needs were. This helped me to realise that the entrepreneurs knew their needs. They tabulated them with a lot of ease as:

- We need leadership skills for our association if it will serve us effectively

- Knowledge on financial matters like budgeting, keeping and maintaining our financial books
- To learn how to manage our loans so as to serve the purposes we acquired the loans for
- To learn how to do a business plan and strategic planning
- Membership recruitment and development for our association, and how to resurrect the dormant members
- Effective marketing strategies especially across our borders

This then is a great lesson for all the stakeholders wishing to work with the Jua Kali; the entrepreneurs know what they want and they even are able to prioritise the same according to their needs. Any stakeholder not sensitive to their needs will be dismissed by the members of the informal economy as they are critical on what is helpful and what is not.

### **Government's Attempts to Assist the Informal Economy**

Most of the African governments take the role of facilitation of socio-economic development in their countries. Therefore, all the economic development is centralized; and the State controls all the planning for all the socio-economic activities in the informal sector. This includes for example:

- Allocation of the sites where the informal activities are to take place
- Licensing
- Regulation of the businesses

It is this bureaucratic approach by the government which in many times inhibits growth in the informal economy. Orwa (2007, 6) describes the same scenario and order of events when he says,

“...millions of entrepreneurs and workers in the informal sector have long been disorganized without a voice. Cumbersome laws and regulations tend to inhibit the growth of Jua Kali businesses, and as business owners are unable to secure ownership over their shops and land, it is difficult to access credit. To those numerous challenges, the government has given a mixed response largely because of a lack of dialogue between the government and the informal sector.”

The possibility for the government to come out with clear and congruent attempts to genuinely assist the actors in the informal economy is nowhere visible in the near future. I believe that is what Orwa (2007) means by saying the government “has given a mixed response...” On one hand the government says one thing while on the other hand it does something else. This duality can be blamed on the fact that the informal economy actors lack active associations that can help to dialogue with the government. Again, Orwa (2007) is in agreement with this, he states categorically that the reason for being noncommittal on agreements emanate from the lack of dialogue between the two, the government and the informal economy members. In full Orwa (2007) says,

“To these numerous challenges, the government has given a mixed response, largely because of a lack of dialogue between the government and the informal sector. The informal economy associations serve to protect their members from government harassment, to improve access to business services, and to create other benefits, such as health care facilities. Yet perhaps the most important function of the associations has been to unite and organize the informal sector, giving it a single clear voice that truly represents the Jua Kali to the Kenyan government. “

In reality, the members of the informal economy are also to blame for the ineffective relationship that has thrived for the past decades. The Jua Kali members need to come up with a strong association that

helps to unite the members and to serve as a common voice to the government. The government must take seriously what the members of the Jua Kali are saying.

From the State's self-claimed position as the 'only' instrument that can achieve socio-economic development by offering a direct control of the decisions and activities of the informal sector; the entrepreneurs did not take this very well. They made the following comments,

" It claims (the government) to be sending officers who will help us in the Jua Kali. Now, the officer in Machakos is also in charge of other districts like Kajiado, Makueni and Narok. What can he do with such a large population of entrepreneurs? Nothing. A simple problems like this road leading to our sheds, it has not been graded for years and years, actually vehicles cannot come here; and he walks here nearly every fortnight but what has he done? Nothing. They do not recognise our knowledge, skills and experience when they are making decisions. Our needs are never addressed at all."

As to how much the government has recognised the sector is debatable. There was no outright measure of socio-economic development spearheaded by the government. The entrepreneurs therefore did not see much hope in the ability of the government to bring socio-economic development. The above quote shows the shortcomings of the government,

- Lack of enough facilitators to work with the entrepreneurs
- Failure to quickly respond to the needs of the entrepreneurs
- Inability to repair the infrastructure in use by the entrepreneurs
- Failure to consult with the entrepreneurs when making policies

The entrepreneurs had very little faith with the government to bring any socio-economic development in the informal sector. The table below gives a summary of the entrepreneur's views.

**Table 9: The role of government in developing the informal economy**

Options put to the entrepreneurs	Entrepreneurs' response
The government <b>is</b> able to bring socio-economic development in the informal sector	6%
The government is <b>not</b> able to bring socio-economic development in the informal sector	94%

The implications of the views of the entrepreneurs are that, if there will be socio-economic development within the informal sector, they will need to look elsewhere other than the government.

## Entrepreneurs' Self-empowerment in Kenya's Informal Economy

### Introduction

While guaranteeing full democratisation and maintenance of entrepreneurs groups, I facilitated discussions where decisions and implementations were made by consensus. Interviews were made using open-ended questions that did not have anticipated answers; observations helped to validate some of the claims by the entrepreneurs. This was the main objective of the study, the strategies identified by the entrepreneurs for empowering the Kenya's informal economy to realise its full potential for socio-economic development. The study therefore is confident to present the strategies for Empowering Kenya's Informal Economy to realise its full potential for socio-economic development as voiced out and implemented by the entrepreneurs. This formed the backbone of the second part of the study; implementations of the strat-

egies as identified by the entrepreneurs. And it occupied most of the time; three years.

### **Procedure Used to Identify the Strategies**

The entrepreneurs were asked to list the problems that were inhibiting growth in the informal sector. They listed the problems which were not only similar from all the research sites but also similar to those found from the relevant literature. After a peer debriefing to confirm the items listed by all the groups, we engaged in those stages and phases tabulated in chapter 3; Research Methodology. Because of space and time, this section will only present the problems one at a time in the order given by the entrepreneurs and the relevant strategy identified to solve the problem. Details about the stages and phases to identify the strategy can be accessed in chapter 4.

### **Solving the problems by the artisans**

#### **Inability to access markets**

The entrepreneurs identified lack access to market as a problem. They argued that they were producing lots of goods of which they did not have an immediate market. As a group we explored this problem. We found for sure it was a problem. We then agreed to undertake an aggressive marketing venture in all places where people meet for some reason :

- Outside banks
- Municipal Markets
- Outside Churches
- Local Agricultural Shows and Trade Exhibitions
- During Farm Days

Simple brochures made locally using computers were made for the said promotions and given out to people who either worked or lived around the Jua Kali's work sites. Within a matter of three months, the entrepreneurs reported a big jump in their sales. They all realised that unless people have information on what they were producing, they could not buy in big numbers. By being aggressive to advertise what they are producing and the advantages of their products, people will not buy in good numbers. The product we used is a local Charcoal Oven. When they were marketing it, these are the advantages they gave the enquirers and potential customers:

- The oven is as efficient as any other oven
- It uses just a handful of charcoal thus being very economical
- It is clean and smoke free
- It can easily be moved around
- It is very cheap compared to gas or electric ovens (costs barely half of the modern ovens).
- Any part can easily be replaced in case of damage

At the end of their talk, they would give the brochure giving more details of the product and their mobile phone numbers. Many people visited their stands and took the information to others thus spreading the news far and wide. Their sales increased dramatically.

In applying the strategy for aggressive marketing of their products, they modified the strategy in order to boost growth; they saw the need to conduct market research which enabled them to know the demands for their product and what was in the market to avoid market saturation. Through market research, they also discovered that they could improve their products because they met face to face with many clients who shared good ideas and thoughts in regard to improving their products to suit the clients' desires.

**Table 10: Identification of the strategy to solve the market problem**

Identified problem	Initiative by entrepreneurs	Results of initiative	Strategies identified
Lack of access to markets	Aggressive marketing of products	Doubling of sales by entrepreneurs	Aggressive marketing Market research

In the end the chairman of the Jua Kali entrepreneurs made this remark,

“We did not know we were able to solve this problem and come up with a workable solution by ourselves; all the time we were sitting on the answer!”

Here we see the entrepreneurs were empowered to come up with a solution for their problem. They knew now what to do always with the problem of marketing. The study was able to record the strategy as identified, implemented, evaluated, modified and validated by the entrepreneurs themselves.

### **Lack of Information**

The entrepreneurs complained of not being able to access relevant and timely information for their work in the Jua Kali sector. That affected them in production of their goods thus becoming expensive and in the end affecting their profits. Probed to describe the problem more, they gave the following examples,

Because of the liberalization of the market, there are no fixed prices for materials, however, some sellers have very fair prices. This is the kind of information one wants in regard where to buy. If you buy from an expensive seller you end up charging high prices for your wares. If your neighbour happens to have bought from a cheaper source, his prices will be lower and you either sell at a loss or you end up not selling. So you see good information is important for our work. The other kind of information you will need is the market situation for the goods, mainly the selling prices. People compare and if yours are higher for some reason, they will not buy from you. Finally, the demand, each season is different, as a produce you want to produce those goods that are on demand.

With that clarification of the problem we embarked on a solution. One of the causes to this problem as identified by the entrepreneurs was the fact that they were working as individuals and maintained their own secrets so as to make higher profits and if possible knock the others out of business and enjoy monopoly.

The solution was to work as a group, share any important market information either by word of mouth, cell-phone or a short letter, instead of each person just going to buy materials; attempt should be made through the group to know the market situation. Because they work in the outside, a bulletin board was not an option. See table 11 for the summary.

**Table 11: Identification of a strategy to solve the problem of not accessing information**

Identified problem	Initiative by entrepreneurs	Results of initiative	Strategies identified
Lack of access to market information	*Agreed to share all market information *work as groups	*Entrepreneurs able to buy at good prices *Sell at good prices as they would know market prices	Work as groups and share all important market information

The entrepreneurs were very happy to see what could be achieved by working as a group and networking with each member of the group. In the end, one of them summarised this by saying,

“No matter what one makes, we have a stake in each other, we should work as a group always and seek to help one another with any information one has. United we stand, divided we fall.”

The resolution of working together as a team and the sharing of any relevant information was a re-

sult of the above strategy which the entrepreneurs identified, implemented, evaluated and modified for more production. The study recorded the strategy as one of the strategy by the entrepreneurs for fostering growth in the informal sector (Jua Kali).

### **Not Accessing Credit**

The entrepreneurs stated that they would like to acquire finances with which to boost their production in the level and volume they wanted. Here they cited the hard conditions given by banks and other credit giving institutions. Some of the conditions they gave were :

- A lot of paper work one had to do to get the loan
- Requirement to produce title deed
- Condition to have a guarantor
- Repayment of the loan to commence within weeks

As a facilitator, they tried other options which they could apply to go around the problems. After some weeks of deliberation, they decided to use the members of the group as guarantors and acquire the materials they need from the suppliers straight instead of relying on the financial institutions which were bureaucratic and time wasting.

They also agreed to be loaning materials to one another in case of emergency. They reported good news in their strategy. Table 12 gives a summary of the findings

**Table 12: Identifying a strategy to solve the problem of not accessing credit**

Identified problem	Initiative by entrepreneurs	Results of initiative	Strategies identified
Not accessing credit	Get materials from sellers on credit by guaranteeing each other	Production went smoothly without stoppage due to lack of materials	Get materials on credit by using members as guarantor

The big thing learned by the entrepreneurs was how inter-dependable and useful each member was. That symbiotic relationship is one of the advantages of working as a group hence the need to network more for such advantages. As it were, there was absolutely no need for struggling with the financial institutions who in most cases lacked the understanding of the Jua Kali entrepreneurs and did not have on their tables a tailor made policy for the Jua Kali entrepreneurs; working as a group was the answer. Their conclusion was that they did not now need credit; through their social networking in the group set up, they can get the materials they need without acquiring credit from the credit giving institutions. This is contrary to what World Bank, NGOs and other agencies would teach the entrepreneurs: to access credit for quicker development.

### **Not Owning Land**

Through observation, this was an evident problem because of all the congestion of the entrepreneurs and their wares. I watched as the consumers would wade through the products looking for the exact one they needed and it was a problem. Another problem I observed was poor working areas, some sites were close to the roads, others just adjacent to open or broken sewages. One other observation I made was the constant increase of the Jua Kali entrepreneurs daily. Each day or week a new entrepreneur came and tried to squeeze himself somewhere thus making the place even more overcrowded.

This problem consumed most of our time to crack. Week after week we would revisit the same problem without success. Finally, we agreed on the following :

- Through their leadership, they should use the principle first come first served to allocate the land among those who started working there before the others.
- Any newcomer should go to the extreme end to find a place for himself.
- Where possible or the soonest, one should try to acquire a store or a shop where the finished products would be displayed for sale instead of the area of production.
- The officials to meet with the government to get more land allocated to the entrepreneurs.

We began to observe some order in the Jua Kali sector among the groups. Decisions were made amicably by consensus. Although it took time, it was worth it in the end.

While we cannot say each person has all the land they may want to have, yet we can say with confidence that sanity has returned to the sector; credit goes to their leaders who did two things :

- Reorganised the entrepreneurs on the available land to use it more effectively,
- Campaigned for more land as a group; here they learned having one voice through their leaders bore fruit where an individual could not succeed.

**Table 13: Identifying a strategy to solve the land problem**

Identified problem	Initiatives by the entrepreneurs	Results of initiatives	Strategy identified
Lack of land	*Use their leadership to organise the entrepreneurs in the land available *Ask the government to allocate them more land *Acquire stores for finished goods	*Peace returned among the entrepreneurs *Their leaders empowered to solve problems *Later, leaders were able to get more land	Entrepreneurs should use their leadership and the power of communal representation to solve their problems

### **Not Accessing Relevant Training**

Even though many stakeholders such as NGOs, Credit giving institutions like the Micro Financial Institutions and the Government had given a lot of training to the entrepreneurs, there was a lot of outcry among the entrepreneurs in regard to such training. They complained of the following :

- The training programmes were not always relevant
- The training programmes at times were far from their working areas
- The training programmes were too long sometimes
- Some of the trainers were inexperienced and had limited knowledge about the entrepreneurs in relation to what they knew, their needs and experiences.

The entrepreneurs said they did not benefit much from some of the training. After some time working on this problem, they agreed on the following:

- Training programmes were good
- For effectiveness, the entrepreneurs should be consulted to state their needs based on what they already know and what they would want to be trained on
- Training should be mounted within their working areas
- Training should be made in short modules that could take at least a day each week

- They should be starting early in the morning as later in the day would be the prime time for their business

When they had agreed on those principles, a question was put to them by their chairman,

“If the entire suggestions outlined above were put in place, how many of you would feel it was alright to attend seminars? Please show your response by lifting your hand up.”

In one accord all raised their hands in agreement to attend seminars if they were organised based on the following basis,

- Based on their needs
- Delivered near their places of work
- and if consulted on the nature of the seminars.

The main issue here was the approach used to deliver the seminars, and what the seminars were to offer. It was callous to just set up seminars by some agencies without the consultation of the entrepreneurs. The lesson learned was a bottom to top approach in organizing the seminar was important for profitability of the seminars to the entrepreneurs; they can even give fellow entrepreneurs who can be involved in the training; a person with experience, skills and relevant knowledge, such person is far better than a naïve graduate who has just left the university.

Their conclusion was that current training programmes are mostly basic; the entrepreneurs felt that they knew better. If consulted, they could give better experience, information and knowledge. The best form of training to them remained apprenticeship; learning by working under the guidance of a master worker. The trainee learns the complex work through understudies under a skilled master. Most of the entrepreneurs in the informal economy learn this way. One of the entrepreneurs told me,

“Whatever the NGOs want to teach us, we can learn from the entrepreneurs who have been in the Jua Kali for a long time to become real masters. That boy coming to train us is just a ‘textbook man’ straight from university, he has never held a hammer, he is full of theories but he does not know the work like us. Even after the training, you come back the same, nothing new you will learn.”

This statement shows the entrepreneurs did not see the formal training as useful to them. The trainers were naïve; they did not know the needs of the entrepreneurs and were unwilling to learn from the entrepreneurs experience and skills.

Sociologically, the entrepreneurs did not want to be seen as fools who were being given what others thought was fit for them. They wanted to inform the kind of training that would be given to them to make sure it was relevant and fitting to their needs. Anyone who provided this kind of training would be welcomed as doing them a service. It is not that they reject the need for training; the issue is the appropriateness of the training for their needs.

Table 14 gives a summary of the problem as understood by the entrepreneurs and the strategy they identified to solve the problem.

**Table 14: Identifying a strategy to solve the problem of not accessing relevant training**

Identified problem	Initiatives by the entrepreneurs	Results of the initiatives	Identified strategy
Not able to access relevant training	<ul style="list-style-type: none"> <li>*Evaluation of the trainings provided by the development agencies</li> <li>*Continuing with apprenticeship in the Jua Kali sector</li> </ul>	<ul style="list-style-type: none"> <li>* It was easier to learn on-the-job under a master worker.</li> <li>*They overcame their uncertainties</li> <li>*Able to try out lessons learnt</li> <li>*Can get assistance throughout</li> </ul>	<ul style="list-style-type: none"> <li>*Use apprenticeship model which is more applicable and relevant to the entrepreneurs than the formal training mounted by the development agencies.</li> <li>*Would welcome training programmes from anyone provided they are designed with their input and meet their real needs</li> </ul>

### Illiteracy

After checking with the entrepreneurs to understand why they considered illiteracy as a problem in the informal sector; the study was able to establish that most of the entrepreneurs considered them to be unable to learn because of their low educational levels. This was not their own original thinking, it reflects the thinking of most people in the society towards people of low educational levels; they are mostly seen as unable to learn easily or being of low intelligence. This is what two respondents confessed,

“We feel handicapped because of our low education when competing with our friends who are highly educated; they went to high school while we dropped from primary school. We speak very little English and at times we feel challenged even to calculate and draw things.”

After working in the group, it was established that intelligence had very little if anything to do with the level of education. Instead of talking of the ‘length’ or the ‘width’ being so many centimetres, the entrepreneurs were encouraged to even use straight sticks to denote the exact ‘length/width’ they wanted. This worked, those with higher education continued to do it their way; and those of lower education would do it through improvisation. In the end, no one could tell the product made by either the lowly educated or the highly educated. See table 15 (below) for the summary.

**Table 15: Identifying a strategy to solve the problem of illiteracy**

Identified problem	Initiatives by the entrepreneurs	Results of the initiatives	Identified strategy
Illiteracy	They improvised what could not be communicated to the lowly educated, eg. use of a stick to measure so many centimetres.	<p>The lowly educated entrepreneurs worked effectively using the improvised methods. This did not compromise the products.</p> <p>The so called illiterates were doing equally well with the literate ones amazingly.</p> <p>Education and intelligence are not equal</p>	Improvise whatever cannot be easily comprehended by the entrepreneurs. This was more friendly to them than carrying big textbooks they could not read or benefit from directly

However, some serious limitations still remained in regard to illiteracy of the members of the informal economy:

- They still remained incompetent in wherever a good amount of paper work was needed, this includes some bank procedures, keeping of accurate records and benefiting from any printed matter.
- Understanding of the legal framework when signing contracts or their interpretations
- Handling business documents such as delivery notes, invoices and bank transactions like the balance sheets and other confidential correspondences that require secrecy of the member of the informal economy
- Their full participation in trade, especially export of their products, showed a bundle of problems. But in the art of production, which was no problem, no-one could easily differentiate an item made by a very learned person and a semi-illiterate person.

### **Poor Policies In the Informal Economy**

As stated earlier, the members of the informal economy were sure of the following things:

- That they were excluded from the organs that make policies
- That some of the policies in the informal economy were poor and unworkable
- That they lacked any formal representation in the organs that make policies
- That given the chance, they had very helpful information that could give the policies a facelift due to their experiences and knowledge gained over time.

When interviewed on the policies, one of the members of the informal economy asked stinging questions about the policies,

“Now when you talk about policies if I may ask, whose policies are you talking about? And for who were they made, and for what purpose where they made? And why should I care about those policies when I know they only exist to hurt but not to help?”

One notes a serious conflict between the makers of the policies and those they are intended to serve. There was a lot of doubt in relation to the sincerity of the makers of the policy and the potentiality of the policies to positively help the members of the informal economy in their bid to develop the sector’s potentialities.

By talking about poor policies, here the entrepreneurs were referring to the policies made by the government and other bodies to be implemented in the Jua Kali sector. They felt that they ever remained victims as far as the policies were concerned. This is what some of them said,

“Sometimes we feel like we are being hunted because of the harassments we undergo. Whatever is decided comes to hurt us. And we feel this is because we are never consulted by the policy makers. For example, we were moved from the place we were working last week. We never knew when or where the decision was made. We really lost a lot of goods because we were evicted very early in the morning. All the shelters were demolished. Now, where is civility in this? How does the policy help us?”

The main issue raised by the entrepreneurs was that the policies made by the policy makers were irrelevant and at times hurting to the entrepreneurs. As a facilitator, I guided them to use their leadership once more and speak with one voice to the policy makers and see if there will be change. They took the initiatives and the following summary presented by the table below summarises the entire story.

**Table 16: Identification of the strategy to tackle poor policies**

Identified problem	Initiatives by the entrepreneurs	Results of the initiatives	Identified strategy
Poor policies	<ul style="list-style-type: none"> <li>*Discussed the policies that were poor and hurting</li> <li>* The leadership agreed to go and present their needs and grievances to the Municipal and other relevant Government offices</li> </ul>	The relevant offices agreed to look into the matter immediately and to consult the entrepreneurs' leaders in future before taking drastic steps	<ul style="list-style-type: none"> <li>*The leadership of the entrepreneurs should be used as an avenue of channelling their needs and grievances to the relevant offices.</li> <li>* The leadership should be involved in official policy making always to represent the views and interest of the entrepreneurs in the Jua Kali</li> </ul>

## **Implementation of the Entrepreneurs' Strategies**

### **Introduction**

This was the most critical part of the study. As I stated earlier, this stage took most of the part of the study at least three years working with the groups. My role was that of a facilitator; all the decisions and implementations were done by the groups.

For many decades up to today, there has been a tendency to develop the informal sector from the top to bottom approach. The overall assumption has been that in the developing countries, those in Africa included, to experience a fast development they had to discard their traditions and embrace the Western educational values wholesale. The worst culprits being the African elite educated in the Western education and engulfed by the Western values them they had tried without success to force on their countries as the development paradigms. Nyasani (2010, 3) describes this issue very well:

“There seems to be a notion, privately or publicly harboured and entertained, that African development is not possible unless it borrows and relies heavily on the experience of the West or at least of those countries that have gradually graduated from the state of economic stagnation and lethargy to an ebullient industrial economy. The success of these countries is either brandished or dangled before the benighted and checkmated peoples of Africa as a model for emancipation from the economic woes and general backwardness...the predetermined course that Africa is expected to chart, has largely been responsible for the state of lack of originality, serious application, initiative and resoluteness in conceiving an alternative model of development. This state of affairs, in turn, seems to expose an African to all manner of inept, perfunctory and superficial undertakings even in effectuating the imposed prefabricated development agenda...thus virtually rendering development an elusive and in-arrest able process.”

In short, according to Nyasani (2010) Africa may never develop if it blindly duplicates the Western model without critical contextualization in order to address their cultural realities. At a micro level, all the

stakeholders in the informal economy must let the relevant entrepreneurs in the informal economy develop within their cultural relevancy and thus develop relevant strategies that are workable in the sector.

The entrepreneurs found confidence to implement their developed strategies because they found out that the strategies and aid from bodies like World Bank, ILO, NGOs and other related bodies have failed to bring socio-economic development in the sub-sector while their strategies and use of their resources has achieved a lot in a short term; 3 years. The study concludes that since it is the entrepreneurs who identified the strategies, they should take the honour and trouble of implementing the same at the grassroots level and through their grassroots networking.

### **The Starting Point**

Just as the study was based at the grassroots level, the implementation of these strategies had also to start at the grassroots communities. The study found out that if the people were empowered to facilitate socio-economic growth based in their communities, they can achieve much. Therefore, all the stakeholders must assume the role of facilitators and not controllers; focus on empowering the people to work within the realm of their communal and socio-cultural values. Such an approach will motivate the grassroots people to reconstruct their own initiative.

### **Constructing the relevant structures**

There must be unique (no imitation), original (developed by the entrepreneurs) and relevant (fitting the needs of the entrepreneurs) social structures within which the relevant strategies can be implemented. The entrepreneurs will therefore need to have a critical approach in developing these structures. For their effectiveness, these structures will need to be one of the diverse sub-structures of a comprehensive community structure.

While leadership is critical, it must however avoid the common leadership pitfalls in Africa where leaders enjoy assuming the role of being the spokespersons in all matters of life. This is the reason of adopting consensus in decision making plus all the implications of the full democratisation in all the procedural undertakings.

### **Communal Groups**

Working in groups is critical in any sincere attempt to develop people. On this, Oliver-Smith (2006 ,32) says,

“Full individual development can take place only in association with others. As an individual, one is limited in what one can try to do, what one can achieve. Through joint action and mutual responsibility, one can achieve more, especially by increasing one’s collective influence in the market and before governments.”

While the bundles of communal groups are many, it is the actual organising the people to work in groups that becomes challenging. In regard to organizing the members of the informal economy, their leaders who had an experience of 11 years working with their local groups had this to say,

“Organising our people to work in communal groups has not been easy and will never be easy; there are hard issues which make us say that. For example, I was elected as the chairman of our association in 1998. To date this is my 11th year. I cannot say I have realised a lot of success even though I have been working very hard. I blame the following factors that are about my other colleagues and myself.

Some members refuse to work in groups; they do not understand its benefits. There is nothing you can do to them because groups are voluntary ventures.

In our informal economy people tend to move to other places or change work frequently. That means new people coming and the ones you knew leave to other places

We lack legal structures by the government that covers the informal economy workers; to some extent our members find these communal groups risky rather than beneficial.

To organize people you need resources; we have limited resources in our informal economy. So far I can say, although we are big in numbers, but we are more of competitors than companions; and that is our big weakness”

While there is a will in the informal economy to work with communal groups, the barriers towards organising the communal groups are scaring. Working with a different group in the outskirts of Nairobi, I decided to check if they knew the benefits of working with communal groups. Below is their response,

“No doubt we know the benefits of working in communal groups. I remember we attended a seminar sometimes last year; we learnt the following :

- That having a group gives the members big influence especially in regard to having bargaining power
- People can share experiences, knowledge, skills and they can have a representation whenever that is needed
- Working in communal groups helps us to enhance services for the existing members
- Working in communal groups helps to put in place structures for dialogue with the stakeholders in the informal economy
- Working in communal groups can enable members to choose their destinies through,
- Collective strength
- Having their interests protected
- Improving their working environment and routing out poverty.”

In relation to working with communal groups, the other stakeholders need to know where the members of the informal economy are; their thinking, their knowledge and perceived problems.

To facilitate the notion of starting at the bottom, communal groups will be the ideal paradigm for the entrepreneurs to implement their identified strategies. During the process of the study, the entrepreneurs discovered that individualism did not augur well in the pursuance of the strategies that could boost the social development in the informal sector. These groups are the small-scale local communities. For their success, they should be based on the African communal values. The groups will then facilitate the grass-roots structures that will serve as the base for the effective implementation of the strategies in the social framework of African values.

In order for the groups to be effective, they must be fully democratic consensus and ready to spread the benefits to all the members and not to benefit just a clique of the members as it is common among the African elite who work for the benefit of their own club.

Through working with the groups, the research can boast of having come up with findings that truly can be said to be the groups’ voice: the Jua Kali entrepreneurs. This could not be realised by just working with individuals.

Working with groups is supported by ILO (2006, 4),

“Building on a strong tradition of community-based solidarity...will for some time remain the mainstay of social protection in the informal economy. This potential of cooperatives, savings schemes or micro-finance health schemes can and should be mobilized through informal sector initiatives and outside technical and financial support. This should go hand in hand with assets reform (e.g., access to land and other resources) and/or by seed capital. Local support ... is essential as well as sustained networking and advocacy at both national and local levels.”

Groups are the only way that makes the voice of the actors in the informal economy become easily heard and acted upon. Advocacy also becomes easy as people network whether locally, or nationally.

### **Group Leadership**

Besides being a base for socio-economic development, the communal groups can also galvanise the members by facilitating reconciliation in the event of disagreements or divergent thinking. Often conflicts occur wherever human beings work together. There is always a need for a recognised leadership that can resolve the conflicts and move on to achieve the desired goals of the group.

For the leaders to get credibility from the group, they must employ consensus as the means of decision-making. Secondly, there must be regular and fair elections; this will ensure the people accept the leadership. Thirdly, to remain in touch with the people and their needs, there is need for the leadership to meet regularly.

Leadership plays a critical role in the future of any organization. Therefore, good leadership in the informal economy will bring a strong vision, working objectives and goals, strategic planning and a mission to fulfil. I see a good area for investment by the other stakeholders here, training the local leadership for development. The local leaders are important,

- They know the people they represent
- Have influence in the lives of the people they lead
- They are aware of the local problems
- They know the sub-culture that controls the members' thinking and behaviour
- They know the interests of their people.

In empowering the leadership as a tool to mould sustainable communal working groups, I argue that presently what we need is a true shift of leadership paradigm. Most of the leaders lead in the traditional Western way; in this millennium, this kind of leadership has no place for it stands to achieve very little if anything. McCarthy (2000, 103) describes this very vividly:

“A cataclysmic shift is under way in the world of work. Organizations modelled on Industrial Age assumptions of control, hierarchy, and clocklike regularity are being eclipsed by flat, interconnected ...that continuously change shape and direction...will recast leadership. While individual leaders in the industrial age focused on control and running hierarchical organisational structures, contemporary leadership will inspire, structure, and build communities of self-managed teams that span enterprises.”

In reference to the informal economy members, their leaders must change their leadership styles if the members will benefit from their leadership. In the traditional leadership, the leaders have a direct control of their members, struggle to control and manage resources, and run their organizations single-handed. They do all they can to enhance the following:

- Consolidated authority

- Longevity in their positions
- Demonstrate expertise
- Wield influence in its totality

Instead, the leadership in the informal economy must realise the benefits of a leadership model that is not only consistent with the traditional African model but also in line with changes in thinking about leadership in the Western world.

People are fostering new leadership models that enable people to rethink their long-standing trading patterns in favour of dynamic market models like export trade:

- Leadership shifts from controlling to influencing networks of self-interested people
- Leadership allows group interactions and dynamics
- Leadership allows collaboration with leaders from other geographical localities perhaps with the internet or mobile phone

As McCarthy (2000) argues, there are some outstanding values that will need to be retained. I personally see it the same way:

- The social awareness which is strong in African context
- Working in groups
- Empathy
- Maintaining social relationships and networking
- Social security that enables the poor to be cared for
- Communal empowering
- Interdependence
- Communal life

It is this kind of overhaul in the leadership that will enable the leaders of the informal economy members to develop themselves and their economy. Without changing the leadership paradigm, moving forward will remain a dream.

Acceptance and development of the indigenous leadership is also critical for success in the development of the informal economy. When the indigenous leadership is ignored, they fail to own the project and that is a shortcut to killing the project.

## **6 Findings and evaluation**

### **Empowerment of the Primary Stakeholders**

This study found that for the informal economy to realise its full potentialities for socio-economic development, it is mandatory to empower the primary stakeholders; the entrepreneurs in the Jua Kali. They must be empowered to identify and develop the relevant strategies for empowering the Kenya's informal economy. Empowerment requires the real participation of the primary stakeholders. Their participation must be enhanced in areas like :

- Planning
- Implementation
- Monitoring
- Evaluation
- Decision making

The list may suggest easy achievement of the tasks listed above, but time and patience was really needed to enable the entrepreneurs to gain :

- New skills
- Abilities
- Rights
- Responsibilities
- Ownership
- Skills to work in groups rather than as individuals.

### **Challenges of Empowering the Primary Stakeholders**

Whilst, it is mandatory to empower the primary stakeholders, it should not be assumed that the process will be easy. The study realised although the main goal was realised, there were lots of stumbling blocks:

- The process of empowerment is complicated; it knows no straight pathways to success. Patience is a virtue that forever must be exercised by the persons involved without looking back.
- The strategies identified and developed faced economic challenges, resource constraints, social time and local organization's structures.
- Adaptations to the new social contexts of group dynamics were a real challenge that required constant prodding of the primary stakeholders to accept willingly and implement positively.

Realisation of the usage of African communal values as tools of enhancing socio-economic develop-

ment was difficult to be appreciated by the primary stakeholders. There was the assumption that the values enshrined in the Western education and values were superior. It took time and encouragement to think otherwise.

Having said the above, there is no other way to realise the growth in the informal sector other than empowering the entrepreneurs at the grassroots level. At the end of the study, it was observed the primary stakeholders had developed in the following areas:

- Improvements in effectiveness, efficiency, accountability to one another,
- Improvements in their life's quality; their capabilities, self-reliance, suitable livelihoods.

True change occurs only when the people's thinking paradigm and practice have been changed. That is why we say we do not bring development to the people but rather development is when we develop the peoples' capacities to do development,

- Ability to think creatively and critically
- Solving problems
- Using the available resources
- Empowering the people to do development for themselves and by themselves

Perkins (2000, 18) illustrates the same point by borrowing a Chinese proverb,

'Go to the people

Live among them

Learn from them

Love them

Start with what they know

Build on what they know

But of the best leaders

When their task is done

The people will remark

"We have done it ourselves."

The approach summed up in this proverb serves as a strategy to:

- affirm the dignity of the people,
- motivate them
- help them to take responsibility of their lives
- control the dignity
- promote interdependence and not dependence

Such strategy enables sustainability to the extent that even after the developer is long gone, the project will not only continue, but the people also can stand alone.

## **Working in Groups**

This study succeeded in transforming the attitudes of the primary stakeholders from individualism to a communal mindset. From beginning to the end, they worked in groups that aided them to accept their goals for socio-economic development.

While in the beginning many did not show outright willingness to work as groups, but by seeing the benefits the attitude changed:

- Building of social networks. Such structures helped the primary stakeholders in times of difficulties. They were able thus to absorb adverse shocks, seasons trends and personal miscalculations.
- They enjoyed cushion effects when pressed between a hard place and a rock in their work and socio-cultural effects.

Working in groups enabled the primary stakeholders to establish local ownership and responsibility. It was not difficult to support any member of the group with resources or anything that helped him to move on. Each member became personally accountable for issues pertaining to the group and group activities. It was possible too to realise economies of development interventions, for example in the area of spreading the benefits of group interventions in areas like:

- Resource allocations
- Overall costs in purchases, quality and quantity realisation
- Maximizing returns and resources

### **Inappropriateness of Western Aid and Educational Values**

Unquestionably, for decades the development paradigms in Africa have continued to employ the Western principles that require the State to assume the centralised position in control and planning of development. The underpinning assumption usually is that socio-economic growth can be achieved by using the State as an instrument that can bring the desired socio-economic development. Other stakeholders like World Bank and other NGOs come on board with the same mentality of being the sole planner and implementer of their development projects.

A quick survey over the past decades gives a sorry state for Africa. Despite all the aid poured into the continent, the evidence of poverty and backwardness are very visible. The main approach of this development paradigm is always 'Top' to 'Bottom' approach.

By facilitating the groups, the primary stakeholders were encouraged to apply the traditional African values in their work. In a span of three years, the study found out that the groups recorded a lot of improvements and socio-economic developments. This was especially the results working in groups where :

- Supported each other
- Used the groups as social networks
- Each person mattered, taking every person as important and having interdependences.
- Using things collectively in a social setup especially those disadvantaged and working among the more able ones.
- Working as a group to realise more success and development
- Using groups to make their voice heard
- Able to do networking in the context of the groups to solve their problems

In the end, the Western values were outclassed as insufficient and inappropriate for fostering socio-economic development in the informal sector. What they could not achieve by the Western model was easily achieved by African communal values.

### **Strategies for Empowering Kenya's Informal Economy**

In this regard, the study was able to develop effective strategies for realising the development potentialities in the manufacturing sub-sector of Kenya's informal economy in a manner that also contributed to

the rebuilding of the grassroots social structures i.e. the groups. To enhance the groups' effectiveness, full democratisation was guaranteed with the researcher maintaining the role of a facilitator. Therefore, using different stages and phases, employing their own initiatives in planning, implementing and evaluation, the entrepreneurs identified and developed appropriate strategies.

The study maintained a lot of sensitivity and utmost care in the development of the strategies. The strategies were developed through interactive collaboration with the primary stakeholders that relied on them for the primary input in developing the strategies through communal endeavours that reflect African socio-cultural values. This in the end formed a formidable base for social reconstruction as well as economic development. In the end of the study, what came out can be said to be the voice and work of the primary stakeholders: the entrepreneurs in the informal economy. By having repeated peer debriefing, the entrepreneurs were able to confirm the strategies as their own voice and work.

The study rejected some strong assumptions commonly held by some scholars and a number of stakeholders in the sector. For example, the performance of the artisans in the manufacturing sub-sector has nothing to do with their level of education, access to credit or owning land. Where the artisans were unable to access all the above, they still performed well in the manufacturing quality products. Therefore, the assumptions were void and null.

## Conclusions

Fowler (1995) observes that after the British invasion and occupation, the African economies were virtually destroyed and lost its importance with time. Other scholars agree with this for example, Fowler (1995, 19) in part summarises some of them,

“...it meant the end of the balanced, self-sustaining African economies. Africa economies became dependent subsidiaries of European economies. The indigenous African manufacturing industries and trading systems dwindled in importance or disappeared altogether as their products were replaced by the products of European manufacturers that were better suited to the needs of the new European economy in Africa... Similarly, the African trading systems were replaced by European and Asian traders ... All this was actively promoted by colonial political policies and justified as part of the process of enlightenment and civilization in Africa.

After independence, Kenya inherited three social structures from the British :

- State
- Economy
- Church”

The lamentable issue here is that the three social structures were all modelled after the individualistic Western cultural values. However, the grassroots still held onto the African communal values but lacked a socio-political structure to support these values. Instead their lives were regulated by an all powerful Western style state.

Even though the grassroots people of the Kenyan society were largely shut out of any major role in the formal economy, they continued to show a remarkable resilience in developing a vibrant, innovative informal economy that became a pervasive presence from Nairobi and its suburbs to every town and village.

This research report helps to bring more light on how the inclusion of the grassroots people and conse-

quently their voice and inputs can further provide strategies for empowering Kenya's informal economy to realise its full potential for socio-economic development.

It has been total folly to ignore the Jua Kali entrepreneurs who for years have worked in the informal sector while remaining independent:

- No transaction with the government
- No access to credit
- No access to land
- No assistance to access market
- No reception of subsidies

Using their experience, inputs and knowledge, the informal entrepreneurs therefore can be of greatest help in the socio-economic development of this sub-sector. Fowler (1995) agrees with this point when he decries the sub-African's inability to develop on equal terms with the West in spite of all the financial aid given to ensure Africa's economic development. It has been a failure; the Western countries have ended up enriching themselves but not African countries. For change and social transformation, the paradigm has to shift. We need to start at the bottom, not the top. There is a need to build a network of grassroots people where they can work on the basis of democratic consensus that is essential to traditional African values, and in the end add their voice in the policies made to bring about socio-economic development. The informal sector will never realise its potential as long as the entrepreneurs in this sector are ignored and excluded from policy making.

Here the study concludes that there is need to change the approach in socio-economic development in the independent to offset the imbalance brought about by the colonial exclusion of the grassroots stakeholders in the informal economy. True too, there is need to reconstruct relevant social structures where the still relevant African values can be implemented. Through full democratisation, the primary stakeholders will be empowered for the task of identifying and developing the relevant structures other than the borrowed ones where their developed strategies can be applied.

Having realised the primary stakeholders were ignored in the informal economy, the study endeavoured to have the entrepreneurs speak out the way they understand their problems, take initiatives to solve their problems, identify and develop relevant strategies as seen fitting by them. It was for this reason that the researcher assumed the role of a facilitator in order to guarantee the full democratisation needed to develop the strategy and through that bring out their voice as entrepreneurs.

## **Recommendations**

The study found that when participants are given a chance to use their own initiatives, resources and capabilities they can identify, understand their problems and solve them. Being the key players in the informal sector, it will be wrong and courting failure by excluding the voice of the entrepreneurs.

### **1: To Policy Makers**

The policy makers must realise that the 'Top' to 'Bottom' approach is not helpful in realising socio-economic development. It has the effect of denying the primary stakeholders their initiatives, democracy, curtails the growth of their abilities, skills and the capacity to plan, implement, monitor and evaluate the project. Their voice must be heard and heeded in the development and implementation of policies; full

democratisation must be there for them to come up with their own developed strategies for developing the informal economy.

Imitated structures and values will not take us far. We still have our own African values that can thrive well if the relevant structures are put in place.

There is no other way also to empower the participants apart from giving them the full democratisation to speak out their problems as they understand them. We need to involve them in looking for solutions within their capabilities (no subsidies or handouts) and initiatives. After that, the entrepreneurs should take the responsibility of implementing the solutions themselves. They should find out through evaluations why a solution has succeeded or failed; those reasons should be well documented and also establish how they can be modified for further growth/development. The main point the policy makers should note here is that the entrepreneurs need to be involved from the beginning to the end without skipping any of the stages involved in the project. That is why it is critical for developers to play the role of facilitators.

Without any exaggerations, the traditional African values can be used as vehicles to bring about more socio-economic development in the informal sector. The challenge is to develop relevant social structures through which the values can be applied. The study was able to establish that fact beyond doubt. The policy makers should not shy off from turning away from orthodox ways of doing development using only Western values and education; this is the mistake that most of the African elite have always made. The approach by most of the elite has been to throw away the African traditional values that are relevant to socio-economic development is suicidal economically.

The entrepreneurs possess a lot of skills, knowledge and information that can be shared to move from small scale production to export venture; that will bring more income than just small scale production that is subsistence. It is imperative that there be developed, in consultation with all players an active national policy on industrialization, that integrates the potential of both the formal industrial sector and the informal economy. Such a policy must facilitate the entrance and continued presence into the world economy by vigorous export of products manufactured by Kenyans. This will require an innovative approach that exports distinctive products.

## **2: Working as Groups**

Group work should be encouraged above the individualistic way of manufacturing. When the entrepreneurs work in groups, they realise more; for example :

- The participants can improve their livelihood and welfare collectively. As befits any social change, the potentiality of the people to be developed must be identified accurately. Thus there is enormity of potential among the members of the informal economy particularly in the manufacturing sector that was the main focus of the study. Working in groups is good because they can share knowledge, information, skills and experiences. It is also easier and cheaper to train groups rather than individuals.

- Apathy and dependency syndrome among the participants is because they have not been given the chance to apply their initiatives, have their voice heard, implement their own solutions and evaluate their suitability. If this is captured by the stakeholders in the informal economy it will be good as they would take care to:

- Involve and include the artisans in planning, implementation, evaluation and monitoring
- Involve the artisans in decision and policy making

- Involve the artisans in the management of the programmes
- Involve the artisans in resource allocation, sourcing and funding of the project

The research empowered the entrepreneurs to develop their capacities in solving problems, skills to do their work, identify the strategies they could apply to realise full potentialities in the sub-sector. For the purpose of sustainability, it is a matter of fact that:

Local problems require local answers; the entrepreneurs were capable of solving the local problems by giving contextual and homemade solutions to the problems.

Indigenous leadership has a role to play in solving local problems. There can be no sustainability whenever local leadership is ignored. Local leadership becomes critical because they represent a bigger number of people, they know the local culture, know what resources are available and the right methodology to source the resources. And finally, when all the development partners leave, the indigenous leadership will remain.

The artisans have added their voice to what can work in realising the potentialities of this sub-sector.

What the members of the informal economy are sharing is beyond theories or mere curious attempts. They are sharing real gems that are a result of their many years in the informal economy.

As experts and authorities in their area, they are speaking about what works, hence adding their voice. We waste a lot of time and resources in mounting programmes; it is then wise to hearken to the voice of the members of the informal economy especially the strategies they have so carefully identified by themselves. Ignoring the voice of the artisans is like a leap in the darkness. Risky.

### **3: Conclusion**

The core research question was answered, “What are the strategies for empowering Kenya’s Informal Economy to Realise Its Full Potential for Socio – economic Development?” The answer to the key research question was identified and implemented by the entrepreneurs in the informal economy. The answer presents the entrepreneurs’ voice.

Beyond any doubt, the informal economy is of great importance even though it remains largely unmeasured, invisible, unprotected and to a great extent unregulated. Throughout this study, the informal economy has been demonstrated as very important:

- Because it has continued to offer hope during the periods of economic recession like retrenchment, unemployment and downsizing in the formal economy.
- The informal economy serves as an important and critical source of the social capital.
- For hundreds and hundreds of workers from the troubled formal economy, the informal economy has continued to be a great social security and support; for those swimming in the troubled ‘waters’ of low pay, joblessness, interrupted careers in the job-market have always found economic consolation in the informal economy.

Due to the importance of the informal economy, there is an urgent need to craft strategies that will enhance its growth. If ever such strategies for empowering Kenya’s informal economy to realise its full potential for socio-economic development will be realised, we need to start at the bottom; never at the top. We need to seek to empower the entrepreneurs at the grassroots to build groups in communal structures and context based on the African communal values. Decisions in such groups should be made on the basis of democratic consensus unlike the paradigm commonly used in the Western politics and industry that are overly competitive rather than consensus-oriented as applicable to the traditional African values. The

group's approach is essential to make each member functional in a genuine way, accountable to democratic principles; this way the entrepreneurs will be able to throw the few elites off their backs who have dominated them for ages.

The core matter of this research was to start where the members of the informal economy were in their development. Working with them as a group, they identified their own problems, solved them and developed their own home-grown strategies to realise the full development of this important economy. I see the strategies as fully theirs because I only worked as a facilitator. From identification of the strategies to their implementation, this was fully the work of the members of the informal economy. It is that fact that necessitated the kind of research that was conducted; critical ethnography.

By all means the strategies crafted by the artisans are not exhaustive; they need to be studied closely to still improve them over and over until they work perfectly. Such move becomes important as the sector will be with us to stay.

The policy makers' work will be of no consequences if they ignore or overlook the members of the informal economy. Their inclusion and fair representation in the decision-making organs will then make work easier for the policy makers. They will listen to the artisans, who bring with them:

- Wisdom
- Experience
- Expertise
- Unique information
- Specialised knowledge

I therefore see the policy makers benefiting from the information that will be true about the informal economy as they listen to the members of the informal economy. They possess such knowledge which is first hand and original. The expertise in the informal economy has laid the foundation and path for future development and growth. All that is left is for us to move on in helping the informal economy to realise its full potential in socio-economic growth and development.

#### **4: Recent Research**

At the conclusion of this research project a thorough search was conducted on published research relevant to this project. This has now been incorporated in the literature review. However it is worthwhile to draw attention to the most recent here. These are:

Albu, Mike. 2007. Improving livelihood opportunities from small-scale manufacturing and processing enterprises.

<http://Practicalaction.org/manufacturing>

Bigsten, A. and Soderbom, M. 2006. What have we learned from a decade of manufacturing enterprises surveys in Africa? Washington DC: World Bank

Haan, Hans Christian. 2006. Training for work in the informal micro-enterprise sector: Fresh evidence from sub-Saharan Africa. Dordrecht: Springer.

Nyasani, M. Joseph. 2010. Philosophy of Development: An African Perspective. Reflections on why Africa may never develop on the Western model. Nairobi: Consolata Institute of Philosophy Press.

OECD. 2009. Competition Policy and the informal economy. [www.oecd.org/competition](http://www.oecd.org/competition)

Practical Action. 2010. Peter Onyango, Jua Kali Worker – Kenya. <http://practicalaction.org/manufacturing/peoplestories>

Warutere, Peter. 2010. Kenya's Economic Growth Steady, but Running on One Engine. Washington DC: World Bank  
World Bank. 2010. Kenya tries again" African Ambiguities. Washington, DC: World Bank.

Most of this consists of surveys of the current situation in the informal economy in Africa or proposals such of that of Nyasani calling for a different approach, but none of it covers the same ground in the same way as the research that is reported here. It remains unique. The activities of Practical Action go part of the way, and is to be commended, but it differs in the most fundamental way from the present research in that it is a strategy of providing material support for the entrepreneurs. The unique nature of the present research is that it uses strategies that rely entirely on the human capital—the latent abilities and resourcefulness of the entrepreneurs. It also fails to recognise what is the core of the present research; the importance of operating in communal groups structured along traditional African cultural values.

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