

Abstract

The Phenomenal increase in the number and variety of small and micro businesses represents one of the most significant developments in Kenyan economy since the conspicuously present in the urban centres and the countryside and all sectors of the economy. Some are registered with either the Central government or the local authorities or both and, thus, operate formally while others are not. It is estimated that there were about 90,000 such businesses operating in the country in 1995 (Gemini, 1995). In the literature on the Kenyan businesses, a distinction is often made between four categories or enterprises, namely micro, small, medium and large. Micro enterprises are those that have less than ten employees, small enterprises employ from ten to fifty people, and medium and large firms have more than fifty employees. This paper focuses on small enterprises. However, the word "small" is used to refer to all businesses employing fifty or less people. In other words, no distinction is made between "micro" and "small" enterprises. This is necessitated by the fact that the prevalence of various forms of flexible or loose employment contracts in many micro and small businesses in the country makes such classification less useful since, among other things, the total number of man-hours and the total wage bill are not necessarily a function of the total number of employees. For convenience, the term "small business sector" is used to refer to the entire population of the micro and small businesses operating in the country