

**FACTORS AFFECTING PERFORMANCE OF SMALL SCALE FRUIT
BUSINESSES IN NAKURU TOWN CENTRE, NAKURU MUNICIPALITY,
KENYA**

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**A PROJECT RESEARCH REPORT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE
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2012

DECLARATION

This research project report is my original work and has not been submitted for degree or any other award to any university or other institution of learning.

.....*Akinyi*.....
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This research project report has been submitted for examination with my approval as the supervisor of University of Nairobi.

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DEDICATION

This research is dedicated to all the small scale fruit vendors in Kenya. You brave the insurmountable odds that your trade entails, to eke out an existence from the sweat of your labor as you knowingly or unknowingly sell to Kenyans their daily dose of vital vitamins for a healthy life – for a healthy nation.

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Abbreviations and Acronyms

CBD	Central Business District
KENASVIT	Kenya National Alliance of Vendors and Informal Traders
NASTHA	Nakuru Street Traders and Hawkers Association
NIBDA	National Independent Business Development Association
MDGs	Millennium Development Goals
SME	Small and Micro Enterprises

ABSTRACT

Kenya's vibrant horticultural industry contributes greatly towards maintaining food security, creation of jobs and generation of revenue for the state. The fruit market forms part of this industry. In urban areas, the fruit vendors are the main actors in the informal fruit markets. However, the importance of the fruit industry as a viable horticultural industry market outlet has received minimal attention in studies, leading to lack of performance statistics and poor characterization. This study investigated factors affecting the performance of small scale fruit businesses in Nakuru town in relation to business location, awareness of local authority legislation, level of education and training and availability of finance. A pilot study was carried out in Nakuru town centre. Both qualitative and quantitative research and the descriptive research design were used to select the sample 205 fruit vendors who were categorized into three homogeneous groups; ambulatory vendors, intermediate vendors and stationary vendors. Questionnaires and interview schedules were used as data collection instruments. 163 out of 205 participants successfully responded to the questionnaires and 20 out of 20 to the interview. The data was analyzed using Statistical Package for Social Sciences and presented in form of simple tables, cross tabulation and percentages. The study established that business location is the main source of conflict between the local authority and the fruit vendors.. The designated business location for the fruit vendors at the market is overcrowded and the competition is stiff, and the areas outside the CBD are not frequented by prospective customers. Lack of or partial awareness of local authority legislative legislation results into conflict and loss of business.. The finding also established that education and business training would equip the fruit vendors with knowledge of relevant legislature and adequate skills to enhance profitability and expand the business. There are many financial institutions which offer funding for small business enterprises. However, the interviewed vendors shied away from taking credit for establishing and expanding their businesses for fear of defaulting payment owing to the risky nature of their business. This study recommends that the relevant government ministries recognize and support the informal fruit vendor business as an important vehicle for the attainment of MDG – Goal 1; Eradication of Extreme Poverty through Job Creation. Education and training is recommended for the empowerment of the vendors to employ the best business practices as well as acquisition and management of finances. This study also recommends that the Local Authority conducts a research on the fruit vendor paradox with a review to accommodating the rapidly growing fruit vending business in the urban planning and development projects. Finally, formation or enrolment of fruit vendors as members of associations like KENASVIT or NASHA is recommended so that the vendors can have a forum for expressing their agenda.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The nutritional importance of fruits is being increasingly emphasized in health campaigns (Nyoro *et al.* 2008). This together with the increasing demand for convenient prepared meals and the rise of urban populations; resident and transient, has led to the increasing number of fruit-vendors in urban centres (Mitullah, 2003). These vendors have to contend with various challenges that threaten the survival of their businesses on one hand and on the other hand could lead to innovations which could yield better economic prospects in the future.

For the last five years, the turnover revenue of the global fruit and vegetable market has been growing steadily at an annualized rate of 2.0% (IBIS World, 2011). In 2012 this growth rate in terms of revenue is expected to double according to the turnover projections of IBIS World's Global Fruit and Vegetables Processing (2011) and Research and Markets (2012). The production volume is also set to grow in tandem with this by 6.2% from the 615 million tonnes of 2009 to reach 653 million tonnes in 2014, this is despite the shrinking acreage of land used to produce fruits and vegetables owing to escalating land prices and rural urban exodus of the producers to take up alternative employment (British Columbia FGA, 2007). This development promises better economic prospects for the countries involved and in particular the individual producers and marketers the vast majority of who are small scale entrepreneurs (Research and Markets, 2012).

Developing countries of which include Kenya have been experiencing a steady growth of the fruit industry over the last three decades. According to Serge *et al.* (1998), horticultural produce and commodities have been evincing increasing importance in developing countries, a fact that has seen a steady rise in production to reach 72% of the total world production of which the Asia – Pacific region accounts for up to 45.1% (Research and Markets, 2012). Future growth will likely depend on the industry trends characterized by rising and changes in demand in both

developed and developing countries and on the capabilities of emerging economies to maintain or increase their competitive strength in world markets (Serge et al., 1998). Consumption trends are influenced by the increased demands for convenient prepared meals; increased health and nutrition awareness, increased significance of branding, and greater competition from well established private labels (IBIS World, 2011).

Market type and strength obviously, play a very influential role in accelerating growth. In China for instance, the market is largely domestic leading to quality and stability of supply (World Conference on Horticultural Research, 1998), that is, grade of produce, defects, ingredients mode of preparation of raw materials for processing. In British Columbia, there is an increasing trend in orchard farming where consumers interface directly with the producer-marketer at the point of production i.e. the fruit farms (British Columbia FGA, 2007). Market entry in particular areas is constrained by capital requirements, although the proliferation of markets over a wide area may imply that market entry is relatively easy, leading to low level of market concentration.

The competitive strength of the domestic markets like Kenya's is governed by the legislative regimes, policies aimed at engendering industry growth and interventions and the overall approach by the marketers towards the industry i.e. their modes of engagement with the authorities, producers, consumers and among themselves. Engagement among themselves markers can be significantly advantageous in improving their negotiation strength on all fronts and fostering a robust market with better growth prospects and employment opportunities.

The Kenyan fruit market is composed of two key industry players: the processor marketer, and the medium and small scale entrepreneurs (Reorganizing Kenya Markets, 2008). The former enjoys industry support incentives like the EPZ to enable it to export its processed products and at the same time has a domestic market advantage due to the value addition of its products through processing and also volume. This means their products have a longer shelf life and will not be culpable to price fluctuations. Medium and small scale fruit enterprises operate for the most part from informal structures as the existing public market regulations have no

accommodation for them except only in the designated segments within the public markets (Municipal Council of Nakuru By-Laws, 2004).

These and other factors pose difficulties for this high potential market segment. Most of the small or vendor type fruit businesses are structurally similar to other SMEs in the country (Nandan, 2007). For one, their ownership and management styles is not different from say, SMEs operating in the charcoal or used clothing business i.e. majority is either of the sole proprietorship type or family owned. In addition, the environmental conditions under which they operate precipitate an evolution of their characteristics (Bowen *et al.*, 2007). Due to their low capital base and informal operations, their likelihood of failure is high (Lavinsky, 2008). Banking Finance (2008) puts the failure rate at two thirds of the businesses failing within the first one year.

For small fruit businesses operating in the Central Business Districts of big towns like Nakuru town, the ephemeral characteristics cannot be more pronounced. Vagrant weather, stringent Municipal Council regulations exposing them to frequent arrests and confiscation of their products, and the rising demand for the fruits and at the right quality brought about by the increasing nutritional awareness (IBIS World, 2011), compound to the challenges already being experienced by the vendors. In addition, poor association among the vendors has not only vitiated their prospects of collective bargaining power but has also made the performance of this sector largely intractable (Serge, 1998) hence providing no statistical base to enable the stakeholders to make informed decisions.

In as much as the Kenya government through successive Session Papers e.g. Session Paper No. 2 of 1992 on Small Enterprises and the *Jua Kali* Development is seen to engender the development of the entrepreneurial culture through various legislative and support mechanisms, in order to stem the tide of increasing unemployment, the implementation is yet to be fully implemented as it is upended on the support side with Micro Finance Institutions taking initiative to support the sector (National Youth Policy, 2002) while the authorities are slow in creating an

enabling legislative environment that would both recognize emerging SMEs and lend them structural support.

This study sought to investigate the challenges of the fruit vendor businesses in Nakuru town CBD and in order to avail reliable statistics of the performance of the sector.

1.2 Problem Statement

The increasing economic importance of the fruit industry in Kenya both on the export and domestic market, contribute to the growth of the SMEs sector with a promise of high employment prospects in the future. The consequent change in the nature and location of operation of the fruit business is evidenced by the improvisation of vending equipment, product outlets and modes of mobility which are characteristic in many large urban centres today.

According to World Bank Group (2006), lack of concerted public support, scanty information, poor understanding of how the market chain works, and lack of systematic documented knowledge are main threats that hampered the benefit of the sector. Thus comprehensive data collection along the chain is a must to envisage the direction of input-output flows. If this is not well and well addressed, the country's competitiveness would obviously trail far behind the existing stage.

Even though fruits are economically and socially important, fruit marketing channels and their characteristics have not yet been studied and analyzed for the target study area, Nakuru Municipality, where great potential of fruit selling exists

1.3 Goal of the Study

The main purpose of this study was to investigate the factors affecting the performance of small scale vendor-type fruit businesses in Nakuru town centre in terms of business locations, local authority legislation awareness, education and training, and availability of finance.

1.4 Study Objectives

The study was guided by the following objectives:

1. To assess the influence of business location on the performance of fruit vendor businesses in Nakuru town centre.
2. To establish the influence of local authority legislation awareness on the performance of fruit vendor businesses operating within Nakuru town centre.
3. To establish how the level of education and training influence the performance of fruit vendor businesses operating within Nakuru town centre.
4. To determine the influence the availability of finance has on the performance of fruit vendor businesses operating within Nakuru town centre.

1.5 Research Questions

The following research questions guided the study:

1. To what extent does the business location affect the performance of fruit vendor businesses in Nakuru town centre?
2. How does the awareness of local authority legislation affect the performance of fruit vendor businesses in Nakuru town centre?
3. To what extent does the level of education affect the performance of fruit vendor business in Nakuru town centre?
4. How does the availability of finance affect the performance of fruit vendor business in Nakuru town centre?

1.6 Significance of the Study

It is hoped that the findings of this study will generate useful information needed in future to formulate fruit marketing development projects and guidelines for interventions that will improve the efficiency of fruit marketing system. The potential users of the findings are fruit

farmers (producers), fruit traders, government and non-governmental organizations that have interest in improving fruit marketing system, project managers and researchers who want further investigation on fruit marketing will use the results from this study.

1.7 Delimitation of the Study

To analyze these determinants comprehensively, the study chose to focus on Nakuru Town Central Business District because of its typical large urban centre characteristics, its large and diverse population, its displacement from fruit producer zones, and its impressive growth rate at 13% per annum – the fastest growing in East and Central Africa (Urban Survey, 2010).

1.8 Limitations of the Study

The main challenges encountered in this study were communication and cooperation by the respondents and the likelihood of apprehension from the respondent fearing either that the researcher could be an undercover municipal council operative or may be a potential business rival. Another potential limitation could be caused by the respondent effect (Kombo and Tromp, 2006; and Kothari, 1990) but this was addressed by carefully structuring the questions and reducing interviewer bias. Comparison of information was also encouraged to check the veracity of the answers.

1.9 Assumptions of the Study

This study assumed that the target population was large enough and well distributed to provide data consistent with the research design and that could be statistically analyzed to yield information relevant to the study. Further, the study assumed that the respondents will be fully cooperative in the study.

Definition of Terms

Ambulatory fruit vendors:	The vendors who carry their fruits on their hands or display them on sacks laid on the sidewalks of the town. They are highly mobile.
Central Business District:	The commercial centre of the town where most business and administrative work takes place.
Chama :	Informal groups made up of people with similar interests for the purposes of pooling funds together for business and welfare.
Fresh Fruits and Vegetables:	A term used in the fruit industry to denote the natural form of the products as opposed to the processed products.
Fruit Vendors:	Small scale business operators in urban areas who engage in the business of selling fresh fruits.
Intermediate fruit vendor	A fruit vendor who sells fruits from a handcart or Wheelbarrow which they use to move to where many prospective customers are.
Performance:	The characteristics that define the overall operations of the businesses within the working environments.
Stationary fruit vendor	The fruit vendor who operates from makeshift or semi-permanent structures also known as <i>vibandas</i> ,
Street Commerce:	The trade that goes on informally in the urban centres and dominated by the street vendors as the main actors.
Vibanda	The makeshift structures commonly used by the vendors as their business premises.

1.12 Organization of the Study

Chapter one has enveloped introductions, statement of the problem, objectives, research questions, scope and limitations and significance of the study. The second chapter reviewed the available literature by entailing general concepts of market chain and empirical research results executed elsewhere. The third chapter has enveloped components of the research methodology including description of the study area, types of data and its collection method and method of data analysis. Chapter Four descriptively analyzed the data collected and presented it in form of tables and also discussed the findings of the study. Finally, Chapter Five gives a summary, conclusion and recommendations arising from the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature associated with developments in the fruit industry, that is, the global developments and the local industry. It characterizes the actors at the local level informal markets notably the fruit vendors in the urban areas. The material is sourced from various publications like books, journals, academic papers in refereed journals and web publications etc.

2.2 Global Development in the Fruit Industry

For three decades now, the global fruit industry has been experiencing stability and progressive growth in terms of the fruit market revenues and production volumes (Research and Marketing, 2012). The times have seen a gradual shift in production and consumption from the Western countries to the developing countries which have continued to register impressive growth according to the reports by Serge *et al.*, (1998) and IBIS World's Global Fruits and Vegetable Processing (2011). The developing countries account for the lion's share of the worlds' production at over 72% of which 45.1% is from the Asia-Pacific Region (Research and Marketing, 2012). Kenya produces approximately 4.5 million tons of which 94% is consumed domestically (Ministry of Agriculture Kenya 2003). This is despite the shrinking acreage of fruit production and increasing rural-urban migration (World Conference on Horticultural Research, 1998). The increase in production can be attributed to two major developments in the developing countries.

First, the recent times have seen significant advances being made on horticulture that have led to intensive farming and improved yields over a small area (Serge *et al.*, 1998). The adoption of these farming techniques have also gradually reduced the labor concentration (IBIS World, 2011) in the farms and in addition enabled the industry to withstand the effects of climate change (FAO, 2010). Agricultural reform policies have also occasioned the stepping up of production by encouraging diversification to fruit farming to increase the export volume (Serge *et al.*, 1998).

Consumption of fruits is also increasing globally (Research and Marketing, 2012). These consumption trends are being influenced by increased demands for convenient prepared meals; increased health and nutrition awareness, increased significance of branding, and greater competition from well established private labels (IBIS World, 2011). The net effect of these consumption trends is to raise the issue of quality and stability of supply (Serge *et al*, 1998). In fact, Nyoro *et al*, (2008) argue that this fact has had a profound effect on the industry such that the standards for export and domestic markets once clearly delineated are increasingly becoming blurred to the point that it is difficult to tell which product is export or domestic market oriented.

These two developments have combined to fuel the growth of the industry in sustainable proportions both at the production and the market levels. For instance, since the year 2006, the industry revenue has been growing at an annualized rate of 2.0% and is expected to grow 3.8% in 2012 to clock and 158.1 billion (IBIS World, 2011). The production volume is also set to grow in tandem with this by 6.2% from the 615 million tonnes of 2009 to reach 653 million tonnes in 2014. However, future growth will likely depend on the industry trends characterized by rising and changes in demand in both developed and developing countries and on the capabilities of emerging economies to maintain or increase their competitive strength in the world markets.

2.3 The Fruit Market

The fruit markets can be categorized as export and domestic oriented. This can be further characterized as formal and informal.

2.3.1 The Export Fruit Markets

The export market is ordinarily formal and enjoys most of the support from governments which include, trade agreements which slow the escalation of or eliminate tariff barriers altogether. They also benefit from non-tariff barrier agreements like the World Trade Organization's Sanitary and Phytosanitary (SPS) agreement that sets and encourages the adoption of international standards, while at the same time affirming the rights of countries to set their own health and safety standard if scientifically justifiable and not likely to result in an unreasonable

barrier to trade (Serge *et al.*, 1998). Additionally, they benefit directly from agricultural reform policies aimed at stimulating production by reduction of input costs and adoption of technology which encourages intensive farming. The availability of incentives to lower the cost of production is a fairly controversial one (Research and Markets, 2012), as it gives some producing countries unfair market leverage, hence, leading to cheap exports which could destabilize the markets. South American countries which employ these incentives enjoy the bulk of the exports to Europe and North America with about one third of the fruit exports to EU coming from South America (World Horticultural Conference, 1995).

2.3.2 Domestic Fruit Markets

The domestic markets present a formal and informal dichotomy. Countries like China enjoy a strong domestic market that absorbs most of its produce bringing about a robust growth (World Horticultural, 1995). This had led to increasing standards in quality and stability of supply in the country which affects the grades of produce, the defects allowable on the markets, ingredients and mode of preparation of raw materials for processing. British Columbia too has a relatively strong domestic market (British Columbia FGA, 2007). Although reports indicate that overall profitability has been on the decline in recent years, efficient producers who are able to differentiate their products continue to earn strong returns. Orchard marketing continues to attract a lot of support from the industry's stakeholders in British Columbia (British Columbia FGA, 2007). In British Columbia the domestic fruit market is more formal while in China the domestic fruit markets are both formal and informal. The latter presents a market dichotomy characteristic of developing countries.

The formal fruit market is characterized by among other things; standards, processing, preservation and traceable product supply chains. These characteristics make it easy for them to penetrate niche markets and ensure off season supply (Research and Markets, 2012). The supply chains comprise of producers, brokers, processors, wholesalers, retailers and exporters. At the retail and of the formal supply chain, the main retailers are supermarkets and groceries (Nyoro *et al.*, 2008). Due to this formalized nature of trade, the statistics regarding performance are available especially due to taxation requirements which stipulate the submission of business

returns records. At the same time, these formalized fruit businesses must have proper structures in order to operate.

In many developing countries, the informal or traditional fruit markets form the greater segment of the domestic fruit market (Nyoro *et al*, 2008). The traditional markets have existed since time immemorial but of late i.e. since the 1950's they have taken new dimensions in marketing strategies due to the introduction of machines like juicers, blenders etc which have also been well adapted for home use. There has also seen a shift in the traditional markets from their erstwhile bases in the orchards and designated market areas to the central business district of towns due to their market potential. In the same vein, fruit vending is now common in the town suburbs and peri-urban areas.

The informal fruit market supply chain consists of producers, wholesalers, brokers and retailers. (Reorganizing Markets II, 2008). These are in turn characterized by large retail and wholesale markets within the urban centres. Brokers ply their trade mostly in the whole sale markets, usually to retailers who are the fruit vendors.

A part from the innovative practices of some vendors in marketing fruits, the informal market is characterized by lack of processing and inadequate storage facilities. This market segment relies heavily on the vendors as market outlets for the produce. This study is concerned with the fruit vendors and the characteristics of their markets. However, it is important that the Kenya case – the country where the present study is undertaken - be first evaluated.

2.4 The Fruit Industry in Kenya

In Kenya, horticulture has been regarded as a success story. Given that in the last several years it has undergone dramatic growth attracting a host of players in both the export and domestic markets (Tegemeo Institute, 2004). This subsector has contributed substantially to the GDP to merit the top five positions in rankings (Nyoro *et al*, 2008). Since the year 2000, the sector has been experiencing an annualized growth of 10% with high returns (Reorganizing Markets II, 2008). For instance between the period 2000 – 2004 the returns were in excess of KES 60 billion

from the export and local market turnovers (Tegemeo Institute, 2004). This evinces the importance of the growth of fresh fruits and vegetables to the success of the horticultural growth in Kenya. These fresh fruits and vegetables are produced by a large number of small holder producers, who are spread all over the country and who also depend on these commodities for incomes, food security and employment. Essentially, the horticultural sub-sector provides incomes to small holder producers on a regular basis (Nyoro *et al.*, 2004).

In spite of the success of this sub-sector, it has received comparatively less government intervention as opposed to other sectors. This phenomenal success has been attributed by most literature to the participation of the private sector without much influence from the government. Hence, the principal actors in this fresh fruit and vegetables supply chain have been the members of the private sector (Nyoro *et al.*, 2008). This is in marked contrast to other producer countries such as South America and China (Serge *et al.*, 1998).

Flowers account for about 50% of the export value while fresh fruits and vegetables account for 47% of the export earnings in the horticultural sector (Kenya Ministry of Agriculture, 2003). 95% of the land used in horticulture is used for growing fruits and vegetables which also have the same share in volume i.e. 95%. The fruits largely consumed in Kenya are; bananas, mangoes, avocados, and oranges (Kenya Ministry of Agriculture, 2003). Other fruits consumed in the country are; pears, papaws, pineapples, passion fruits, plums, water melons and sugarcanes (Nyoro *et al.*, 2008). Apples imported from China and South Africa are slowly making in roads into the domestic markets in urban areas (Research and Markets, 2012). Of these the most common fruits available in the country are bananas and mangoes, with bananas being ubiquitous in almost every arable land while mangoes are concentrated in low lying warmer regions like lower Eastern province and the Coastal areas although they are grown widely in the rest of the country (Tschirley and Kavoi, MOA).

Of late there has been a drive to re-engage the small scale farmer more to produce better quality fruits and at the right quantity to meet the market demands (Nyoro *et al.*, 2008). Many outlets are seeking to engage the producers directly and thereby eliminate middle men and brokers and

save on transport and handling costs the latter which affect the quality of the produce in the case of highly perishable fruits. This move emphasizes the formation of small scale farmer associations which will on one end enable the individual farmer access market information while on the other end i.e. the consumer end it will guarantee product traceability, which is a key element in marketing. This is so since the industry has been identified with significant economic gains and the ability to create jobs enabling the farmers to access technology to improve their yields in terms of quality and quantity.

2.4.1 Fruit Marketing in Kenya

The domestic market in Kenya although very significant, receives less attention in discussions and literature compared to export horticulture. According to Ministry of Agriculture (2003) estimates, 94% of the fresh fruit produce in the country is consumed in the domestic market. Over 90% of the domestic consumption is consumed fresh - not processed (Tegemeo, 2004; and IBIS World, 2011).

2.4.1.1 The Formal Domestic Fruit Market

The formal domestic market segment uses well established supermarket chains and groceries as its outlets (Reorganizing Markets II, 2008). According to data released by Tegemeo Institute (2004), the supermarket as fruit retailers account for only 7% for big supermarkets and less than 1% for small supermarkets (Neven and Reardson, 2004) a fact that shows supermarkets are fast becoming important market outlets for fruits and vegetables. Processed fruits and imported fruits are characteristic of this market segment although consumers still prefer fresh unprocessed fruits. The fruits are mainly sourced from medium and large scale farmers and have high traceability, quality standards and constant supply throughout the year (Nyoro *et al*, 2008). They have an advantage in that they can easily penetrate up-market areas and capture niche markets. Gan (2000) estimates that fruits marketing targeting middle income groups' account for 20% of marketed volume of the food in urban areas with 70% the products locally produced and 30% imported.

2.4.1.2 The Informal Domestic Fruit Market

In the informal or traditional market segment the main fruit outlets are ‘wet’ markets, kiosks, street vendors and hawkers (Gan 2000; and Nyoro *et al*, 2008). Brokers are commonly associated with wholesale ‘wet’ markets. Kiosks and wet or open air markets account for over 80% of the households that buy from retailers. These open air or ‘wet’ wholesale and retail markets also provide some competition as a substantial consumer base patronizes these markets for their convenience, price and variety of produce available. But despite the competitive prices they offer on produce, these markets are characterized by lower quality products and unhygienic conditions; nevertheless they continue to thrive relying on serving the poor in urban areas. It is estimated that about 55% of the households purchase fruits from the ‘wet’ markets, 33% from kiosks, and less than 8% from supermarkets and 3% from hawkers (Tegemeo Urban Survey, 2003).

Some key points to consider in the fruit market are; changing market trends at national, regional and international levels; key drivers of market changes are consumer “pull”, policy “push,” urbanization, commercial opportunity, food standards, foreign investment, tourism, changing urban habits, environmental awareness and social welfare; key demands and issues of the dynamic markets are consistent supply, quality standards, freshness, hygiene, variety, reliability, traceability, safety, sanitary and phytosanitary standards and maximum residue levels (Reorganizing Markets II, 2008).

The standards set by local private sector and international markets are more or less the same (Nyoro *et al*, 2008), an indication that the formerly clear distinction between the local market and exports markets is becoming blurred; high value markets tend to procure from medium or large scale farmers or from organized small-scale farmers thereby minimizing transaction costs; and lastly for small scale farmers to meet the conditions of the high dynamic markets, they require technology, finance capital, human capital and organization.

From the preceding review it can be seen that the domestic market lacks in proper characterization and the actors of its main markets segment namely the informal market are only

mentioned in passing. Instead, the policy document only considers the small scale produces as the entrepreneur that needs to be assisted. The hawkers and vendors who play a very important role in this segment and especially in the urban settings are completely left out of the picture and is likely that they are not going to be considered in the ensuring market reforms. However, their influence in the industry is growing and their contribution to the macroeconomic grid is appreciable. Thus, attention is now paid to these actors in their industry settings at the small scale in urban areas in the subsequent sections.

2.5 Fruit Vending in Urban Areas in Kenya

Street vending plays a distinct role in the informal sector of many economies especially in the developing world. The influence of street vending in job creation and as a means of augmenting income is growing by the day. Statistics indicate that street vending absorbs a growing chunk of the rural-urban migration labor influx in many developing countries (Roever, 2006), with Tockman (2001) attributing 60% of the jobs created in Latin America to the informal sector of which street commerce constitutes a significant proportion. In India Bhowmik (2004) shows that the number of street vendors is steadily increasing due to industrial shutdown. In Kenya, too, the number of street vendors has been on the rise, although negligence of street vending activities have resulted in the lack of accurate estimates of the number of street traders (Mitullah, 2003). A conservative estimate by Charmes (1999) put the figure of street vendors at 416,294, which accounted for 5.2% of the non-agricultural labor force of which women constituted 3.9%. This evinces the growing significance street vending has on the urban and National Economy of Kenya and other developing countries in general (Mitullah, 2003). Street vending in Kenya also falls within the Small and Micro Enterprises (SME) category which provides income for over two thirds of the population. Street vendors also constitute sizeable and viable market outlets for produce and more so for those that have been unable to meet the stringent entry level standards into the high value markets (Tegemeo, 2004). However, this does not necessarily imply that the goods sold on the streets by vendors are generally substandard or 'fake'. It all depends on the producers and the intended market.

Characteristically those working in the informal economy work in unregulated and unprotected environments that are not conducive to business. Street vending in Kenya as elsewhere in Africa is viewed as petty trade and is always associated with members of the society with low education (Mitullah, 2003). This is in contrast with some countries e.g. South American countries like Colombia and Venezuela where street trade is legislatively protected and wields political influence (Roever, 2006). In these countries there are high levels of literacy averaging 92% (World Bank, 2006). Although in Kenya, street traders are commonplace and unprotected and have no political clout, they do form a critical voting mass that is often exploited by politicians who in turn fail to address the street traders' agenda after assuming office.

The origins of street vending in Kenya can be traced back to the colonial days where laws were crafted to control indigenous business operations (Mitullah, 2003). After independence, the laws were, however, not revised to accommodate the informal sector and subsequent political regimes have failed to partly address this issue during their stay in power. One such move was captured in session Paper No. 2 at the onset of sanctioned plural politics in Kenya. This Session Paper targeted the Jua Kali and SMEs sector with the aim of engendering development of the entrepreneurial culture through various legislative and support mechanisms. Its principal objective was to stem the tide of rising unemployment among the youth in the country (National Youth Policy, 2002). However, in Kenya, the local government is divided into various local authorities who have the power to craft by laws to suit their governance over the areas under their jurisdiction. These laws for instance the public markets by laws of the Municipal Council of Nakuru (2004) have no accommodation for street vendors and restrict them to operate from the periphery of the town.

The growing rate of rural-urban migration and the steady growth in population over the years after independence has resulted in more labor available than the labor market could absorb. An increasing number of women are now firmly situated in the urban labor force which is non-agricultural (Roever, 2006).

2.6 Factors Affecting Fruit Vendors in Urban Areas in Kenya

Fruit vendors in urban areas in Kenya do face challenges unique to their respective settings some of which significantly determine the course of the operations the businesses take like opening and closing times, the proximity to certain potential market areas etc. Observations made by the present researcher have managed to identify some of the common challenges which are expounded below.

2.6.1 Business Locations

Vendors can operate from fixed-stands, or be ambulatory vendors, that is, vendors whose sales are dependent on the pedestrian traffic and who carry their merchandise as they walk through the streets. Intermediary vendors are those who have mobile stands, push carts, tents. They lack permanent stands from which to operate.

Fruit vendors in Kenyan urban centres comprise the three categories mentioned above with the latest entrant being the intermediate category. Such vendors can be found on streets of Nakuru town selling fruits from wheelbarrows. Urban centres readily provide anything from stable markets to lucrative niche markets (Serge *et al*, 1998). The diverse large and increasing population readily supports the vendor commerce. The streets present constant pedestrian traffic *which is good for the vending business* due to its market potential (Mitullah, 2003). Statistically, it is true that the urban markets constitute members with high disposable income that translates to high purchasing power and also indicate that there is good nutritional awareness in this market leading to high fruit consumption (Reorganizing Markets II 2008).

Urban centres planning and development are not concomitant with the expanding fruit vendor businesses. These businesses are usually viewed as forming part of the residual economy and therefore do not count so much. This together with the paucity of statistics and information regarding the street vendors has been cited as a factor in the non-accommodation of vendors structurally in the urban areas (Mitullah, 2003). However, Roever (2006) argues that associations are key to negotiation for better infrastructure and legal protection due to the leverage they have politically. Most town by laws in Kenya for instance Nakuru Municipality by-laws, have designated certain areas for vending activities but only in the proximity of the public markets (Municipal Council of Nakuru by-laws, 2004).

Urban authorities in these towns view vending sites as temporary while the vendors view them as permanent (World Development Report, 2005). This failure to recognize the import of street traders makes the authorities not to see the need of providing the vendors with proper market facilities.

Space constraints are the perennial challenge for street commerce. Most street traders have no tenure for the premises they use, and hence the temporary nature of the structures which they use (Mitullah, 2003). However, Nyoro *et al.* (2008) observe that the vendors have modified their premises in the recent past to improve display in order to attract customers. However it is only the seasoned vendors who have been able to set up more permanent bases within the urban centres.

The reluctance of the authorities to license or allot vendors permanent space has resulted in the vendors investing little and making piecemeal purchases from wholesalers to guard against confiscation or theft or any other eventuality that would adversely affect their business. For instance, the Municipal Council of Nakuru by-laws (2004) governing public markets give power to the council operatives of confiscate food items without compensation sold outside the public markets and at the designated areas, and also for those operating without licenses.

Much as there is some element of spontaneity in the settlement of street vendors at points in the urban centres without official sanction, the case studies of Kenya show that informal methods are used in locating and operating within a particular site (Mitullah, 2003). Within the CBD of Nakuru, fruit vendors operate from undeveloped or partially developed plots. They also operate from *vibandas* (Reorganizing Markets I 2004) constructed on the side streets. These types of fruit vending is mainly used by women (Mitullah, 2003). Men prefer mobile fruit vending, that is, the ambulatory type of vending using wheelbarrows which are sometimes equipped with umbrellas to shield the fruits from the sun and rain. However as much as this arrangement appears to enhance mobility, the traders usually have mutually demarcated territories under their command; hence their movements will be restricted to these territories.

Most of the fruit vending businesses is concentrated around the commercial segments of the CBDs where there is a lot of activity, the population is high and there is less restriction for movement. However, the market concentration in these areas is low due to its accessibility (Research and Markets, 2012). The administrative segments attract few vendors due to the restrictions of street commerce in these areas. Also as much as the purchasing power of the consumers in these regions is comparatively high, they tend to have other preferences in the way they would take their fruit. Some prefer office delivery (Mitullah 2003 and Nyoro *et al.*, 2008) while others take fruit with their meals in the restaurants, hotels or other established eating points.

2.6.2 Local Authority Legislation Awareness

The legal framework used to regulate business in Kenya is deficient and parochial when it comes to the informal sector of the economy and particularly street commerce. First of all in all their entails street commerce is not recognized as a viable economic entity with significant contributions to the sector, but instead it is viewed as an obstruction or an interference with formal business practices, hence the authorities are generally hostile to street traders. Lack of appreciation for street trade in Africa (Mitullah, 2003) has led to inappropriate legislation which raises the cost of business entry growth and distorts markets.

The laws as currently constituted represent the old order of the colonial days when indigenous African entrepreneurship in urban areas was suppressed by the administrations. There has since been no revision of these laws to accommodate street commerce and hence street trading still subscribes to the illegal status.

Mitullah (2003) argues that street trading is viewed by authorities as a public nuisance and hence subjects them to restrictive rules with the intention of eliminating the practice completely. This often translates to the authorities delegating the responsibility of managing street vendors to the wrong departments such as the Traffic and Enforcement Departments (Mitullah, 2003) or in some cases the Kenya police (Nyoro *et al.*, 2008). This leads to frequent arrests, confiscation and damage of business items, and grossly interferes with street commerce. Such interference

for business of such a small scale according to Morara *et al.* (2007) could result in permanent disablement of the businesses since their meager capital base would not enable them to pick up again. Street hawking has also been banned in nearly all major towns in Kenya including Nairobi. Nyoro *et al.* (2008) mention this in relation to the official moratorium on fruit hawking in existence since 2005.

This state of affairs is evidently in competition with the ambitious policies that sought to engender growth of the SMEs by encouraging participation, while at the same time protecting the public, consumers and investors. The absence of valid statistics and reliable information on street commerce seem to reinforce the stand of the authorities in exercising controls on street vendors as they have always done. This study focuses on and hopes to generate vital information on street vendors of Nakuru.

Vendors in Kenya also suffer from lack of information and cohesive structures. While many do readily acknowledge that they have information about the by-laws of the Municipal Councils in relation to their industry (Mitullah, 2003). It is doubtful if they have access to the by-laws in hard copy or that the information they are alluding to is only pedestrian version of the by-laws. This is clearly a result of lack of associations which can agitate for such rights to access of information (Roever, 2004).

Various reports converge on the issue of the formation of associations by the small scale holders. Inevitably these associations will be instrumental in the development of the legislative frameworks. For fruit vendors this could give them considerable legal leverage as they can benefit from being members of the producer associations i.e. the small scale producer (Nyoro *et al.*, 2008 and Serge *et al.*, 1998) and as well as vendor associations (Roever, 2004; Mitullah, 2003; Bhowmik, 2006). For instance Roever (2004) says that vendor associations have been largely instrumental and successful in agitating for vendor rights to the point of influencing legislation. However, she points out that this has mainly been because vendor associations have been used as veritable springboards to big politics.

In Kenya, the absence of strong vendor associations has often resulted in the vulnerability of street vendors and exposed them to constant harassment by the authorities. However, it will be imperative if the vendors themselves formed associations along their product lines like in this case the fresh fruit business. The studies in this area are limited to the producers and the general vendors and not particularly the fresh fruit vendors. In this study specific attention is paid to the fresh fruit vendors alone and the challenges they face in the urban markets.

2.6.3 Education and Training

Education and training have been frequently cited as a determining factor to the well being of SMEs under which the fruit vending trade falls. It determines the entry level and type of SMEs that one will often opt for depending on his/her education level although this is not a criterion for operating SMEs. Entrepreneurial activity stimulates innovation upon which economic growth and development depend (Njenga, 2008). There is a high correlation between entrepreneurship and economic growth a fact that warrants it being taught. Education is thus an avenue for many future entrepreneurs identifying and nurturing skills for future developments (National Youth Policy, 2002).

Most of the street vendors have primary and below levels of education (Roever, 2004; Mitullah, 2003; Bhowmik, 2006). Few have high school education and in the cases where they do a good percentage are dropouts. Still fewer street vendors have any professional training (Mitullah, 2003). This could be explained by the facts that, street commerce is associated with low education and, hence it is not taken as a serious occupation despite its economic returns. People with higher levels of education sought work placement in the formal sectors of the economy (Mitullah, 2003).

Gender has been a perennial limiting factor in the access education in Kenya with the boy child being given priority in education as opposed to the girl child (Kenya MDGs Progress Report, 2003). The majority of street vendors are women and these have comparatively low levels of education than their male counterparts (Porter and Sweetman, 2005). Male traders seem to have

more professional training as compared to women traders. This fact can be observed by the product preference and presentation style.

Not many financial institutions relate directly with street vendors (Mitullah, 2003; and Njenga, 2008). In the cases where they do the relationship is restricted to training and accessing credit. The proposals and recommendations of reports on fresh fruit marketing terminate only at the small scale producer and no mention is made of the urban fresh fruit street vendor. Hence, the vendor is neglected in the decision making of the fruit industry (Reorganizing Markets, 2008). This works against the concept of product traceability that is concomitant with consumer trends. This neglect results in poor product knowledge and hence lower value addition.

In Kenya, street vendors are mostly trained by the civil society organizations that provide financial support (World Development Report 2005). Human rights groups also provide training for the vendors (Mitullah, 2003). Better education and training can lead to the formation of better associations, enhance market information encourage value addition, business expansion and product diversification.

2.6.4 Availability of finance

As an SME street vending of fresh fruits is affected by the availability of finance. This access to capital is especially constrained when it comes to the woman entrepreneurs. Although recent studies on SMEs say that these constraints are easing (Morara *et al.*, 2007), street commerce is still regarded as a volatile business with high risks. It does not attract significant investments so finance organizations tend to shy away from it.

Most of the fruit vendors start with a modest capital only enough to buy fresh fruits and display them but this is usually for the ambulatory vendors. Their nature of operation also means that most of their transactions are on cash basis with very little if any credit facilities. Since most of them lack access to institutional lending, they depend on private moneylenders most of who charge high interests on the money lent (Bhowmik, 2006). Some of them use their savings to start the businesses while others recourse to self help groups or *chamas* for capital advancement.

In some cases the vendors obtain capital from their spouses or families although case studies show that most of the street traders are the sole breadwinners in their households. Due to their informal nature and the failure to recognize and provide the street traders with proper structures, most of the income generated by the traders is seldom converted to business assets, hence, capital growth is not common among the street vendors. For the fresh fruit vendors availability of finance would translate to better premises or equipment and would as envisaged by Reorganizing Markets (2008) lead to the circumnavigating of brokers and dealing one on one with the producer. This will greatly enhance the performance of these businesses and make the market competitive through value addition.

2.7 Theoretical Framework

A theoretical framework is a set of assumptions about the nature of phenomena. It is a set of terms and relationships within which a research problem is formulated and solved.

2.7.1 Economic Entrepreneurship Theory

This study is guided by the economic entrepreneurship theory credited to John Alois Schumpeter (1934). Innovation of products or processes to enhance business in the market economy forms *the core of this theory*. *In essence it entails the acquisition of the means of production and the continual appraisal of this means and other factors and methods used by the entrepreneur and in the end, the economic gains are justified by the creativity and innovativeness of the entrepreneur.* These gains are better termed as promises of wealth.

In the fruit vending business, a lot of innovation can be seen in the way the premises are set and the products are packaged. The stiff competition also implies that they need to be more innovative in order to survive (British Columbia FGA, 2007). In urban areas in Kenya, vendors strive to present their products in the most attractive way possible although they charge a premium for their presentation in order to attract customers. The key thing about these modes of presentation is to make the products appealing and fresh in order to encourage consumption.

2.8 Conceptual Framework

The conceptual framework (Figure 1) is used to describe the relationships between the independent and dependent variables graphically, i.e. it is an abstract representation of the relationships between the variables for explanatory purposes (Kombo and Tromp, 2006)

Independent variables

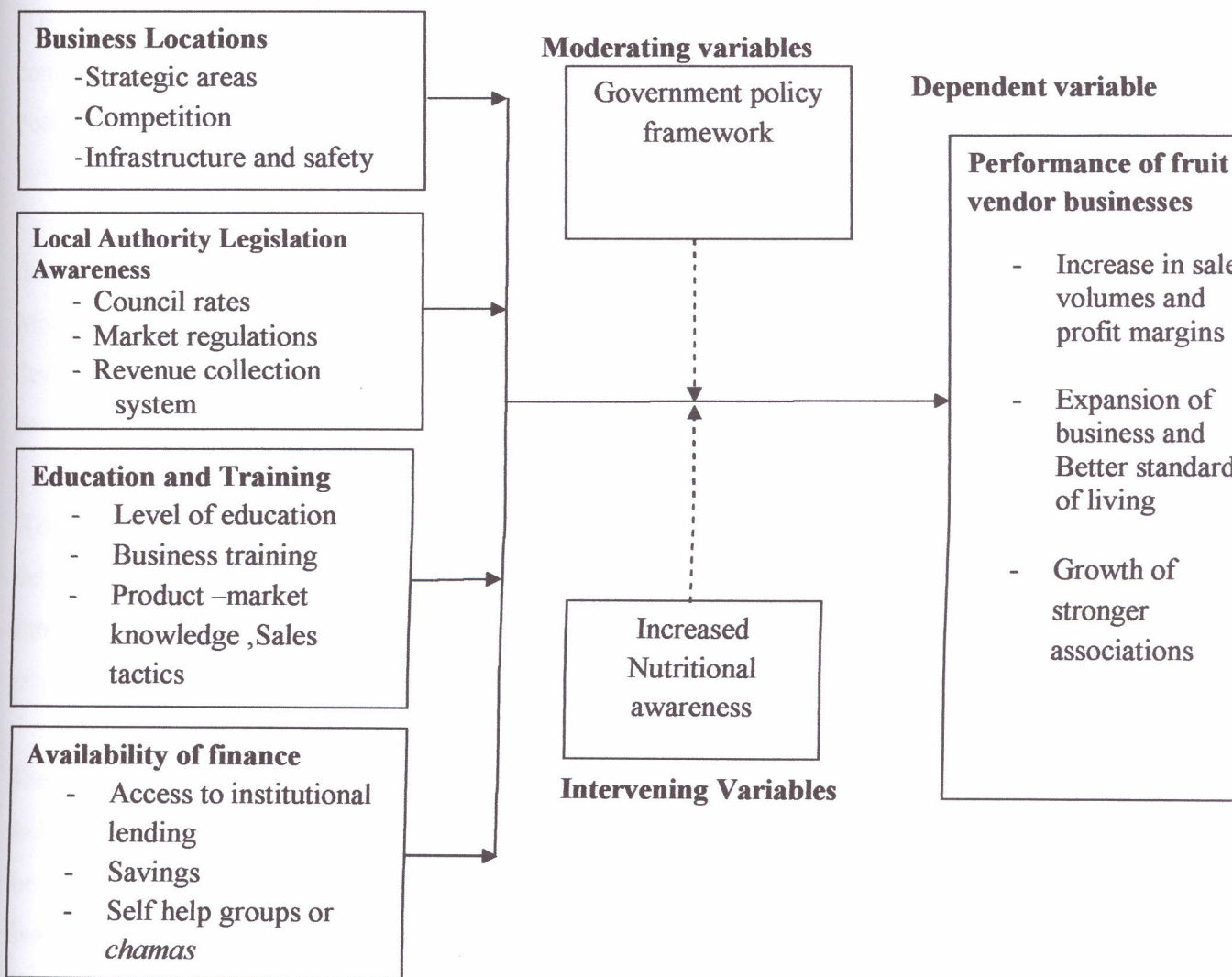


Figure 1: Relationship between the independent and dependent variables

2.8.1 Relationship between the independent and dependent variables

There are four independent variables and one dependent variable in the conceptual framework above namely the business location, local authority legislation awareness, the level of education and training and the availability of finance. The dependent variable is the performance of the fruit vendor businesses. Their expected relationship is as explained below.

The business locations through their indicators namely the location in strategic areas, competition and the state of the infrastructure are expected to influence the performance of the businesses in terms increase in sales volumes and profit margins and also the expansion of the businesses.

Local authority legislation awareness is expected to influence the compliance with the Municipal Council of Nakuru regulations leading to more accommodation of the vendors in the development plans. This also makes the businesses operate legally and avoid losses caused by confiscation of their merchandise by the council *Askaris*.

The levels of education and training is expected to play a significant role in the performance of the fruit vendor business by enabling the vendors to have enhanced product and market knowledge, value addition, sales tactics and the subscription and participation in vendor associations to increase their negotiation power.

The availability of finance this is largely determined by the financial literacy of the vendors and their relationship with the various formal institutions which have micro-credit facilities and also the informal groups popularly known as *Chamas* to which many belong. Increased access to finance is expected too spur the growth of these businesses leading to increased sales volumes, expansion of the businesses, job creation and better standards of living.

There is an expected linear relationship between the independent variables and the dependent variables, that is, changes in the independent variables necessarily cause changes in the

dependent variable. This conceptualized approach is important for study purposes and can be widely applied in other urban locations to assess the performance of the fruit vendor businesses.

Summary

The preceding literature survey has managed to characterize the fruit industry both globally and locally and their respective actors and market types and outlets. While the industry promises better growth prospects in the foreseeable future with attendant good economic returns that could eventually lead to more job creation and poverty alleviation, the actors at the upper end of the industry namely the fruit vendors in the urban areas in Kenya have been eschewed in nearly all discussions pertaining to the industry despite their growing contribution in terms of marketing. This neglect has made them suffer colonial type prejudices that sought to suppress their activities. The literature has been surveyed extensively and while the various sources dwell on the fruit producers and the vendors in general, no attempt has been made to analyze the vendors in terms of their products like fruits especially in a particular locality.

It is therefore important to characterize this market segment in order to show its significance and hopefully influence policy in this direction and also contribute to the fund of knowledge in this area.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter methods used to carry out the study are presented. They include research design, sample selection and sampling procedure, research instruments, secondary data, validity, reliability, procedures and data analysis.

3.2 Research Design

A research design refers to a plan for collecting and utilizing data so that desired information can be obtained with sufficient precision or so that hypothesis or research questions can be tested properly (Henon, 1998). The study design adopted here was descriptive survey. Gay (1981) defines descriptive research as a process of collecting data in order to test hypothesis or answer questions concerning the current status of the subject of study. This research employed both qualitative and quantitative approaches. This design was preferred because the nature of the study entailed self report by respondents on such things such as behavior, attitudes, values and characteristics. The qualitative approach helped bridge the gap that created through use quantitative approach. The choice of the research design was made possible based on its ability to obtain information from a large number of respondents, conducting personal interviews at a time convenient for respondents, acquiring data as inexpensively as possible and make predictions about the population being studied (Koul, 1984).

3.3 Study Area

This study was conducted in Nakuru town located within the expansive Rift Valley Province in Kenya. The town is the fourth largest in Kenya and a very important administrative and commercial centre in the region. Purposive sampling was used to select Nakuru town as the study site since it has a fairly cosmopolitan population (Kombo and Tromp, 2006) and also because of the high and increasing number of fruit vendor activities in the town. The town has also been experiencing a robust growth of 13% per year making it the fastest growing town in East and Central Africa. The three groups of vendors namely the stationary, intermediate and ambulatory (Mitullah, 2003; and Roever, 2004) are distinctly present. The gender parity in the

street trade is also evident with an increasing number of female vendors are moving from the periphery of the town's central business district to set up bases in the town centre. The town CBD is also served by two public markets with one being a 'wet' market where the fruits are sold wholesale mainly to the retailers.

The economy of Nakuru Municipality relies on a strong vibrant manufacturing and service industry focused on the agriculture sector: there are large agro-chemicals and dairy processing plants, textile manufacturers, large-scale maize storage facilities, farm equipment dealers and workshops, veterinary services and much more. There is also commerce, tourism, and provision of tertiary services.

Nakuru enjoys a diversity of geographical and ecological features: to the South and adjacent to the town, lies Lake Nakuru National Park, wetland of global significance; to the West is the Mau Escarpment, a water tower of national importance; to the North is the extinct 8-12 km wide Menengai Crater, one of the largest craters in the world.

3.4 Target Population

A population is a group of individuals, objects or items from which samples are taken for measurement. It refers to an entire group of persons or elements that have at least one thing in common (Kombo and Tromp, 2006). It is the larger group from which the sample is taken. The target population is the fruit vendors operate in Nakuru town CBD (see Appendix 7). The vendors operate both at official and unofficial hours, that is, after the hours allowed by the Municipal Council of Nakuru by- Laws (2004). It is estimated that over 1000 vendors sell different wares according to the number of temporary operating permits available at the Municipal Council records. This population is heterogeneous in terms of the backgrounds of the vendors, gender, levels of education and the modes of operations of the businesses. Purposive random sampling was used to select the vendors are according to the vendor groups i.e. the stationary, the intermediate type and the ambulatory.

3.5 Sampling Procedure and Sample Size

The above groups formed the unit of analysis. Frankel and Wallen (2000) recommend that for descriptive studies where a minimum of 100 subjects are needed. According to Kothari (1990) a large sample approximates the normal distribution. Mugenda and Mugenda (2003) say that smaller samples produce large sampling errors. Since there are no exact figures of the fruit vendors operating in Nakuru town CBD but the estimated population is large though not exceeding 10000, this study adopted the method of Kothari (1990) for sampling an infinite population;

$$n = \frac{z^2 \cdot p \cdot q}{e^2}$$

Where: n = the desired sample size

p = the sample proportion

q = 1- p

z = standard variant at a given confidence level

e = acceptable error (the precision)

Putting the confidence level at 95.5, the z value will be equals to 2.005, and the estimated error is put at 5% or 0.05. The population proportion bearing the characteristics is put at 15%. Substituting these values in the equation we obtain the sample size as follows:

$$n = \frac{2.005^2 \times 0.15 \times 0.85}{0.05^2}$$

Gives n = 205.021275 or 205

From the sample each of the categories of street vendors mentioned above were sampled as follows based on the observations and actual headcount ; 25% ,that is, fifty one (51) stationary fruit vendor businesses; 35% ,that is, sixty nine (69) intermediate type fruit vendor businesses i.e. those vendors using mobile means like carts, pick-up trucks, wheelbarrows etc.; and 40% , that is, eighty two (82) ambulatory vendors who rely on pedestrian traffic to market their fruits and usually display their fruits on the ground of carry them on the hands. In addition the vendors

shall also be categorized according to their gender for parity purposes and also to improve the quality of the sample. Overall a sample of 163 fruit vendor businesses participated in the study.

3.6 Methods of Data Collection

To collect primary data, the study mainly utilized quantitative and qualitative methods of data collection to give adequate insights into the topic. The choice of qualitative and quantitative methods of data collection is justified by the fact that fruit vendor activities in urban areas are fairly complex and need a bilateral approach. Interview Schedules which contain structured closed and open ended questions was used. This was deemed necessary because the sample may include members who may not be adequately educated. Each member was approached separately, interviewed and appropriate responses filled in the questionnaire by the researcher and or her assistant. The use of closed and open ended questions generated both quantitative and qualitative data respectively. This improved the quality of responses contained in the interview schedule.

Data collected was based on the perceptions and attitude of the group members towards the subject of the items in the questionnaires. The items were of the nominal, ordinal and interval types with ranges of between 1 to 5 with 1 signifying lowest value and 5 being the highest value. Significant deviation between observational characteristics, questionnaire response and interview responses were interrogated for consistency.

Secondary data was also collected to supplement the primary data. This included documented information on fruit vendor activities in the urban areas. Data was collected from government offices, internet, libraries (books, journals, periodicals, theses and government publications).

3.7 Research Instruments

In this study, two research tools were used. The first instrument was a questionnaire self administered by the researcher and her assistants to the respondents. The second research

instrument was an interview schedule. This was administered to specific vendors selected from within the groups and members of the local authority and fruit wholesalers in the markets.

3.7.1 Questionnaires

Questionnaires are commonly used to obtain important information about the population with each item in the questionnaire developed to address a specific objective, hypothesis or research question of the study (Mugenda and Mugenda, 2003). This research instrument is quite popular particularly in the case of big inquiries (Kothari 1990) and is characterized by a definite order or form of questions. Respondents are normally expected to answer the questions on their own, hence, the need to have a quality questionnaire. They have the advantages of being able to cover a wide area in a short time (Kombo and Tromp, 2006) and eliminate interviewer bias (Kotharim, 1990).

The qualities of a good questionnaire are; the questions should be simple and easy to understand in order to reduce chances of misinterpretation; the instructions should be clearly given at every section and that there should be no leading questions. The questions should also be balanced at each section. These questionnaires will be self-administered by the researcher.

3.7.2 Interview schedule

Interview questions were asked orally following the schedule. There are many forms of interviews e.g. the unstructured, the structured and the semi structured. The overall advantage of this method is the flexibility and the in-depth information that can be gathered using it (Kombo and Tromp 2006). This study adopted the semi structured interview method due to its flexibility in terms of open and closed- ended questions and its ability to generate detailed answers concerning the issue under research

The interview schedule was pilot tested to identify weaknesses, ambiguities and omissions so as to improve the quality of the questions. The researcher conducted the interviews.

3.8 Validity and Reliability

The draft instruments were given to colleagues at Nairobi University. They were requested to comment on questions, wording and ambiguity, comprehensiveness of the instruments and their ability to answer the set research questions. The comments obtained from all these were incorporated when designing the final instruments that were used to collect data. To ensure reliability of instruments, they were pilot tested in one vendor segment which will not be covered by the major study. In this segment, twenty (20) vendors of all types previously mentioned were subjected to the questionnaires and interview schedules. The collected instruments were then edited carefully to ascertain that they would be well understood, interpreted and answered. The questions that were found to be misleading were redesigned accordingly.

3.9 Methods of Data Analysis

Data was analyzed using qualitative and quantitative methods. Qualitative data was transcribed and edited alongside the themes of study. Frequencies and percentages were computed from the responses generated by open ended questions using Statistical Packages for Social Scientists (SPSS). For data generated from focus group discussions, it was organized into patterns and themes and with the use of matrix tables, thematic analysis was done. The data was analyzed to show the level of significance and relationships of the variables using the ordinal and nominal scales of measurement. The results were then interpreted and presented in a tabular format.

3.10 Ethical Considerations

A letter of introduction was also furnished by University of Nairobi. For both legal and ethical considerations, permits were obtained from; National Research Council, the Nakuru District Commissioner's Office, the Nakuru District Education Office and the Town Clerk, Municipal Council of Nakuru. Polite language was used and respondents were accorded due respect during the process of data collection.

Table 2.1: Operational Definitions of Variables

Indicators were denoted by the main variables under the study in order to render them measurable.

Objectives	Type of Variable	Indicators	Measurement	Scale of Measure-ment	Statistical Analysis
Performance of the Fruit Vendor Business	Dependent	<ul style="list-style-type: none"> - Profitability and Increase in sales volumes - Expansion of business and better standards of living - Growth of stronger associations - Increased Social responsibility 	<ul style="list-style-type: none"> Increase of profit margins Opening of new branches Increased membership in the associations 	<ul style="list-style-type: none"> Nominal Interval Ordinal 	<ul style="list-style-type: none"> Measures of central tendency: Mean, median, mode. Measures of dispersion: range , Standard deviation, Variance.
Business Locations	Independent	<ul style="list-style-type: none"> - Strategic areas - Competition - Infrastructure and safety 	<ul style="list-style-type: none"> Increased innovation in marketing 	<ul style="list-style-type: none"> Nominal Ordinal 	<ul style="list-style-type: none"> Measures of central tendency: Mean, median, mode.
Local Authority Legislation Awareness	Independent	<ul style="list-style-type: none"> - Council rates - Market regulations - Revenue collection system 	<ul style="list-style-type: none"> Increased revenue collected 	<ul style="list-style-type: none"> Nominal Interval Ordinal 	<ul style="list-style-type: none"> Measures of central tendency: Mean, median, mode. Measures of dispersion: range , Standard deviation, Variance.
Education and Training	Independent	<ul style="list-style-type: none"> - Access to education - Business training - Product –market knowledge, Sales tactics 	<ul style="list-style-type: none"> Level of education Value addition 	<ul style="list-style-type: none"> Ordinal Interval 	<ul style="list-style-type: none"> Measures of central tendency: Mean, median, mode.
Availability of finance	Independent	<ul style="list-style-type: none"> - Access to institutional lending - Savings - Self help groups or <i>chamas</i> 	<ul style="list-style-type: none"> Increased subscription for financial services from institutions and organizations 	<ul style="list-style-type: none"> Nominal Interval Ordinal 	<ul style="list-style-type: none"> Measures of central tendency: Mean, median, mode. Measures of dispersion: range , Standard deviation, Variance.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents findings and interpretation of the study. The data for the study was collected in Nakuru town centre. The analysis and presentation of the results has been done by simple tables, cross tabulation and percentages.

4.2 Questionnaire Response Rate

The study targeted a sample size of 205 vendors drawn from all the fruit vendor types operating during the day time and evenings within Nakuru Town Centre. A total of 163 schedules, which represents 83% of the sample, successfully responded to the questionnaires and the interview. This was considered a good response rate for the study given the transient nature of the vendor business. Those who could not return their questionnaires cited several reasons such as forgetfulness, damage of questionnaire due to rain and some the vendors had relocated their businesses.

A pilot test was also done using 20 questionnaires and five interview schedules on non-participant respondents. After getting feedback from the pilot tests and analyzing them, the language was simplified to accommodate varied comprehension levels of the target group. Some choice items were added where they were found to be missing and an item that required a detailed response was transferred to the interview schedule. It was then possible to proceed to collect data conveniently from the respondents. The data yielded statistical information on the respondents' demographics and the variables of the study.

4.3 Background of the Respondents

This section discusses the respondents' gender, age, level of formal education, marital status, dependants, and business experience in the fruit industry and the relative improvement in the

standards of life due to changes in income. The background of the respondents was vital in that it provided insight into the factors that led the respondent to taking up the fruit business and maintaining it for the time that they have.

4.3.1 Gender and Age of the Respondents

Majority of the vendors were female who constituted 58% of the fruit vendors in the town centre. This shows that most women in the urban areas are employed in the informal sector and most tend to operate small food businesses which require low starting capital and are relatively easy to manage. A summary of the respondents' gender is as given in Table 4.1

Table 4.1: Gender of the Respondents

Gender	Frequency	Percentage
Male	69	42
Female	94	58
Total	163	100

Three types of fruit vendors operate in Nakuru town centre: the stationary type who operate from makeshift or semi-permanent structures also known as *vibandas*, the intermediate type who are mobile and use either handcarts or wheelbarrows to vend their products and the highly mobile ambulatory vendors who carry their fruits on their hands or spread them on sacks laid on the streets of the town. Proportionally the intermediate types were the majority numbering 76 out of the 163, which is, 47% of the vendors followed by the stationary vendors at 50 out of 163, forming 31% while 23% of the vendors were of the ambulatory nature. In terms of the gender distribution in the individual vendor types the findings are as shown in Table 4.2

Table 4.2: Summary of the Gender Distribution in the Individual Vendor Types

Vendor Type	Gender				Total
	Male		Female		
	Frequency	Percentage	Frequency	Percentage	
Ambulatory	14	9	23	14	37
Stationary	20	12	30	18	50
Intermediate	35	21	41	26	76
Total	69		94		163

It can be deduced from Table 4.2 that in all cases more than of half the fruit vendors were female. Further, the findings show that proportionally more men tended to prefer operating their businesses from fixed premises as opposed to being mobile while more women were inclined to pursue their businesses in a mobile manner as shown by the findings on the first two vendor types above.

4.3.2 Age of the Respondents

This study sought to obtain the ages of the individual fruit vendors operating in the study area were as shown in Table 4.3.

Table 4.3: Age of the Respondents

Age of Respondents (yrs)	Frequency	Percentage
Under 20	17	10
21 – 30	59	36
31 – 40	57	35
41 – 50	21	13
51 and above	9	6
Total	163	100

Table 4.3 shows that more than two thirds of the fruit vendors, that is, 71% were aged between 21 and 40 years of age or more cumulatively 4 out of every 5 fruit vendors surveyed during this study were below 40 years old. In almost every age bracket there were more women than men except the last age bracket where 5 out of 9 respondents were males. This reinforces the notion that more women tend to be employed in the informal sector of the economy due to the capitalist structure of the urban economies that consume male labor most.

Looking at the 71% being the ages 21-40 years shows that the majority of the fruit vendors were the youth. Above forty years of age, there were fewer males than females in the business with 24% of the women being above 40 years while only 12% of the men surveyed were operating in the fruit business above this age. This could be attributed to reasons such as business diversification, change of employment and early retirement.

4.3.3 Marital Status of the Respondents

The marital status of the respondents was also surveyed as an important demographic factor of the business. The findings were based on the respondents' responses to questions of their matrimonial status. These are presented in the Table 4.4.

Table 4.4: Marital Status of the Respondents

Marital Status	Frequency	Percentage
Married	74	45
Single	52	32
Separated	19	12
Widow	14	9
Widower	4	2
Total	163	100

The highest proportion(45%) of the fruit vendors were married although proportionally there were more married men than women in the business at 51% and 49% respectively see Table 4.4. The data also yielded a higher proportion of single females than males at 60% and 40% in their

category respectively. More than twice the numbers of women in this industry were separated from their spouses while 14 of them were widows. Only 6% of the men were widowers.

In terms of the individual vendor types, there were twice the number of married women than men in the ambulatory type of fruit vending while there were only slight variation when considering the other two types of vendors with married men in the stationary type of fruit vending leading married women by 59% to 41% and in the intermediate type of 54% to 46%. Hence, there are more married men than women in the fruit industry in order to provide for their families.

4.3.4 Level of Formal Education

The statistics of the highest level of formal education attained by the fruit vendors in the study area are as shown in Table 4.5 based on the genders of the vendor.

Table 4.5: Level of Formal Education

Level of education	Gender				Total
	Male		Female		
	Frequency	Percentage	Frequency	Percentage	
Primary	17	11	29	18	46
Secondary	48	29	64	39	112
Certificate Course	4	2	1	1	5
Diploma	0		0		0
Total	69	42	94	58	163

Looking at Table 4.5, over two thirds of the vendors (63%) had high school education while only 28% had primary – level education. Only 5 out of the 163 (3%) respondents had tertiary education to certificate level but none had obtained a diploma or higher qualifications. The findings contradict Roever (2004) whose study concluded that street trade was associated with lower levels of education, however, they agree with Mitullah (2003) that a very small proportion of the vendors had any professional training. This could be due to the fact that the socioeconomic

environment has changed considerably since their studies were done. In the individual vendor categories, the distributions of the levels of education are as shown in Table 4.6

Table 4.6: Level of Education According to Vendor Types

Level of Education	Vendor Types					
	Ambulatory		Stationary		Intermediate	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Primary	8	21	13	26	25	33
Secondary	28	77	36	72	48	63
Certificate						
Course	1	2	1	2	3	4
Diploma	0	0	0		0	
Total	37	100	50	100	76	100

The findings in Table 4.6 show that most of the ambulatory vendors in their respective category had secondary level education. This was the highest among the types of vendors. Stationary and intermediate vendors registered 72% and 63% respectively. The intermediate types also had proportionally the highest number of vendors who had primary level education (34%) and post secondary certificates (5%) within their category. The ambulatory type of fruit vending was the most unstable and had the highest turnover rates, hence, it could be the reason why it attracted vendors with high school education who only engaged in the business for short term purposes as it did not require any significant investment in terms of equipment or licenses as Mitullah (2003) agrees.

4.3.5 Fruit Business Experience of the Respondents

The business experience of the respondents was also critical as it provided a more stable base of data reliability. The experience was measured in terms of years of experience and the results tabulated as shown in Table 4.7

Table 4.7: Business Experience of the Respondents in the Fruit Industry

Fruit Business Experience (Yrs)	Frequency	Percentage
Under 5 years	39	24
5 - 10 years	93	57
11 and above	31	19
Total	163	100

The fruit vendors with more than 5 years experience of the fruit business in the same town was 76%, hence, their opinions on the development of the fruit industry in the area were more critical. Those who had more experience in the business were the stationary type of vendors which confirms the findings of various studies that vendors always tended to acquire fixed premises in the town centres after years of experience and that these vendors then opted to make a career out of the business (Mitullah, 2003). Up to 17% of the women in the ambulatory category had more than 11 years of fruit business experience in the same town in the same capacity as opposed to only 7% of men in the same category. This shows that more men than women could be more willing to upgrade the status of their businesses to the next level as opposed to women due to their access to capital and ability to reposition themselves in the industry by building stronger networks.

4.3.6 Business ownership

98% of the vendors in all categories claimed to be the owners of their businesses, thus, suggesting that the most preferred type of business ownership was sole proprietorship. More women than men tended to co-own the business with their spouses while none chose to run the business as a family enterprise. (Table 4.8)

Table 4.8: Business ownership

Motivation of Business Idea	Frequency	Percentage
Need driven	49	30
Convenience	79	48
Self actualization	35	22
Total	163	100

Motivation plays a very important part in the establishment and sustenance of an enterprise. This study sought to visit this aspect in terms of examining the origin of the business idea and the satisfaction with the income (see Table 4.9).

Table 4.9: Sources of Business Motivation for the Respondents

Motivation of Business Idea	Frequency	Percentage
Need driven	49	30
Convenience	79	48
Self actualization	35	22
Total	163	100

The findings in Table 4.9 show that more 48% of the fruit vendors were in the business as an alternative employment, that is, most operated business as a form of occupation. 3 out of 10 vendors i.e. 30% were in the business to meet some basic needs for themselves usually their families while 22% were in the business with an entrepreneurial mind, that is, actualize themselves in the business. Those driven by need were actually doing the business for financial need like supporting their families more than profitability. In terms of gender the findings yielded the following results shown in Table 4.10.

Table 4.10: Motivation of Business Idea in Terms of Gender

Motivation of Business Idea	Gender			
	Male		Female	
	Frequency	Percentage	Frequency	Percentage
Need driven	23	33	26	28
Convenience	31	45	48	51
Self actualization	15	22	20	21
Total	69	100	94	100

Table 4.10 above show that more men than women were in the business as a result of need than women at 33% and 28% respectively and this is confirmed by the second predictor of occupation which shows that the women viewed the fruit business as more of an occupation than a business. However, in terms self actualization the proportions were at par with each other at 22 – 21% respectively.

4.4 Performance of Fruit Vendor Business

The performance of the fruit vendor business in urban areas is influenced by many factors. The roles these factors play are best observed through various indicators and predictors. In this study several indicators were observed and their effect analyzed using predictor questions. These included the identification of fruit consumers and their preferences i.e. customers' ability to purchase fruits and their preferred fruit tastes, the performance the businesses in terms of sales volume, profitability of the fruit business and the effect the expanding town's population has had on the industry.

4.4.1 Customer Tastes and Purchasing Power

Customer's preferences and purchasing ability is one of the major determinants of the performance of any business. It in effect demonstrates and characterizes the existence of a market. This study characterized the fruit vendor consumers in view of the above and the results are given in Table 4.11.

Table 4.11: Customer Tastes and Preferences

Customer's Preferences	Frequency	Percentage
Nutritional value	156	96
Tastes	156	96
Quantity	157	97
Availability	144	88
Packaging	137	84
Total	750	461

The results presented in Table 4.11 indicate that most of the fruit consumers were concerned with the nutritional value of the fruits and at the same time driven by individual tastes when purchasing fruits. Most of the customers (96%) were even concerned with the quantity of fruit they were buying as apart from quenching thirst and assuaging hunger, a significant proportion of the consumers bought the fruits with the intention of carrying them to their homes or workplace, hence, were more concerned with the quantity. Comparatively fewer customers (89%) were concerned with availability as fruits were available on a seasonal basis and most customers were well aware of this fact. Even fewer (84%) customers were concerned with the packaging as most consumed the fruits at the point of purchase.

In terms of the customers ability to buy fruits, this study identified three categories customers, the high income, average income, and low income customers. Most of the high income consumers reportedly purchased their fruits from the intermediate vendors and most tended to purchase their fruits from women involved in the fruit business. This shows that customers with high disposable income were more inclined to purchase their fruits from either formal outlets like supermarkets and groceries or the main market out of convenience. Majority of the fruit consumers were categorized by the vendors as middle income, and these were mostly shoppers, travelers, and business people operating within the town. Low income customers were not particularly noticeable by the vendors but most of them tended to purchase fruits from the ambulatory vendors and stationary vendors. Thus, it can be seen that the formal fruit business

had a well established presence in the area but for most vendors in the informal fruit industry the vast majority of their customers were average income people.

4.4.2 Sales volumes

The respondents' view of the performance of the fruit businesses in terms of sales volumes in the past one year is as given in Table 4.12.

Table 4.12: Sales Volumes

Vendor Type	Sales Volume			
	High		Low	
	Frequency	Percentage	Frequency	Percentage
Ambulatory	117	63	68	37
Stationary	165	66	86	34
Intermediate	269	72	106	28
Total	551		240	

It can be deduced from Table 4.12 that most sales were made by the intermediate types of vendors. This could be attributed to their mode of operation which enabled them to be mobile and at the same time appear to be stationary that is, they were in a position to adjust their location to more strategic areas in the daily course of their business operations. Their use of wheelbarrows and handcarts enhanced their businesses in that they were able to carry a variety of fruits in the right quantity to the desired location. Persons involved in the ambulatory type of fruit vendor business had comparatively less sales volumes that could be attributed to their inability to carry fruits in enough quantity and variety to the desired location.

4.4.3 Profitability

In terms of profitability of the fruit business for the vendors, the results are as given in Table 4.13.

Table 4.13: Profitability of the Fruit Vendor Business

Profitability	Types of Vendors					
	Ambulatory		Intermediate		Stationary	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Agree	23	59	41	54	30	60
Disagree	14	41	35	46	20	40
Total	37	100	76	100	50	100

The findings in the Table 4.13 above reveal that most of the fruit vendors operating in Nakuru town centre found the business profitable. However, profitability did not necessarily translate to growth as the earlier findings section indicate that most of the vendors were either driven by need or were doing the fruit business as an alternative occupation, hence, the profits were not in most cases re-invested in the business to increase its capital base. In terms of the individual business types, the findings show that despite the higher sales volumes than the other types of fruit vendors reported by the intermediate types in the previous subsection, most of vendors comparatively thought that they were making less profit. This was attributed to various factors including increased competition, high operational costs, product perishability and lack of value addition. In addition, more women than men thought that the fruit business was (Table 4.14).

Table 4.14: Profitability of the Fruit Business in Terms of Gender Perception

Profitability	Gender			
	Male		Female	
	Frequency	Percentage	Frequency	Percentage
Agree	36	52	60	64
Disagree	33	48	34	36
Total	69	100	94	100

From Table 4.14, the findings suggest that proportionally more women than men found the business profitable, thus, suggesting that women were much able to run small businesses than their male counterparts. In the same vein, it was important to assess the respondents' view of their businesses performance in the light of current economic situations. The question was asked in relation to the ease of doing business at the current time compared to the past when they started. The response rates are given in Table 4.15.

Table 4.15: Improvement of the Business Environment

Response	Frequency	Percentage
Agree	105	64
Disagree	58	36
Total	163	100

The results show that most (64%) of the respondents thought that the business environment had improved considerably in the recent past while 36% said they were still experiencing many constraints when doing business. In terms of gender, the findings also suggest that more men than women felt that they were more able to do business in the present time than when they began. This could be attributed to the fact that men were more mobile and could easily form business networks as opposed to women.

4.4.4 Impact of population

The study also sought to assess the impact the rapidly growing town population had on the performance of the businesses and the results are as summarized in Table 4.16.

Table 4.16: Impact of Population on the Performance of the Businesses

Impact of Population on Business Profits	Frequency	Percentage
Agree	105	64
Disagree	58	36
Total	163	100

From Table 4.16 it can be deduced that most of the respondents felt that the growing population in the rapidly expanding town had a negative effect on their businesses. However, this could be due to the increasing population attracting more players into the business with the same skills that tends to lower the market competition (Serge *et al.*, 1999). The expanding population and growth in infrastructure did not in themselves create more jobs in the formal sector and, hence, the increase of more unemployed people migrating to the urban centre (Bhowmik, 2005) also increased the number of people opting to take up fruit vending as an alternative occupation. This is also confirmed in the interviews by the vendors themselves. Therefore, the business could not be more profitable. Table 4.17 gives the findings of the impact of population increase in the town in terms of gender.

Table 4.17: Gender perception on Impact of Population on Business Profits

Impact of Population on Business Profits	Gender			
	Male		Female	
	Frequency	Percentage	Frequency	Percentage
Agree	33	48	58	62
Disagree	36	52	36	38
Total	69	100	94	100

From the findings on Table 4.17, more women thought that their businesses could withstand population pressure than men. It also reveals that more men (52%) proportionally thought that the population pressure had a negative effect on their businesses as opposed to women at 38%.

4.5 Business Locations

Business locations play a very important role in the establishment and performance of businesses. For fruit vendor business which mostly depends on the flow of human traffic, the location of the business is critical. This study categorized the strategic locations in with respect to the population as bus terminals where there was high commuter population; around supermarkets and shopping complexes where there was also high transient population; and around hotels and administrative areas. The findings on the business locations are tabulated in the Table 4.18.

4.5.1.1 Locations of the fruit vendor business within the town centre

Table 4.18: Location of the fruit vendor business within the town centre

Location of Business	Frequency	Percentage
Commuter station areas	65	40
Shopping areas	90	55
Administrative areas	8	5
Total	163	100

The Table 4.18 shows that most of the vendors tended to operated from areas frequented by shoppers as this was mostly a high population area with more people inclined to buy food items like fruits. 40% of the vendor businesses were concentrated around commuter areas like terminals due to the high but transient populations in these areas. The consumers in these areas were those who intended to consume the fruits as they travelled, hence, dressing the fruits for ready consumption was important to them very few (5%) of the vendors operated from the administrative areas and around hotels with only stationary types of the vendor business mostly observed as operating from these areas as expected. This could be due primarily to consumer

habits and Municipal regulations which put more restrictions on vendors operating within administrative areas. Also these areas were not as populous and although the consumers in these regions had high disposable income, most were inclined to shop for fruits in the business areas of the town or from formal outlets like supermarkets.

The findings also reveal that more male vendors (57%) tended to operate from the shopping areas than their female counterparts at (54%) while more women tended to operate from administrative areas than the men.

4.5.2 Choice of Business Location

Most of the vendors admittedly chose their business locations based on the population potential while only a small proportion obtained their premises based on the advice of friends or inherited the premises from relatives. Slightly more vendors (34%) were inclined to choose business locations based on competition than on the advice of friends. This information is presented in the Table 4.19.

Table 4.19: Choice of Business Locations

Choice of Business Locations	Frequency	Percentage
Population	112	69
Competition	34	21
Influence of friends	17	10
Total	163	100

Additionally, more women than men in the business based their choice of location on competition while more men were inclined to be influenced by friends on the choice their business locations than women. This means that men are more than women were able to maintain business networks from the former business owners and the women on the other hand tended to sought to establish new networks. This led to the question about the method of

acquisition of the business location. This was assessed on the basis of several predictors identified from the literature reviewed and these are as tabulated in Table 4.20.

Table 4.20: Method of Acquisition of the Business Location

Method of Acquisition	Frequency	Percentage
Municipal Council Allocated	49	30
Through a friend/relative	83	51
Sub-let original owner	27	17
Through an association	3	2
Self constructed premises	1	0
Total	163	100

The results shown in Table 4.20 seem to contradict the earlier findings on the influence of friends in choosing business locations. However, what it says that most of the business locations were obtained from second parties that is by collaboration with friends due to the competition especially in the highly populated areas where fruit vendors had to compete for space with the other vendors selling other wares. About one third 30% of the business locations were due to Municipal council allocations while 17% were sublet from other vendors who had either migrated from the area, had opened new branches or had found alternative occupations. The influence of associations in appropriating a suitable business location for the vendors registered weakly at 2%.

4.5.3 Factors Influencing Allocation of Space

e allocation of space for business, the vendors were asked how the following factors influenced their choice; competitiveness, accessibility, shelter, closeness to potential customers, security, customers convenience. Table 4.21 shows how these factors combine to influence the allotment of business space.

Table 4.21: Factors Influencing Allocation of Space

Space	Frequency	Percentage
Competitiveness	137	84
Accessibility	134	82
Shelter	156	96
Closeness to potential customers	147	90
Security	159	98
Customers convenience	137	84

From the Table above, it can be seen that security in the immediate vicinity of the vendors' premises was of paramount importance and this was followed by shelter and closeness to the potential customers. Competitiveness and closeness to customers was not as anticipated i.e. high while accessibility was not seen as a very important factor due to the fact that the vendors operated from the town centre where access to their customers was not as difficult due to the state of infrastructure.

In the individual categories more females (35%) in the ambulatory type vendors than males (14%) didn't emphasize competitiveness as a factor in obtaining business space. The same trend was observed in terms of accessibility in the same category. The findings still show that in the same category the females as opposed to their male counterparts were not all particularly concerned about the proximity to their potential customers and their convenience. This is probably due to their inability to negotiate for business space better than men.

4.6 Local Authority Legislation Awareness

Lack of Local Authorities legislation awareness has been mentioned as a one of the main impediments of the performance of vendor businesses in many developing countries (Voices of Women Entrepreneurs, 2007). This study sought to find out the level of local authority legislation awareness among fruit vendors in Nakuru town centre. The findings are presented in Table 4.22.

4.6.1 Familiarity with Local Legislation (MCN, 2004)

Table 4.22: Familiarity with Local Legislation (MCN, 2004)

Familiarity with MCN By-laws	Frequency	Percentage
Familiar	21	13
Not Familiar	142	87
Total	163	100

The findings in Table 4.22 indicate that the vast majority of the fruit vendors (87%) are unfamiliar with the Municipal Council of Nakuru 2004 By-Laws, thus, are more likely to act in contravention to the laws on many issues. For those who claim to be familiar some admittedly have only a pedestrian version of the law i.e. knowledge they have is not based on reading the by-laws but rather by hearing what others say about it. A further probe into this subject yielded the following results based on the vendor-types as given in Table 4.23.

Table 4.23: Vendor-Types Familiarity with Local Legislation (MCN, 2004)

Familiarity with MCN 2004 By-Laws	Vendor Types					
	Ambulatory		Stationary		Intermediate	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Familiar	9	24	4	8	8	11
Unfamiliar	28	76	46	92	68	89
Total	37	100	50	100	76	100

The findings in Table 4.23 show that proportionally more of the ambulatory vendors were much more familiar with the MCN 2004 by-laws than their colleagues in the other vendor categories. For instance 92% of the stationary vendors were unfamiliar with the by-laws while only 76% of the ambulatory vendors. In terms of gender, there was marked disparity in the ambulatory

category where up to 34% of the females were conversant with the by-laws as opposed to the 11% males in the same category. The low levels of familiarity with the by laws affected the vendors in that most of them were not able to comply with the regulations thus exposing them to constant problems with the authorities.

4.6.2 Business Permits

There was need to assess the relative ease with which the vendors obtained business permits and licenses. The findings were then analyzed and presented in the Table 4.24 which is based on the question on the difficulty experienced in obtaining the business permits.

Table 4.24: Level of Difficulty in obtaining Business permits

Level of Difficulty	Frequency	Percentage
Much	103	63
Less	60	37
Total	163	100

About two thirds (63%) of the respondents claimed that they experienced difficulties in obtaining business permits. This could be due to their relative unfamiliarity with the by-laws which among other requirements stipulate conditions for obtaining permits. In the vendor categories 68% of the stationary type vendors claimed to have difficulties in obtaining permits compared to 58% of the intermediate type vendors. Table 4.25 shows the findings on the gender influence on the obtaining of permits

Table 4.25: Gender Perception of Level of Difficulty in obtaining Business permits

Gender	Level of difficulty	
	Much	Less
Male	60	40
Female	70	30
Total	100	100

Analysing the findings in the Table 4.25 shows that proportionally more women experienced much difficulty in obtaining permits than men in the fruit vending business. This could be attributed to lack of a professional association specifically formed by the fruit vendors.

4.6.3 Relationship with Municipal Council Officials

This study sought to assess the relationship the fruit vendors operating in the Nakuru town centre had with the Municipal council officials. The results are as tabulated below.

Table 4.26: Nature of Relationship

Nature of Relationship	Frequency	Percentage
Good	40	25
Poor	123	75
Total	163	100

The findings above show that the majority of the fruit vendors had a poor relationship with the Municipal council officials. This was particularly more pronounced among the stationary vendors with 80% reporting poor relationship with the authorities. At the same instance, more women (74%) than men (62%) reported poor relationship with the local authorities. This led to the question about the level of harassment that they experienced from the Municipal council *askaris*. The findings are given in Table 4.27.

Table 4.27: Harassment by Council *Askaris*

Harassment by Council	Frequency	Percentage
<i>Askaris</i>		
Agree	139	85
Disagree	24	15
Total	163	100

These findings show that an overwhelming majority (84%) of the fruit vendors lived under constant threat of harassment by Municipal council *askaris*. This was reported by all types of vendors. However, there was a slight difference in terms of the way different gender groups viewed harassment from the *askaris*. About 5% more women than men complained of harassment by the council *askaris*.

4.7 Education and Training

Education and training plays a very important role in the setting up and running of business. Therefore, this study sought to find out the level of education and training among the fruit vendors in the study area in terms of business skills and the influence of formal education on the same, formal training in business and the presence in the area of organizations giving such training and the level of difficulty experienced in setting up the business.

4.7.1 Acquisition of Business Skills and Formal Education

The research investigated how the vendors initially acquired their business skills and presented the findings in Table 4.28.

Table 4.28: Influences of Acquisition of Business Skills

Sources of Business Skills	Frequency	Percentage
School	24	15
Training	2	1
Family	6	4
Observation	52	32
Self Interest	78	48
Total	162	100

About half the respondents (48%) were driven by self interest to enter into the fruit business while 32% were influenced by observation of the fruit business operations. The former is not specific on the fruit business like the latter observation. School and training contributed to 16%

of the business skill acquisition while family contributed only 4%. This study further examines how formal education influenced the business operations.

Formal education was seen by many as a starting point for the acquisition of business skills which included organization of the business structures. The study surveyed this aspect among the vendors and the response is tabulated in Table 4.29.

Table 4.29: Influences of Schooling on Acquisition of Business Skills

Influence of Schooling on Business	Frequency	Percentage
Strongly Agree	22	14
Agree	127	78
Neutral	11	7
Disagree	1	<1
Strongly Disagree	1	<1
Total	162	100

These findings show that those who felt that their formal schooling i.e. knowledge acquired from school affected their way of business operations in a positive way comprised 14% which closely agrees with the previous finding on the acquisition of business skills. The next 78% who just agree also reflect on the other findings where business skill acquisition was attributed to observation and self interest. Here education only came secondary in as the ability to make business decisions. This trend was the same across the vendor types and gender.

4.7.2 Influence Business Training on the Performance of Fruit Vendor Business

This subsection explores the issue of business training as a factor of performance of fruit vendor business in three dimensions; the purpose behind the particular business idea; the respondents' attitude towards formal business training; and their knowledge of an organization training business people in the area. The findings are presented in Table 4.28.

Table 4.30: Influence Business Training on the Performance of Fruit Vendor Business

Responses	Frequency	Percentage
Unemployment	46	29
Alternative employment	106	66
Alternative business	7	5
Better income prospects	1	<1
Supplement income	0	0
Total	160	100

Table 4.30 shows that 66% of the fruit vendors were in the business as an alternative employment which supports earlier findings that 29% of the respondents ventured into vending due to unemployment. In this group, most of the vendors had more difficulty starting the business while in the former savings from an erstwhile employment made it possible for them to have starting capital. 5% thought it was good as an alternative business while less than 1% did it to improve their income.

The fruit vendors were also asked about their perceived effect of business training on their ability to operate their business and the responses generated are presented in Table 4.31.

Table 4.31: Effect of Business Training

Effect of Business Training	Frequency	Percentage
Strongly Agree	45	28
Agree	59	37
Neutral	56	35
Disagree	0	0
Strongly Disagree	0	0
Total	162	100

It can be deduced from the Table 4.31 that most of the fruit vendors were of the opinion that business training could improve their business performance prospects. About one third or 35% were uncertain about this but none thought business training will in any way disadvantage them. When asked about their knowledge of a business training organization in town that would train business people like them, only 40 (25%) of the respondents knew while the others 120 (75%) had no idea such organizations existed in the area. This underscores the need to facilitate business training in the area to empower the vendors.

4.7.3 Factors Influencing the Decision to Start Business

When asked about the level of difficulty when starting out, 59 (37%) of the respondents said they didn't face difficulties while 101 (63%) said they did encounter many difficulties. The high proportion of respondents facing little or no difficulty when starting out confirms the findings that the informal fruit business has low capital entry requirements. Table 4.32 shows how the respondents rated the factors influencing the starting of their business.

Table 4.32: Types of Difficulties Experienced in Starting the Business

Types of Difficulty	Agree		Disagree	
	Frequency	Percentage	Frequency	Percentage
Raising Capital	96	95	5	5
Getting Business				
Space	96	95	5	5
Getting Fruits for Sale	87	86	14	14
Getting Customers	74	73	27	27
Getting a Permit	70	69	31	30
Total	423		82	

Raising starting capital and obtaining business space was rated by the respondents as the most difficult task the former being due to unemployment, poverty and low income jobs while the latter was due to limited space in the town centre high human traffic areas coupled by the Municipal Council of Nakuru By-Laws. Fewer vendors felt that they obtaining fruits for sale

was not a major difficulty while still fewer had difficulty getting customers and a permit. More male vendors (90%), than female vendors 85% expressed difficulty in obtaining fruits for sale while more women (75%) than men 71% claimed that they had difficulty in getting customers. In obtaining permits, the findings show that more men than women experienced difficulty in obtaining business permit at 73% and 67% respectively.

4.8 Availability of Finance

Availability of finance has been cited by many business researchers and business people alike as a major constraint in starting and running business. The start-up and operating capital required for these types of business, that is, fruit vendor business could be anything from a day wages earned in manual labor to a few thousand shillings. This is because the entry-level capital requirement for this business in the informal sector is quite low because of the low market competition. However, this is also one of the reasons why the business is characterized by high turnover rates as most rarely make it past the first three months. This study sought to study this factor in terms of start –up capital estimation and the sources of this capital.

4.8.1 Required Start-up Capital

The required capital estimates for setting up the fruit vendor business at the time of this study were also sought (Table 4.33)

Table 4.33: Required Start-up Capital

Capital Required	Frequency	Percentage
Below 10,000	53	33
11 - 20,000	56	35
21 - 40,000	50	32
41 - 60,000	1	1
61,000 and above	0	0
Total	160	100

These findings in Table 4.33 indicate that nearly all the vendors were content with an average starting capital of approximately Kshs 16500. There were those who thought they needed as little as Kshs 5000 while others 35% were of the opinion that Kshs 15000 would suffice. Still there were others who estimated the starting capital to be over Kshs 60000. Most men (38%) were of the opinion that the required start up capital was between Kshs 11000 and Kshs 20000. On the other hand, majority of the women 35% put the initial capital at Kshs 10000 or less. But all these depended on preferred vendor type. For instance, 49% of the vendors the majority were convinced that they needed Kshs 10000 or less to set up their businesses while 44% of the stationary type vendors estimated the starting capital at between Kshs 21000 and Kshs 40000. Additionally most of the intermediate type of vendors, that is, 39% of them thought that they needed between Kshs 11000 and Kshs 20000. All this suggest that there were unique variations in the capital requirements depending on the individual vendor types. Hence, as Bowen et al., (2007) conclude, the challenges facing small businesses are unique with their environments and types. Finally, it is observed that most of these businesses (99%) were grown from the micro enterprise level.

4.8.2 Sources of Capital

The study also sought to establish the sources of capital for the vendors. The findings reveal that most of the vendors 34% would use their personal savings to set up their business. This confirms that most of the vendors were in the business as an alternative form of employment, that is, they had opted to try their hand in the fruit business instead of the other forms of employment.

The summary of the findings about the sources of the capital are as given in the Table 4.34

Table 4.34: Sources of Capital

Sources of Capital	Frequency	Percentage
Family	17	11
Savings	54	34
<i>Chamas</i>	34	21
Micro-finance Institutions	22	14
Banks	33	20
Total	160	100

After personal savings, informal self help groups or *Chamas* as they are commonly known were the second most preferred source of capital due to their less stringent joining and borrowing conditions. One fifth i.e. 20% of the vendors would opt for bank loans primarily due to their long term repayment periods as opposed to formal microfinance institutions which demanded weekly repayments.

More men (25%) than women 17% preferred bank loans with the some reflected when it comes to the use of personal savings. This is because more men than women were more likely to find jobs and obtain start-up capital than women. At the same time in terms of hired labor, men still earned more than women as wage disparities still show that most women in employment are likely to earn 20% less what their male counterparts earn in the workplace.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, conclusions and recommendations emanating from the study. This study sought to determine the factors affecting the performance of small scale fruit businesses in Nakuru Town Centre, Nakuru Municipality in Kenya.

5.2 Summary of the Findings

The findings of this study revealed that fruit vendors are of three categories, the most popular fruit vendors type was the intermediate type at 47% followed by 30% belonging to the stationary type. The ambulatory vendor type formed 23% of the vendor population. It can be deduced that owing to the difficult nature of the ambulatory vendors once they raise enough capital, they might purchase equipment to enhance mobility to enable them access the high potential areas of the CBD. hence joining the intermediate category. These findings agree with the studies of Mitullah (2003) and Roever (2004) that the vendors in urban areas of developing countries fall in the three vendor types mentioned in this study.

The gender distribution of female respondents constituted 58% of the fruit vendors in Nakuru town centre against 42% males. This fact confirms that there were still significant socioeconomic disparities in place that gave men more leverage in accessing alternative jobs and even then were likely to be paid better than the women (Bhowmik, 2005). Most of the female respondents were aged between 20 and 50 years were married with dependants and, hence, were dependent on the businesses for economic survival.

The literacy level of fruit vendors operating in Nakuru town centre stood at 100% as all the respondents in the study had attended primary school. This is based on the assumption that the respondents with primary school education (29%) were able to acquire basic competence level that enabled them to facilitate simple but accurate business transactions. Two thirds of the

respondents 68% had attended high school. This reveals that additional education and training like value addition and establishment of cottage industries would greatly help the vendor to apply the acquired knowledge to improve their businesses. Only 3% of the respondents posted tertiary level education which shows that they were in the business as a means of gainful employment.

This finding contests earlier findings that most of the street vendors had primary and below levels of education and that few had high school education; and in the cases where they did, a good percentage were dropouts (Roever, 2004; Mitullah, 2003; Bhowmik, 2006). The fact that an overwhelming 76% of the respondents in this study had been in the fruit vendor business for over 5 years establishes that the small scale fruit business is a dependable means of self employment.

The performance of the business was determined by the profitability, sales volume, customer preferences, population impact and the general business environment. The vendors generally agreed that the business was profitable while the sales volumes varied among the individual vendor types with the ambulatory vendors posting the lowest volumes. Customer preferences depended mostly on the quantity available, tastes i.e. type of fruit and nutritional value of the fruits. However, availability and packaging which are essential were not strong factors. The population growth had also impacted on the profits because more vendors had entered into the area although the business environment was noted as having improved.

The choice of business location was identified as a strong factor in influencing the performance of the fruit vendor business with most fruit businesses located in high human traffic areas such as commuter terminus (40%) and around shopping areas (55%). Administrative areas which had many offices were not considered prime areas for the fruit business despite the high disposable income characteristic of the customers in these areas. Only 5% of fruit businesses were located here. Most of the vendors preferred high population areas with many potential customers being a significant determinant. This finding established that the majority of fruit vendors preferred to conduct their businesses within the Nakuru CBD contrary to the public markets by laws of the Municipal Council of Nakuru (2004) which did not accommodate street vendors and restricted them to operate from the periphery of the town. This is an indicator of perpetual conflict between

the Municipal Council askaris and the fruit vendors as the vendors contravene the stipulated laws in order to eke out a living. There is need therefore, for the local authorities to address the fruit vendor paradox to promote peaceful coexistence between them, generate revenue from licenses and to Eradication of Extreme Poverty through Job Creation (MDG Goal 1)

Education and training, it was noted, was an important factor in increasing performance competitiveness of small scale fruit businesses. The findings of this study showed that 78% of the fruit vendors agree that education and training in business management was an important factor in the success of the business. However, only 1% of the respondents have trained in business skills while the majority (48%) acquired business skills out of self interest and 32% through observation. More than three quarters (78%) respondents were of the opinion that business training could improve their business performance prospects with only a lesser proportion being uncertain of the advantages. This calls for the stakeholders to come up with flexible training programs that can meet this demand while imparting vital business skills to the vendors. About one third or 35% of the vendors were uncertain about this but none of them thought business training and capital access also needed to be improved to avail more finance to this economic sector and better their prospects. More needs to be done in training the vendors to improve their capital management and professionally coach them on ways of adding value to their products in order to improve competitiveness of the business. According to the studies (Mitullah, 2003; and Bhowmik, 2006) street trade was not viewed by the actors as serious occupations in spite of its economic returns but the findings reveal that about over one fifth (22%) of the vendors in the area had made good investments into it and treated the business as a career. This could be due to changes in the socioeconomic patterns where people were becoming more inclined to take up business opportunities as lifelong careers as they had better promise comparatively.

The most crucial factor in the establishment of any business is availability of finance. A startup capital of between 11,000 and 20,000 Kenya shillings was recommended by 35% of the respondents as the most viable capital investment, 33% needed less than 10,000 Kenya shillings while 32% required between 21 – 40,000 Kenya shillings. The varied figures were

brought about by the cost of the fruits the vendor preferred to sell. Imported fruits like apples, grapes and blue berries are very costly to stock while the locally produced bananas, oranges, mangoes, pawpaw and water melons are less expensive. Vendor type also determined the amount of required capital; stationary and intermediate vendor types had structures that hold many and varied types of fruits so they require more money than the ambulatory type whose mobility is restricted. Raising start-up capital was cited by 95% of the fruit vendors as the most challenging factor which they encountered when they started the business. Fruit vending is an informal, high risk business venture owing to lack of collateral and the constant conflicts between the vendors and the Municipal Council *askaris*. Consequently, financial institutions impose conditions which are prohibitive in the acquisition of funding such as mandatory formation and registration of groups to act as collateral. During the interview, the vendors revealed that they avoided borrowing from lending institutions because their income was not reliable hence the fear of defaulting loan repayment. Only 33 out of 163 respondents borrowed from banks while 22 of them borrowed from micro-finance institutions. In addition, the loans attracted high interest which the respondents were unwilling to forfeit because they needed every available coin to make ends meet. Instead, 34% of the vendors resorted to raising their capital through personal savings from casual jobs, 21% borrowed from their *chamas*, Family members were also instrumental to the establishment of the fruit vendor business by providing 11% of the investment capital. Access to financial and business management training would greatly increase the performance of small scale fruit businesses operating in Nakuru Municipality.

5.3 Conclusions

Based on the findings of this study, the following conclusions were arrived at:

1. The fruit vendor business in Nakuru town centre is a viable and important source of income and employment for a substantial part of the urban population.
2. There is need for more consultative engagements with all stakeholders to improve on the prospects of this business sector and to exploit its full potential.
3. This can be done more meaningfully by finding and availing means of building the capacity of the vendors individually through trainings and workshops and seminars conducted for the sole purpose of disseminating useful information for the entrepreneurs.

4. The fruit vendors also need to form a trade association to increase their negotiation power.
5. Nutritional awareness need to be one consistently to encourage consumption of fruits
6. The Municipal Council of Nakuru By-Laws (2004) need to be revised to accommodate the growing fruit vendor businesses in the town centre.

5.4 Recommendations

The following are the recommendations made from this study:

1. County urban planners in collaboration with the local authority should plan for and put up cost effective, aesthetically designed portable or permanent shelters at designated secure areas. This would address the need for shelter and security for the fruit vendors; curb encroachment of vendors into the CBD, as well as to beautify Nakuru Town.
2. The Government of Kenya should recognize the important role of the informal domestic fruit vendor and factor it in the National Horticulture Policy alongside the fruit producers.
3. The Ministry of Agriculture, through the Horticultural Crops Development Authority, needs to facilitate the formation of partnerships between fruit growers and fruit vendors who are at the tail end of the supply chain to provide training on product handling, marketing and value addition.
4. The Nakuru Street and Hawkers' Association (NASTHA) and the Kenya National Alliance of Street Vendors and Informal Traders (KENASVIT) should benchmark the National Independent Business Development Association (NIBDA) in South Africa on provision of support its members through initiatives which like buying fruits from farmers in bulk, training in business skills and partnering with the local authority to maintain a good relationship between the fruit vendors and the local authority (Mitullah 2003).
5. The Municipal Council of Nakuru should work towards the attainment of the MDG Goal I – Eradication of extreme poverty and hunger - by revising its by-laws to accommodate the vibrant fruit vendor businesses in order to reduce conflicts, foster sustainable development and to raise more revenue.

5.5 Contribution of the Study to the Body of Knowledge

Table 5.1: Contribution of the Study to the Body of Knowledge

OBJECTIVE		CONTRIBUTION TO THE BODY OF KNOWLEDGE
1	To assess the influence of business locations on the performance of fruit vendor businesses in Nakuru town center.	Success in the vending business largely depends on business location. Where the customers are is where the money is. Hence the vendor's constant conflicts with the local authority over 'encroaching' in the CBD instead of the designated periphery where business are not viable.
2	To establish the influence of local authority legislation awareness on the performance of fruit vendor businesses operating within Nakuru town center.	Ignorance of laid down by-laws makes any business a very risky and futile undertaking. Laws that are indifferent to circumstances of the people to whom they are made contribute to endless conflicts.
3	To establish how the level of education and training influence the performance of fruit vendor businesses operating within Nakuru town center.	Basic education is essential in the establishment of a business. However, personal interest, acquired skills, favourable opportunities and creativity propels the business to success.
4	To determine the influence of the availability of finance on the performance of fruit vendor businesses operating within Nakuru town center.	With as little as five hundred shillings, one can set up a fruit vending business although a big startup capital facilitates faster business growth.

5.6 Suggestions for Further Research

1. An assessment of the influence of nutritional and wellness awareness on the purchasing and consumption of fruits.
2. To determine how value addition could influence the performance of fruit businesses.
3. An investigation into the factors that influence the enrolment of fruit vendors as members of vendor associations.
4. An investigation into the formation of a partnership between fruit growers, fruit vendors and the local authority as a strategy to alleviating poverty and unemployment.
5. Studies on ways to improve effectiveness of the marketing strategy of the fruit vendors.

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UNIVERSITY OF NAIROBI
COLLEGE OF EDUCATION AND EXTERNAL STUDIES
SCHOOL OF CONTINUING AND DISTANCE EDUCATION
DEPARTMENT OF EXTRA - MURAL STUDIES

Tel 051 - 2210863

P. O Box 1120, Nakuru
3rd June 2012

Our Ref: UoN/CEES/NKUEMC/1/12

To whom it may concern:

RE: JOSEPHINE AKINYI ONYANGO – L50/60752/011

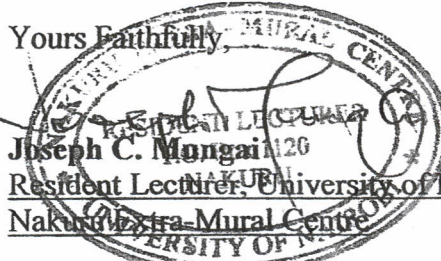
The above named is a student of the University of Nairobi at Nakuru Extra-Mural Centre
Pursuing a Masters degree in Project Planning and Management.

Part of the course requirement is that students must undertake a research project during
their course of study. He has now been released to undertake the same and has identified
your institution for the purpose of data collection on “Factors Affecting the Performance
of Small Business: A Case of Nakuru County, Kenya”.

The information obtained will strictly be used for the purpose of the study.

I am for that reason writing to request that you please assist her.

Yours Faithfully,


Joseph C. Mongai
Resident Lecturer, University of Nairobi
Nakuru Extra-Mural Centre

APPENDIX 2: Letter of Transmittal

Box 1352,

Nakuru.

4th July, 2012

The Town Clerk,
Municipal Council of Nakuru,
P.O. Box 2580- 20100,
Nakuru.

Dear Sir/Madam,

RE: REQUEST TO CARRY OUT RESEARCH WITHIN THE TOWN CENTRE

I kindly request be allowed to carry out the above research within the public markets in Nakuru town.

I am a post graduate student in Nairobi University -Student No. L50/60752/2011, and currently taking a course in Project Planning and Management. I am doing a research on the Factors Affecting of Performance of Small Scale Fruit Vendor in Nakuru Town Centre. This research is to be conducted in the town centre and is for purely academic purposes only; however, evaluation results may be made public after the completion of the study for future researchers and other relevant stakeholders to guide them in their work.

Every care will be taken in the data collection procedure to ensure that it is within ethical limits.

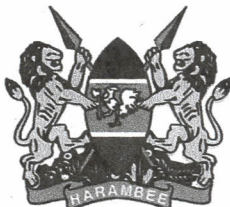
Thank you in advance for your cooperation.

Yours faithfully

Josephine A Onyango
Student No. L50/60752/2011

**APPENDIX 3: Research Authorization by National Council for Science and
Technology**

REPUBLIC OF KENYA



NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Telephone: 254-020-2213471, 2241349
254-020-310571, 2213123, 2219420
Fax: 254-020-318245, 318249
When replying please quote
secretary@ncst.go.ke

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

29th June, 2012

Date:

Our Ref:

Josephine Akinyi Onyango
University of Nairobi
P.O. Box 30197
Nairobi

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Factors affecting the performance of small scale fruit businesses in Nakuru Town Centre, Kenya*" I am pleased to inform you that you have been authorized to undertake research in **Nakuru District** for a period ending **31st July, 2012**.

You are advised to report to **the District Commissioner, the District Education Officer Nakuru District and Town Clerk Nakuru Municipal Council** before embarking on the research project.

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

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

Copy to:

District Commissioner
District Education Officer
Nakuru District.

**APPENDIX 4: Research Authorization by the District Commissioner,
Nakuru**

**OFFICE OF THE PRESIDENT
PROVINCIAL ADMINISTRATION**

Telegram: "DISTRICTER" Nakuru
Telephone: Nakuru 051-2212515
When replying please quote



**THE DISTRICT COMMISSIONER
NAKURU DISTRICT
P.O. BOX 81
NAKURU.**

Ref No. ED.12/10 VOL/VI/121

30th July 2012

TO WHOM IT MAY CONCERN

**RE:- RESEARCH AUTHORIZATION
JOSEPHINE AKINYI ONYANGO - L50/60752/011**

This is to confirm that the above named has been authorized by this office to carry out research on "factors affecting the performance of small scale fruit businesses in Nakuru Town Centre, Kenya" for a period ending 3rd August 2012.

Please accord her the necessary assistance to facilitate her research.


**KHALIF D. ABDULLAHI
AG. DISTRICT COMMISSIONER
NAKURU DISTRICT**

**APPENDIX 5: Research Authorization by the District Education Officer,
Nakuru**

MINISTRY OF EDUCATION

Telegrams: "LEARNING"
Telephone: 2216529/2216563
When replying please quote



DISTRICT EDUCATION OFFICE
NAKURU DISTRICT
P.O. BOX 1028
NAKURU

NKU/ED/122/VOL II (215)

25TH JULY 2012

To The Town Clerk
Nakuru Municipality
NAKURU

RE; RESEARCH AUTHORIZATION

JOSEPHINE AKINYI ONYANGO UNIVERSITY OF NAIROBI

The above named is authorized to carry research on: "*Factors affecting the performance of Small scale fruit business in Nakuru town Centre, Kenya.*"

Please accord her the necessary assistance to facilitate a successful research.

SHEM OMBONYO

FOR; DISTRICT EDUCATION OFFICER

NAKURU

APPENDIX 6: QUESTIONNAIRE

Research Questionnaire

For researcher's use only

Respondent No.....

Vendor type: Stationary
(vibanda)

Intermediate type
(wheelbarrow/cart)

Ambulatory
(hand/sack)

The aim of this study is to assess the factors affecting the performance of fruit vendor business in Nakuru town centre. Your opinions as expressed in this questionnaire are important and useful for this study and every care will be taken to guard them. Therefore you are requested to fill this questionnaire in the most free and honest way possible.

Instructions

Please tick [] the appropriate answers in the boxes provided and write down the appropriate answers in the spaces provided. Do not write your name on the questionnaire.

Background Information

1. Gender : 1) Male 2) Female

2. Age :

(1) Under 20 yrs (2) 21-30 yrs (3) 31-40 yrs

(2) (4) 41-50 yrs

(5) 51 and above

3. Level of education:

No Education Primary Secondary Certificate course

Diploma

4. Marital status;

1) Married 2) Single 3) Separated 4) widow

5) Widower

5. Number of dependants.....

6. How did you come up with this business idea?

.....
.....

7. How long have you been in the fruit business in this town?

Less than 5 years 5 – 10 yrs 10 yrs and above

8. Who owns this business?

Me My family A relative My employer A group

9. Has this business improved your income?

Strongly agree Agree Neutral
Disagree Strongly disagree

Performance of fruit vendor businesses

10. Your customers' preferences of fruits are influenced by:

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Nutritional value	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tastes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quantity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Availability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Packaging	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. What types of customers do you serve most?

High income customers
Average income customers
Low income customer

12. You experienced significant changes in the sales of fruits in your business in the last one year in the following ways:

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Very high sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
High sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Average sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Very low sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. From your experience this business is profitable.

Strongly agree Agree Neutral
 Disagree Strongly disagree

14. How hard has it been to do your kind of business nowadays compared to when you started?

Very much much sometimes not so much
 Not at all

15. Has the town's rapid population increase improved your profit?

Strongly agree
 Agree
 Neutral
 Disagree
 Strongly disagree

Business Locations

16. Where is your business located?

.....

17. How did you choose this business location?

.....

18. How did you acquire this business location?

- Allotted by the Municipal council
- Through a friend(s)
- Sub-let from owner
- Through an association
- Constructed structure after being allotted space by Nakuru Municipal Council

19. When being allotted space, how would these factors influence your choice?

	Very important	Important	Neutral	Not so important	Not important
Competitiveness					
Accessibility					
Shelter					
Closeness to potential customers					
Security					
Customers convenience					

Local Authorities Legislation Awareness

20. How is your relationship with the Municipal Council Officials in relation to your business?

Very good

Good

Okay

Poor

Very poor

21. Do the Municipal Council Officials harass you in any way?

Very Often

Often

Sometimes

Rarely

Not at all

22. Do you find difficulties in obtaining permits?

Very much

Often

Sometimes

Not so much nowadays

Not at all

23. Are you familiar with the Municipal Council of Nakuru by-laws concerning your business?

Very much

Yes

Fairly

No so much

Not at all

24. Suggest what you think needs to be done to improve the fruit vendor businesses in Nakuru

town centre.
.....

Education and Training

25. Where did you acquire your business skills?

School

Training

Family

Observation

Self Interest

26. Has your formal education helped you in any way to run your business?

Absolutely

Yes

Somehow

I don't think so

No

27. Do you think business training can help you improve your business?

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

28. Do you know of any organization which is currently training fruit vendors?

Yes

No

I have no idea

29. What made you to choose this business?

Unemployment

Alternative employment

Alternative business

Better income prospects

Supplement my income

Other, explain.....

30. Did you find it difficult starting this business?

Yes

No

If yes, can you rate the difficulties in these terms?

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Raising capital					
Getting a space					
Getting fruits for sale					
Getting customers					
Getting a permit					

Availability of Finance

31. How much would you require to set up a fruit vendor business like yours nowadays?

.....

32. What are some of the sources you would consider in seeking financial capital?

- Family
- Savings
- Chamas*
- Microfinance institutions
- Banks

33. What are some of the problems you face in obtaining capital for your business?

.....

.....

.....

.....

.....

THANK YOU

APPENDIX 7: INTERVIEW SCHEDULE for the Fruit Vendors

1. Is there any association of fruit vendors in the town that you know of?

Yes No I do not know

2. If your answer in (1) above is yes, are you a member of the association?

Yes No

3. Is the association registered?

Yes No I do not know

4. Do you think being a member of the association is helpful to the fruit vendors?

Absolutely
 Not so much
 Not sure
 I don't think so
 Absolutely not

5. How would you rate the associations in terms of these?

Needs of the Vendors	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Welfare of the Vendors					
Access to capital					
Getting to space					
Legal protection					
Protection from harassment by Council <i>Askaris</i>					

6. How did you come up with the idea of using a wheelbarrow to do your business?

.....
.....
.....
.....

7. Suggest what you think should be done to improve the operating conditions in this town to favor your of business.

.....
.....
.....
.....

Thank you for your time and cooperation.