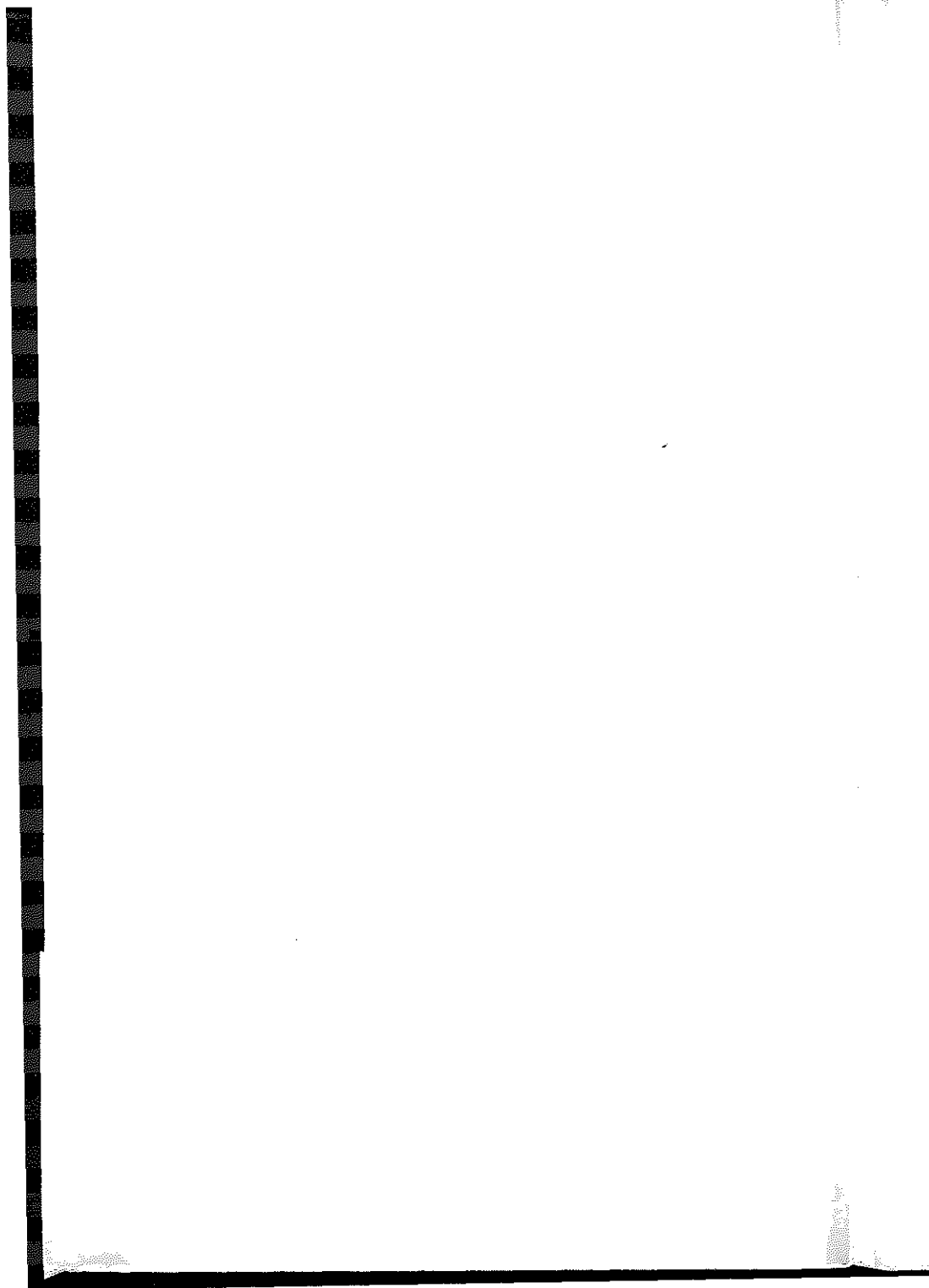


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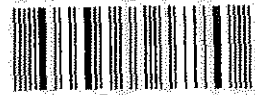
Employees in Small Enterprises in Nairobi  
Job Search and Career Patterns

by

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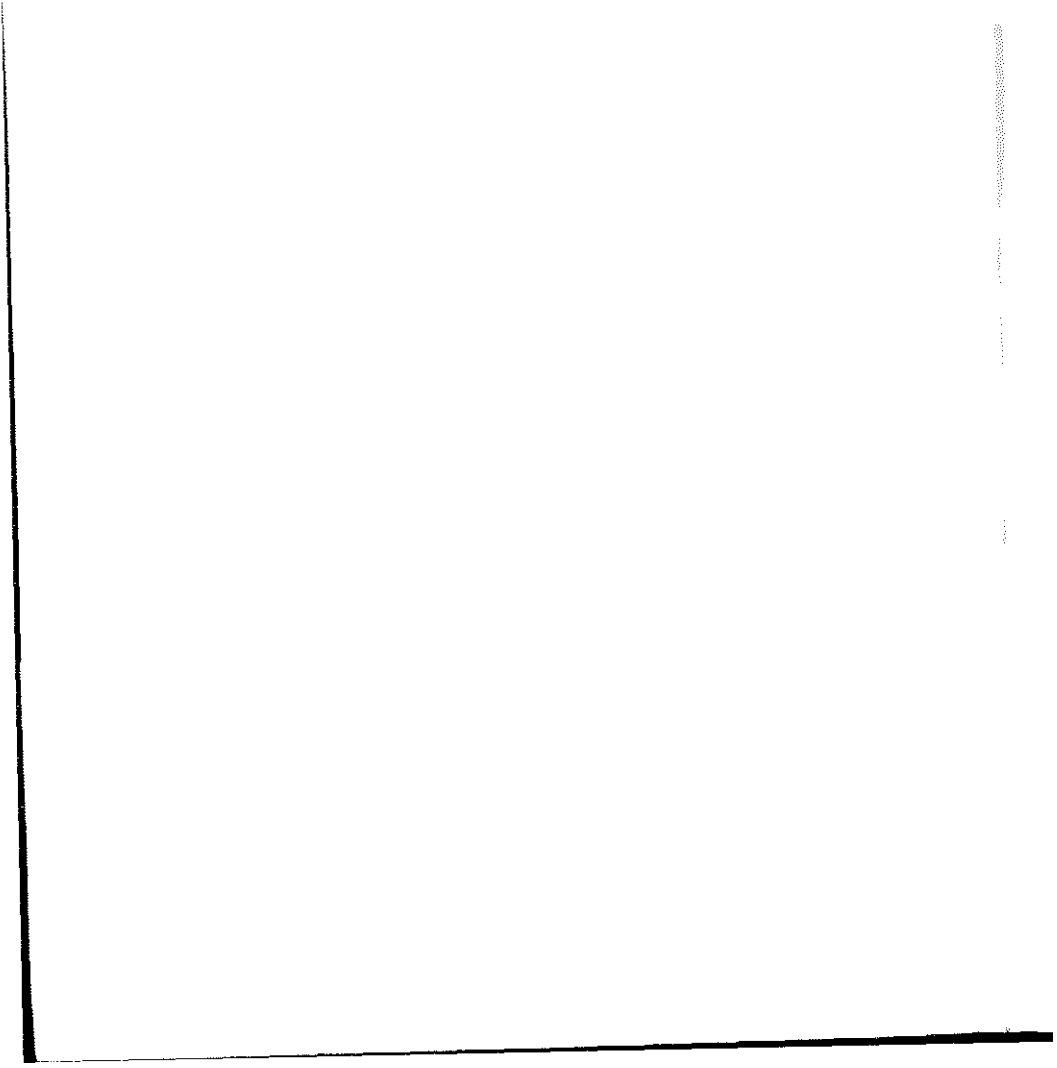
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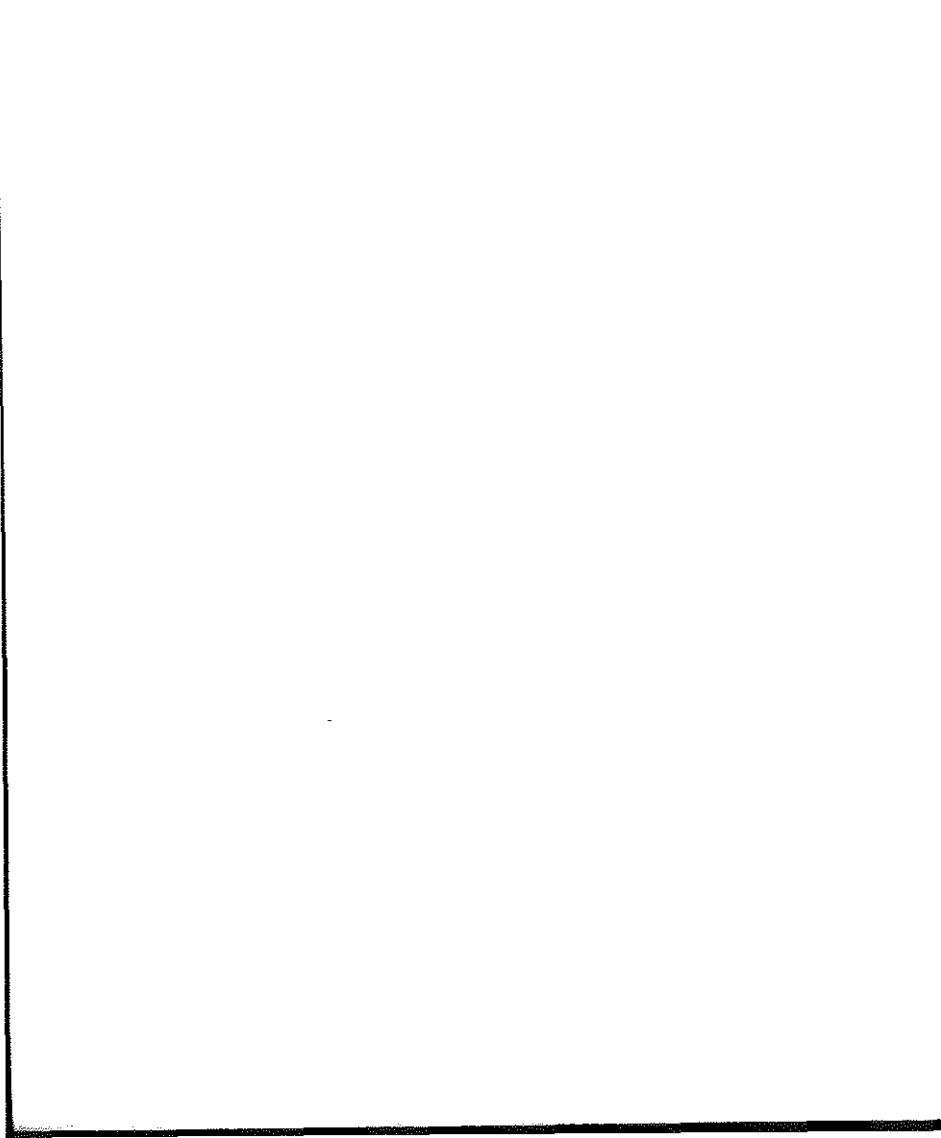
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### Introduction

There is substantial literature that demonstrates the ability of small enterprises to generate jobs in less developed countries. However, there is a dearth of information on job search strategy, labour force characteristics and career patterns of employees in the small enterprises. In this chapter, an attempt is made to fill this gap by examining labour market processes in small scale enterprises in Nairobi, Kenya. Three pertinent questions are addressed in the chapter. (a) How do workers look for jobs in micro and small enterprise?, (b) what are the labour force characteristics? (c) Do small enterprises provide a base for individuals to make careers, or are they hanging on while awaiting jobs in formal sectors or parts of the economy?.

### Theoretical Basis

Small enterprise studies in developing countries use a variety of theoretical strands in their analysis. Here we shall especially focus on dualism, petty commodity production, networks and flexible specialisation.

Dualism is based on the works of Arthur Lewis who envisioned the developing economies as made of two distinct sectors, namely the modern and the traditional. Applications of dualistic models in the study of micro and small enterprises were made by Hart 1971 and ILO 1972, who see the small

enterprises as part of the traditional activities or informal sector. The relevance of this theory to our study is that it illuminates labour force characteristics of workers in small enterprises. It informs us that these jobs are taken up by family members, and those with low level of formal education who cannot fit in the modern sector.

In further development of dualistic theories Doeringer and Piore (1975 quoted in Henk, 1991) identify two labour markets, viz: *internal* and *external*. The internal markets consist of stable attractive jobs in large enterprises. Such jobs are characterised by low turnover, socially designed career pattern, job hierarchies and wage structures. External jobs are characterised by low social prestige, lack of job security and poor working conditions. Workers in this labour market are disadvantaged and often consist of recent immigrants as well as minority groups who are subjects of discrimination (Magnum and Philip, 1983 quoted in Henk, 1991).

Petty commodity theories are inspired by Marxist interpretation of development and are a critique of the dualistic explanations of capitalist development. They postulate that developing economies are characterised by capitalist and non-capitalist modes of production. The theory views labour markets as consisting of a labour aristocracy and a reserve army of unemployed. Privileged workers in large industries constitute the bulk of the aristocracy while the reserve army of workers is involved in petty commodity production.



The flexible specialisation paradigm attempts to define the spread of manufacturing activity outside the traditional industrial region of the world. The flexible specialisation paradigm stipulates that a new post-fordism industrial system has emerged in several parts of world. These parts of the world include, such areas as the Silicon Valley in the U.S.A, the Cambridge phenomenon in England, the third Italy and of course the tigers of South East Asia. This new mode of production is characterised by creation of new industrial regions, small firm formation and use of high technology. These firms employ skilled and adaptable workers. They outsource non-core functions. By outsourcing they are able to acquire goods and services without employing a substantial full-time professional staff. Although the paradigm is relatively new, it will help us in operationalising labour force characteristics in small enterprises. These characteristics are: levels of formal education qualification, wages, benefits and job mobility.

Attempts have also been made to use network theory in the study of small enterprises. Network theory emphasises the use of institutions such as family, kin, friends, professional club and ethnic organisations in business development. Sverrisson (1993) in a study of carpentry workshops in Kenya and Zimbabwe, found that business and political connections were important to the development of these workshops while Pedersen's (1993) analysis of the small scale clothing industry in Zimbabwe observed that traders' local and national networks or contacts were important in the marketing of its products. McCormick et al (1994) observed that social, family and professional

networks were important in the growth of small scale enterprises in Nairobi. The use of professional networks, in particular differentiated success between African and Asian owned businesses.

The network theory provides a basis for examining how family, social, professional and ethnic networks operate in labour recruitment, in the overall working conditions and length of employment in small enterprises. Dualistic theories, flexible specialisation and network models assume the co-existence of the small scale informal sector, and the large scale modern formal sector. They spotlight what small enterprises are not, compared to the so-called modern sector. It is argued here that treating the informal sector as an independent entity without juxtapositioning it against the so called 'modern sector' will provide an inkling into small enterprise employment dynamics. Such an approach will reveal when small enterprises become net purchasers of labour, conditions under which labour is recruited, employee characteristics and career patterns.

In spite of the weaknesses in the four theoretical approaches to small enterprises analysis they provide us with a base for investigating four issues related to small enterprise employment: Source of small enterprise work force, labour force characteristics, wages and career pattern.

### Methodology

Data collection was carried out in two phases; the first phase was a reconnaissance survey covering enterprise owners while the second phase was a questionnaire survey administered to employees of small enterprises.

The survey was carried out in order to capture firms which are not registered, especially those enterprises located in new locations in the city such as Githurai, Kawangware, Uthiru and Kinoo. A total of 440 firms were identified. These firms were used as the data base for selecting a sample of 185 firms for the questionnaire survey of employees. One or two workers were interviewed from each of the 185 enterprises. The sectors covered in the survey were: garment (43%), furniture (30%) and metal (27%). In terms of size, the enterprises were distributed as follows: micro (1-3 workers) 51.4% small (4-10) 43.6%, and medium (10-50) workers 5.0%. The sample size for the second phase was composed of 113 men workers and 72 women workers. The sample size was determined by time and resources available for the study.

### Workers profile

It appears that the small enterprise attracts the relatively young segment of the labour force. The employees' ages range between 16 and 40 years with a mean of 24 years. Firm owners were slightly older than the workers. The owners' ages range between 18 and 60 years with a mean of 29 years. The age of workers in small enterprises implies that small enterprises are providing work opportunities for the young labour force. There is a marked decline of employees aged thirty and over. This could be attributable to high exit rate

from small enterprise employment or to a move into self employment once the workers have gained experience and saving to start their own independent work. Earlier surveys corroborate this finding by showing that individuals start up enterprises between ages 25 to 30 years of age (Kinyanjui, 1992; McCormick, 1988). The under representation of employees of over 30 years could also be due to the fact the nature of work and use of rudimentary technologies in small enterprise (Kinyanjui, 1992) allows the young energetic and flexible labour force to remain in the employment. It could also be the result of the employer's preference for young employees because they are energetic. In addition, the employers could be taking advantage of the greenness of the young in the labour market. In terms of sex distribution 61 % of the workers were male while 39% of the workers were female.

Needless to say, education is important for career development. It prepares persons for the work environment by imparting psychomotor skills, intellectual skills, ethics and social values. Workers making careers in small enterprises in Nairobi were mainly primary and secondary school graduates.

Over half 58% of workers reported having secondary education while 41% of the workers had only primary education. Only 1.1% of the workers reported having no education. It appears that firm owners were more educated than their workers. Nearly three quarters of the owners 74% reported having secondary education, while 22% reported having primary education. Owners educated at

technical colleges were 0.5% while 5% of the owners had no formal education. The large percentage of owners having secondary education or more indicates that it may become difficult for many workers to start their own small enterprises

### Factors underlying Workers Choice of Careers

Knowing the kind of stigmatisation associated with small enterprises, one would wonder why individuals seek blue collar jobs in small enterprises. However table 1 shows that workers go for jobs in small enterprises for a variety of social, economic and personal reasons. This finding is contrary to dualistic models which assume that workers take up jobs in small enterprises because they have nothing else to do, are awaiting greener pastures or because the business is a family affair.

Workers go into small enterprises voluntarily. Only a small proportion go there because they have no alternative. The reason for workers choosing careers in small enterprises are presented in Table 1. Only a small proportion of workers (3.3%) were pushed into employment. These workers stated that they took up careers in small enterprises because they had nothing else to do.

Workers go into small enterprises for a variety of reasons. Over half of the workers (58.2%) got into small enterprise employment because they were attracted to jobs in these enterprises while 14.7% of the workers took careers in small enterprises because jobs in small enterprises do not have many

demands. Another category of workers (7.1%) took up jobs in small enterprises because *employment in small enterprise is a source of cheap training*. Other reasons given were: advice from friends (8.2%), preparations for self employment (4.3.0%), influence from parents (3.3%) and the need to earn an income (1.1%).

Table 1 Workers reasons for choosing careers in small enterprises

Reason for choice of job	no.	%	firm size					
			1-3	%	4-10	%	11-50	%
Attracted by the job	107	58.2	57	62	42	54.5	5	55.6
Job not demanding	27	14.7	18	19.6	9	11.7	0	0
Advice from friend	15	8.2	3	3.3	12	15.6	0	0
Cheap training	13	7.1	5	5.4	6	7.8	2	22.2
Preparation for self employment	8	4.3	2	2.2	4	5.2	0	0

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influence from Parents	6	3.3	3	3.3	1	1.3	2	22.2
No alternative	6	3.3	4	4.3	1	1.3	0	0
To generate income	2	1.1	0	0	2	2.6	0	0
Totals	184	100	92	100	77	100	9	100

Source: survey data 1995  
Differences among employees of firms of different sizes were significant at 0.05 level based on the chi-square statistic



Workers' reasons for choosing careers in small enterprise vary with the size of enterprise. The smallest enterprises have the largest proportion 62% of workers attracted by jobs in small enterprises. Workers who joined careers in small enterprises because jobs are not demanding are 20% while workers who joined careers because of advice from friends were 3.3%. Workers joining because of cheap training were 5.4% while workers joining careers because of influence from parents were 3.3%. Workers making careers in micro enterprises because of no alternative were 4.3%.

More than half (54.5%) of the Workers in enterprises with 4-10 workers were attracted to jobs in small enterprises while those who joined the labour force because work in small enterprises is not demanding were 11.7%. Workers referred to jobs in small enterprises by friends were 15.6%. This were followed by 7.8% who joined employment because it offered cheap training. The rest of reasons were as follows: to generate income 2.6%, influence from parents (1.3%) and no alternative (1.3%).

Among medium sized firms, fifty six percent (56%) were attracted by jobs, while 22.2% chose careers because of cheap training. Workers in medium sized enterprises who chose careers because of influence from parents were 2 or 22.2%.

Pull factors such as attracted by the job, cheap training advice from friends were most frequent in the medium sized enterprises and somewhat less in micro and small enterprises. The table also reveals that more workers were forced into employment in small firms. The push factors are job not so demanding and lack of alternative employment.

We analyzed data for sex, education level, and sector and found no significant differences. This implies that workers of different sex, with different levels of formal education and from different sector chose careers in small enterprises for similar reasons.

#### **Job Search Strategies**

Job search is a nightmare. The situation is made worse by retrenchment and freezing of employment taking place in the public and private sectors. Further, jobs in small enterprises are not advertised in the print or electronic media. In addition, there are no employment bureaus to advise would be workers on careers in small enterprises. Due to the absence of these facilities, workers use a range of avenues to secure jobs in small enterprises. It is interesting to note that workers in small enterprises got their jobs through people they knew: friends, relatives or the employer. This finding shows the importance of social relations in the small enterprise job market.

Table 2 shows the various strategies the workers used in getting their jobs in small enterprises. The table shows that 29% of the workers got their job through friends while 49% of the workers acquired their current job through gate calling. Equal proportions of workers accessed jobs through employers (21%) and relatives (21%). Only 1.1% of the workers who got their jobs by sending applications. We analyzed the data on mode of access by sex, workers' education, firm size and sector and found no significant differences. The lack of differences shows that workers use similar strategies to get jobs in small enterprises.

Table 2 Strategies Used for Job Search

Mode of job access	no	%
Through friends	51	29.0
Gate calling	49	27.8
Through relative	37	21.0
Through employer	37	21.0
Application	2	1.1
Total	176	100

Missing cases 9

## Earnings and Benefits

### Wages in the Small Enterprise Labour market

Workers covered in the small enterprise survey reported being paid their wage either monthly, weekly, fortnightly or at piece work rate. Monthly payment is the most frequent mode of payment, followed by piece work rate and weekly payments.

The monthly wage for workers in small enterprises varies from Kshs. 800 to Kshs. 7000. The wages correspond to the gazetted minimum wage for artisan grade three (Kenya, 1998). The mean wage is Kshs. 2,855. This mean wage in small enterprises is lower than in the formal manufacturing industries (Kenya, 1998). The mean wage in the public manufacturing sector in 1995 was Ksh. 3282 and in 1996 was Ksh. 3,832. In the private manufacturing sector the wages were in 1995 Ksh. 3845 and in 1996 Ksh. 4712. These averages however include the higher paid white collar workers.

The mean wages vary significantly by sex, education level, size. Table 3 shows that men earn more than women. The mean wage for male workers was Ksh. 3,117 while the mean wage for female workers was Ksh. 2,444. Workers' mean wage differs significantly by workers' level of education. Workers with secondary education received a mean wage of Kshs. 3,063 while workers with no education got a mean wage of Kshs. 2,800. Workers with primary education

reported the lowest mean wage of Kshs 2,533. The finding of workers with no education reporting a higher mean than those with primary education was unexpected. It is attributable to the overrepresentation of male workers in the group without education

Mean monthly wage differs are also statistically significant by sector. The metal sector registered the highest mean wage of Kshs 3,138, followed by furniture with a mean of Kshs 3,101. The garment sector registered the lowest mean wage of Kshs 2,512. Mean monthly wages also differed by enterprise size. Medium-sized firms registered the highest mean wage of Kshs. 3,655. This was followed by the mean wage of Kshs. 2,851 in enterprise of 4 to 10 workers and a mean wage of Kshs 2,779 in micro-enterprises.

**Table 3 Mean Wages**

Worker category	Reported mean earning (Ksh per month)
sex	
male	3117
female	2444
level of education	
primary	2533
secondary	3063
no education	2800

Firm Size	
1-3	2779
4-10	2851
11-50	3655
Sector	
garments	2512
furniture	3101
metal	3138
source: Survey Data 1995	
All the differences are statically significant at 10% level	

#### Wage Determination:

The mode of entry into the job has a bearing on workers' mean monthly wages (see Table 4). Workers who got jobs through gate calling received the highest mean wage of Kshs 3,372. suggesting that they have experience and are good at bargaining. This was followed by workers who were introduced to the job by friends with a mean wage of Kshs. 2,738 while those who got jobs through the employer received a mean wage of Kshs. 2,538. Workers who got a job through relatives reported a mean wage of 2,430. The two workers who sent applications received the lowest mean wage of Kshs. 2,250.

Table 4 Wage determination

Factors determining wages	Mean	No of cases
Mode of job entry		
via friend	2,738	49
via relative	2,430	36
via employer	2,538	36
gate calling	3,372	47
application	2,250	2
Factors determining wages		
experience	2,760	28
skills	2,780	20
level of production	2,990	84
agreement	2,695	44

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relationship with employer	2,700	1
Reason for choice of career		
advice from friends	2,485	14
attraction for the job	2,943	103
influence from parents	3,050	6
job does not have high demands	2,307	27
no alternative	2,880	5
cheap training	2,869	13
exposure to self employment	3,266	6
To generate income	4,750	2

The differences are statistically significant at 0.05 level.

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Factors that determined workers wage were given as level of production, skills, experience, agreement and relationship with the employer. Workers whose wage was determined by level of production receive a mean wage of Ksh. 2,990 while those whose wage was determined by skills received a mean wage of Ksh. 2,780. Workers whose wage was determined by experience reported a mean wage of Ksh. 2,760 while workers whose wage was determined by relationship with employer received a mean wage of Ksh. 2,700

Skill possession played an important factor in salary. The lowest mean wage of 2695 was reported by workers whose wage was determined by an agreement with the employer.

The mean monthly wage is closely related to workers' reasons for taking up jobs in small enterprises. Workers who were attracted to the job reported a mean wage of Kshs. 2,943 while those who were influenced by friends received a mean wage of Kshs. 2,485. Workers who sought jobs in the small enterprises labour market because it does not have many demands received the lowest mean wage of Kshs. 2,307. Workers who secured jobs in small enterprise because of influence from relatives received a mean wage of Ksh. 3,050 while workers who secured jobs because of cheap training had a mean wage of Ksh 2869, and the mean wage of workers who joined small enterprise because of lack of alternative was Ksh 2880. Workers who took up jobs in small enterprises because of exposure to self employment reported a mean wage of Ksh. 3,266 while the two workers who secured employment to generate income reported a mean wage of Ksh.4,750

### Other Benefits

A firm's productivity is dependent upon a well motivated labour force. Wages and benefits such as housing, leave, health, insurance, travel, lunch and child care facilities where women workers are involved, constitute part of the motivational package for a labour force in large formal enterprise. About half of workers 47% in small enterprises reported receiving non-wage benefits as part of the pay package. These non-wage benefits are: lunch, uniforms, gumboots, bonuses, housing, transport and training . Workers receiving non-wage benefits were spread across all the three sectors. More women (57) than men (31.2%) receive non wage benefits

For analytical purposes the non-wage benefits were grouped into four categories. These are lunch, uniforms, transport and other. The other category comprises bonuses, housing and training skills. The benefits were distributed as follows: 55% of the workers reported receiving lunch, 10 % workers received uniforms while 8% of the workers were given transport. Workers receiving other benefits were 26 %.

Chi-square analysis of differences between sector, size and workers level of formal education were not significant. The only significant relationship was that of sex and distribution of wage benefits (Table 5). Of the 36 men workers receiving benefits, 41% reported receiving lunch while 20% received uniforms, 9% were given transport, while 30% received other benefits. The most common benefit women workers ( 71%) is lunch. Only 7% received transport while 22% received other benefits.

The two former teachers were employed in the garment sector. Other workers who took up jobs in garment were drawn from waiters (6%), messengers (3%), house girls (6%), and barmaids (3%). Other sources of workers in the garment sector were casual labour, carpentry and weaving.

Nearly three quarters of workers (73%) in the furniture sectors had a previous occupation in carpentry. Other workers in the furniture sector were drawn from: waiter, hair dressing, messenger, metal work, sales, driver and matatu tout.

The high percentage of workers in the furniture sector which come from an earlier job in carpentry may indicate that sector specific qualifications are more important in furniture making than in garment and metal work. The higher salary in furniture making supports this.

Slightly over half 51% of the workers in the metal sector had a previous occupation in metal work. The rest of the workers in metal work were drawn from hair dressing, waiter, messenger, dress making, sales, driver, butcher, matatu tout and office clerk.

Table 6 Workers previous occupation

Occupation	Frequency	%	Garment		Furniture		Metal	
Dressmaking	44	28.9	41	58.6	0	0	3	7.3
Carpentry	33	21.7	3	4.3	30	73.2	0	0
Metal work	23	15.1	1	1.4	1	2.4	21	51.2
Sales	13	8.6	9	12.9	1	2.4	3	7.3
Waiter	11	7.2	4	5.7	4	9.8	3	7.3
Massager	5	3.3	2	2.9	2	4.9	1	2.4
House girl	4	2.6	4	5.7	0	0	0	0
Driver	4	2.6	0	0	1	2.4	3	7.3
Hairdressing	4	2.6	0	0	1	2.4	3	7.3
Teacher	2	1.3	2	2.9	0	0	0	0
Butcher	2	1.3	0	0	0	0	2	4.9
Matatu tout	2	1.3	0	0	1	2.4	1	2.4
Casual labour	1	0.7	1	1.4	0	0	0	0
Office clerk	1	0.7	0	0	0	0	1	2.4
Weaving	1	0.7	1	1.4	0	0	0	0

#### Duration of employment

The workers' duration of stay in employment ranged from one year to 13 years. Although the mean duration seems short (2.5), a correlation analysis of enterprise age and employees' age was positive but weak (0.18). This suggests a likelihood that as the enterprise age increases the working duration of

### **Reasons for Employee Job Change to Small Enterprises**

The employees mentioned poor working conditions and other related reasons for changing from their former occupations. Low salary or poor remuneration was cited by about 42% of the respondents as a factor that led to employment change. Closely related to this was delay in salary payment reported by 3% of the employees while 5% of the workers felt that they were being exploited by their former employers by being over-worked and underpaid. Lack of job satisfaction with the previous employment was cited by 13% workers. The need to change (1%) and search for better working conditions also was reported by 5% of the workers. Other factors cited were lack of job prestige (1%), mistreatment by the employer (6%), redundancies and job loss through completion of contract (8%) and enterprise closure (10%).

Although the workers gave several factors for quitting previous employment, it is interesting to note that most felt that the last employment was important to their current job. The previous employment occupation prepared them for current job through work experience, skills, attitudes and other work ethics. They also said they are able to bargain for better wages and relate with the employer than they did in their previous employment.

### **Conclusions**

The study reveals that workers in small enterprise employ various techniques in their job search. They use friends, relatives and the employer. The workers are graduates of primary and secondary level of formal education. They possess different types of skill and comprise both men and women.

The workers are drawn from different social-economic backgrounds. They

joined careers in micro and small enterprises for a variety of reasons. The majority of the workers had worked elsewhere before making careers in these enterprises. They were motivated to join the micro and small enterprise labour force by a variety of factors including availability of job, ease of entry, family and personal reasons. Besides receiving wages, some employees received other benefits such as skill development, uniforms, gumboots and lunch.

The analysis of the job search procedure and labour force characteristics in small scale labour market reveals the existence of a labour market characterised by supply and demand. The supply side of the labour market is composed of job seekers with a varied characteristics of age, gender, levels of education, skill and marital status.

Social relations and personal factors permeate the labour market and process, while economic factors play an important role in job search procedures and recruitment of employees in small enterprises. Social factors such as friends, relatives and parents and previous knowledge of the employer are key players in the labour market and the mean wage in the small enterprise labour market is considerably lower than those of the national manufacturing sector. However, within the small enterprise labour market variation with in wages exists in term of sex, location, size of enterprises, marital status of empties and enterprise sector.

Finally, the small enterprise labour market is not homogeneous. Employment in the small enterprises and labour force characteristics varies by size, sector age and location of the small enterprises. Recognition of this variation is important for policy. However, before making policy recommendations, there is need for further research on small scale enterprise labour market especially on the demand side, regulations and terms of service, worker productivity.

There is need to regularise and stabilise the small enterprises labour market and process. This is important because workers have some education, are skilled and take decision to take up jobs in small scale sector . Their education level and skills indicates that the workers are not primitive individuals awaiting modernisation . Neither, are they a reserve army of unemployed workers . Institutions addressing these workers' needs should be created and strengthened. We note that the institutions found in the labour markets are generally weak. There is need to create workers' organisations , which will lobby for their welfare and match those of entrepreneurs.

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