

FIT Synthesis Paper

**Strengthening informal sector networks
in Kenya through exchange visits**

March 1995

Synthesis paper compiled by Jim Tanburn, FIT Field Coordinator, from work carried out by PRIDE (Kim Craig, Mike Oneko and Lisa Parrott), KIC-K (Mary Onyango and Edmund Dimba), and FIT consultants (Milena Hileman and Fatima Cheron). It also incorporates some additional material gathered as part of other FIT activities in Kenya.

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FIT PROGRAMME

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STRENGTHENING INFORMAL SECTOR NETWORKS IN KENYA THROUGH EXCHANGE VISITS

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Chapter 1

Introduction

1.1 The needs of MSEs

In Kenya, as elsewhere in Africa, there is a 'missing middle' in the industrial structure; the great majority of enterprises are either small or large-scale. Recognition of this gap has generated considerable interest in techniques which could effectively promote growth by small enterprises. At the level of the extremely poor, a constraint on enterprise growth which is frequently critical is a lack of liquidity; experience now shows that the poor are indeed 'bankable', being able and willing to repay loans at interest rates which should make sustainability possible for the lending institution.

As the entrepreneur is increasingly able to rise above the constraint of liquidity, however, other needs become apparent; these needs must be addressed as they arise, in ways which are both affordable and accessible by the entrepreneur. Such needs may include, for example:

- ! access to low-cost inputs of acceptable quality
- ! management skills, which could also include empowerment and increased self-confidence, particularly for women entrepreneurs
- ! technologies, including "not only production techniques, but also tools and equipment, the skills of the work force, product design and quality, the organization of production and marketing as a package" (Haan 1989)
- ! access to new markets

1.2 MSE promotion and the importance of 'uncodified knowledge'

The entrepreneur is unlikely to find assistance in all of these areas, although some enterprise development programmes do endeavor to meet a variety of needs, as they arise; for example, one World Bank Technical Paper describes the process approach as "gradually broadening the scope of a program to remove one bottleneck at a time, according to the priorities identified by participants" (Dessing, 1990). However, it is apparent that enterprise development programmes are unlikely to have sufficient breadth and depth of competence to be able to address all of these areas, particularly where full cost-recovery from the client MSEs is hoped for.

This observation seems to be confirmed by a recent study of Kenya's manufacturing sector: "diffusion of technology with regard to the technology institutions hardly matters at all. This occurs mainly via movements of individuals from firm to firm. The role of uncodified knowledge cannot be over-emphasized" (University of Gothenburg/University of Nairobi, 1994). Indeed, the few medium-sized manufacturing enterprises in Kenya are mostly owned by Asians, who appear to benefit from this un-codified knowledge, in the form of access to low-cost raw materials, equipment and skilled labour from the Asian sub-continent.



The first step in accessing this 'un-codified' knowledge is through the exchange of information; entrepreneurs need to know where to go, for the information they need. This could be described as 'networking'; surveys in developed countries have found that networking is a "crucial activity", and "a particularly appropriate mechanism for information gathering by owner/managers of small organizations" (Birley et al, 1990). Networking facilities are available already, to some extent, to Kenyan entrepreneurs with larger businesses, through such organizations as the Rotary, Chambers of Commerce, and the Association of Manufacturers. Despite this, a survey of 60 large, Kenyan enterprises found that the service most frequently sought was "market and technology information" (Agriconsult, 1991).

At the small-scale end, however, there are few such facilities, beyond the local Jua Kali Association. Thus, if a small-scale entrepreneur wishes to develop his or her business, using contacts beyond the immediate locality, the only option is usually to try to work through the traditional, family-based network. This family network is often not a boost to the business, in that it is not business-based; the opportunities which it presents for business growth are likely to be limited. Indeed, such a network may work against business growth, since a successful business may attract increasing requests from family members for financial assistance with school fees, hospital costs etc.

Entrepreneurial networks could provide a wealth of valuable inputs to the development of the MSE. In training, for example, it has been suggested that "the best trainers are other entrepreneurs, and the best classroom is the real world" (Women's World Banking, 1993). Thus, other enterprises could, at least in part, meet the diverse and urgent needs of MSEs, enabling them to expand and to fulfill their full potential.

1.3 Demand from MSEs for exchange visits

It also seems that the MSEs themselves are coming to appreciate the possible benefits of such informal connections, expressed as a request to organizations to facilitate visits to other MSEs. When PRIDE offered vouchers to its successful clients, which they could exchange for training of their choice, several chose a visit to another enterprise. This is something which they could not do on their own, since they would probably be viewed with suspicion, if they arrived without any introduction. Similarly, at a recent conference of the National Federation of Jua Kali Associations, member Associations showed considerable interest in facilitating such visits between MSEs; it was decided, however, that this would be left to local initiative, at this stage, since the Federation has many other demands on its capabilities (National Federation, 1994).

For some years now, exchange visits have been considered a standard component in the curriculum of several disciplines, including education and agricultural extension; however, there is little first-hand experience of using such visits to enhance the entrepreneurial networks of MSEs, particularly through visits to other small enterprises. Interestingly, many agencies in Kenya have been organizing events for MSEs, at which informal

network-building by MSEs is possible. These events could be considered as "visits", even though the venue is not within an enterprise. Information, contacts and other exchanges of commercial value still take place, but the impact has never been evaluated.

1.4 The potential of networks between small and large enterprises

In addition to promoting contacts between MSEs, there is also potential to enhance connections between small and large enterprises. This is the ultimate aim of many projects aiming to promote private sector linkages, through such mechanisms as sub-contracting and flexible specialization. For example, the South African organization New Economy Worknet aims to create strategic alliances between formal and informal businesses, and to promote regional and international trade, by creating cost-effective networks for buyers and sellers (New Economy Worknet, 1992). Worknet has recently opened an office in Kenya.

Experiences in nations around the Pacific Rim demonstrate successes due to the integration of big businesses with small and informal businesses. *Zaibatsu* in Japan, for example, refers to the process whereby big corporations depend on scores of small companies to feed them with all of the components which they need. Understanding the key role of small suppliers, they nurture them with technical know-how, finance and advisory services.

Similarly, UNIDO's Kenya Sub-contracting and Partnership Exchange (KSPX) is working to identify markets for MSE products among larger firms. However, it has not found this an easy task, with only 12 sub-contracts arranged during about two years of operation.

Indeed, studies point to the difficulties likely to be encountered by such projects. "There are ... strong forces working against local sub-contracting, which otherwise would be a way to spread technological knowledge. Given the levels of education and skills, the transaction costs and risks are high. An efficient system of sub-contracting requires large markets and low transaction costs. Kenya is not there yet" (University of Gothenburg, 1994).

But such linkages are only the end-result of a long process, whereby those involved come to know each other, and develop a relationship of trust; such a relationship generally comes from an initial, informal contact, made through an entrepreneurial network. Thus, visits by MSEs to larger enterprises should be explored, as a promotional approach, to determine whether such relationships can somehow be advanced.

1.5 The scope of this Paper

The aim of this paper, therefore, is to bring together all of the available information on exchange visits, as a tool for MSE promotion in Kenya. It is based on the following collaborations between FIT and PRIDE:

- ! a 'brokering workshop' for 34 MSEs, in March 1994 (together with an evaluation of



the impact achieved, in August 1994)

- ! visits by 9 MSEs to larger enterprises, and by 5 MSEs to other MSEs (April to August 1994; impact evaluated in February 1995)
- ! research into the results of exchange visits organized by 6 NGOs in Kenya, including interviews with staff of the NGOs, and with 24 MSE clients who had participated in the visits
- ! a FIT/PRIDE Round Table discussion of the initial findings, involving Government, NGOs and the private sector, in November 1994

In addition, initial experiences in a FIT/KIC-K collaboration to facilitate exchange visits are drawn on; 15 metal-workers from Kibuye and Kamukunji have recently been enabled to make exchange visits, to share experiences.

This Paper will consider the following, distinct formats for exchange visits:

Peer exchange visits: visits in which MSEs have the opportunity to exchange information and contacts with other MSEs; these are divided into the following categories:

- ! **individual exchange visits**, whereby one MSE visits another one
- ! **group exchange visits**, including for example:
 - a group of MSEs from a particular location visits another group of MSEs, in another location
 - MSEs from several different locations come together, for a workshop, trade show or award ceremony

Host visits to larger enterprises (referred to by PRIDE as 'Matchmaker' visits)

Through an in-depth consideration of the FIT/PRIDE experiences, including an initial look at the effects achieved by other agencies in Kenya (albeit unintentionally), it is hoped that some recommendations can be made about the preferred formats for such visits. For example:

- ! are visits best made by individual MSEs, or in groups of MSEs?
- ! are there substantive differences between the benefits of visiting other MSEs, relative to visits to larger enterprises?
- ! are visits best organized along sectoral lines, or should they be multi-sectoral?
- ! what steps may be taken, to promote exchange visits as a development tool, to promote private sector linkages and other networking?

In this way, it is anticipated that organizations already facilitating visits (for other purposes) can enhance the benefits to their clients, through increased networking opportunities, probably at very modest cost. Similarly, new opportunities for networking events and institutions may be identified, for future implementation. The following Chapter describes the situation at present in Kenya, in terms of networking opportunities available.

Chapter 2

Exchange visits described

2.1 Individual exchange visits

A format which might seem to be logical for exchange visits is one whereby an individual MSE visits another MSE in a related business; if the two MSEs are not in direct competition, then a linkage may result from the visit. If the two MSEs are essentially in the same business, then they should probably be located further apart, so that they are not direct competitors; then, an exchange of trade secrets is likely to lead to benefits for both businesses. By going individually, it may be anticipated that the visiting MSE can gain an 'edge' over his or her competitors locally.

No organization was found to be facilitating this type of visit in Kenya, with the exception of the FIT/PRIDE pilot activity. The original aim of this activity was to facilitate visits by 20 client MSEs to other MSEs, apparently the best response to the expressed wish of PRIDE clients for opportunities to visit other MSEs. The visits were offered on a cost-sharing basis, whereby the client paid for 50% of the direct costs (transport and accommodation). Total direct costs averaged Kshs 450 per day, with the visits lasting an average of 5 days; thus, participating MSEs contributed an average of Kshs 1,125 (\$23).

In addition, clients were asked to purchase a 'voucher' from PRIDE (Kshs 1,000 for a 5-day visit, Kshs 2,000 for a 10-day visit); this money was paid to the MSE visited, as compensation for the time required. However, take-up of this offer was found to be surprisingly slow, because the harvest had been bad, and therefore MSEs had little surplus cash. In addition, PRIDE staff were then quite busy with internal moves, and so could not devote much time to promoting the offer of visits. Finally, it was found that the enterprises to be visited did not seem very concerned to receive cash payment (via the voucher); it was therefore decided, during implementation, to waive some or all of the charges to MSEs, at selected PRIDE branches, in order to stimulate visits and to collect data on their impact. Visits were made as follows:

- a Thika bicycle repairer (m), to a Limuru metal-worker (m)
- a posho mill operator (m) in Baringo, to a miller (f) also in Baringo
- a Limuru hoteli (m), to a Nyahururu butchery (m)
- a butchery/hoteli (m) in Ol Kalou, to a hoteli (f) in Thika
- a hoteli (f) in Baringo, to a hoteli (f) also in Baringo
- a Limuru welder (m) , to a Thika welder (m)

Reasons advanced for the low take-up of the offer of support for individual visits were:



- ! many of the potential visitors had already attended a FIT/PRIDE planning workshop, during which they derived considerable value from the informal exchange of information
- ! the visits programme was also offering, as an alternative, visits to larger enterprises; this offer proved to be more popular (see below), possibly because it might prove to be a 'one-off' opportunity to visit the "biggest, richest and best"
- ! the facilitation was offered to individuals, whereas it seems that most prefer to go as a group (at least initially); taken as a whole, half of all PRIDE clients visiting other enterprises managed to arrange that friends or family also participated in the visit

This preference for going as a group is explored more in the following Section.

2.2 Group-to-group exchange visits

In contacting other organizations in Kenya which are facilitating visits, the most common type found involved a credit-disbursing agency, enabling clients at a particular branch, and from all sub-sectors, to visit clients at another branch. Typically, the main objective of this visit (from the organizers' point of view) was to up-grade the skills of the visiting clients, in terms of their ability to participate in the credit scheme of the sponsoring organization. Organizations facilitating such visits include:

- Promotion of Rural Initiatives and Development Enterprises (PRIDE)
- Kenya Rural Enterprise Programme (K-REP)
- Kenya Womens' Finance Trust (KWFT)
- Food for the Hungry (FAULU)

PRIDE was the only organization to have facilitated a visit (by 60 clients) to clients in another country (Tanzania); KWFT was the only one to have facilitated visits to clients of another organization (K-REP). The numbers of MSEs making visits, including these 'special cases', was as follows:

Group-to-group exchange visits	PRIDE	K-REP	KWFT	FAULU
Women		136	58	
Men		264	0	
Total	207	400	58	4

One of the most remarkable points about these visits is that the clients paid all of the direct costs (except in the case of KWFT, where the visits were subsidized). The facilitating organization provided only logistical support, and an escorting member of staff.

Direct costs paid by clients ranged from Kshs 40 per day, up to Kshs 1,720 (\$34) for the visit to Tanzania, comprising:

- ! Kshs 320 for passport/visa (valid for one year in Tanzania and Uganda)
- ! Kshs 700 round trip transport Machakos-Arusha
- ! Kshs 700 board and lodging

The visits last from 2 hours to one day, with the exception of the visit to Tanzania, which lasted 4 days.

It is also significant that all of the above visits were made as a group, rather than as individuals, despite the possible competitive advantage to be gained by making an exchange visit alone (although many PRIDE clients visiting Tanzania expressed the intention to return on their own, in the future). Reasons given for the preference for group-based visits included the following:

- ! the traditional *harambee* spirit, including the benefits of sharing experiences after the visit, and the confidence created by going in a group
- ! cost effectiveness, achieving economies of scale in transport and other logistics
- ! husbands are more willing to allow their wives to participate in a group exchange, than if they go alone

It should be noted that great majority of MSEs making these visits were probably traders; information is only available for the K-REP clients, which comprised 72% traders, 15% manufacturers and 13% service operators. Indeed, the facilitating organizations kept very few records of the exchange visits, viewing it as being not part of their 'core' activity (even though it probably enhanced it).

2.3 Multiple group exchange visits

PRIDE and the Informal Sector Programme of Kenya Industrial Estates (KIE) organize client workshops; these workshops are not held with the specific aim of enabling clients to 'network' amongst themselves, although this undoubtedly happens in practice. Such events usually last one day; the various primary objectives of the organizers for holding such workshops were found to include:

- ! to up-grade client skills in specific areas of management
- ! to acknowledge outstanding client performance, in order to encourage high repayment rates among clients generally
- ! to plan for future activities

The third objective, to plan for future activities, refers to a FIT/PRIDE workshop, held to try to define exactly what PRIDE clients hoped to gain from the exchange visits which they were requesting. Through such a workshop, it was hoped that indicators of success



could be established, so that the subsequent exchange visits could be evaluated. The workshop was successful in defining what MSEs hoped to gain from exchange visits, although the range of possibilities was found to be very wide. However, the organizers of the workshop noticed that the workshop itself had become a 'group visit', with the 34 participating MSEs exchanging a wide variety of commercially valuable information. Thus, in addition to being a planning instrument, the workshop was also an exchange visit.

In addition, participation by MSEs in Trade Fairs can be considered as a multiple-group exchange visit, since this provides the opportunity to mingle with, and even view the products of, many other MSEs. During 1992, PRIDE offered 'Training Coupons' for sale to its best clients; 23% (105) of these clients chose to use their Coupon to visit the Nairobi International Show. This is particularly remarkable, in that the coupon to visit the Show cost the client Kshs 200, whereas the coupon for conventional training in management skills only cost the client Kshs 100. K-MAP has also facilitated visits by MSEs to Shows.

The numbers of MSEs involved in multiple group exchange visits to date are given below.

Multiple group exchange visits	PRIDE	KIE ISP	K-MAP
Women		29	38
Men		111	80
Total	262	140	118

In addition, the Ministry of Research, Technical Training and Technology, together with British American Tobacco plc, offers an annual opportunity to selected MSEs to participate in the National Jua Kali Show; more than 1,000 MSEs have exhibited at these Shows since they started in 1989 (Esbin, 1994). A few MSEs also take the opportunity to participate in the various ASK Shows, but these tend to be too expensive for most MSEs to be able to exhibit.

2.4 Visits to larger enterprises

Few MSEs are being offered the opportunity to visit larger enterprises; it seems that only FIT and PRIDE have mounted a pilot scheme. As mentioned above, the original plan was to offer 5 MSEs the chance to visit larger enterprises; because of the 'missing middle', these tend to be very much larger, and it was therefore questioned whether such visits can indeed be relevant to the visiting MSE. Nonetheless, demand was very strong, and 9 MSEs took up the offer of visiting a larger enterprise. The primary client goals for these visits are presented below; however, one finding of the FIT/PRIDE workshop described above was that the goals of clients making these visits were actually very broad; selecting

one possible benefit over others should not obscure the desire of the MSE to benefit in a number of possible areas.

Participating MSEs, and their host enterprises, were all in the FIT subsectors (metal-working and food processing). Initially, PRIDE identified 163 potential host companies, and interviewed 70 of these by telephone. Based on interest expressed in the idea, and apparent suitability, 30 of the 70 were visited by PRIDE staff, and 17 of these were selected to act as hosts to MSEs who were interested to visit them. In the pilot activity, 5 of these larger enterprises were actually visited.

It may be noted that some larger enterprises viewed the MSEs as potential competitors, and were therefore reluctant to let them visit; this was particularly apparent in the baking sub-sector.

Principal goal of MSE in making the visit	Proportion
New technical skills	36%
New products and services	29%
Improved management skills	21%
Access to information	7%
Improved marketing skills	7%

The 17 larger enterprises selected by PRIDE to act as hosts had an average full-time workforce of 63, and were mainly based in Nairobi; the average age of the businesses was 16 years. 57% of visiting MSEs paid all of the direct costs of their visit, and these costs averaged Kshs 450 per day. PRIDE noted that the indirect costs of setting up these visits were relatively high, due to the need to screen potential host enterprises, and to persuade them of the merits of playing host to these MSEs. Advantages include possible collaboration in the long term, and the enhancement of the company's image through participation in *jua kali* development. PRIDE also noted that hosts often wanted to set specific objectives for the visits, to ensure that they were of high quality; one feasible way to do this may be through involving large-scale host enterprises to a planning workshop for MSEs, before visits are implemented.

It may be noted that K-MAP effectively facilitates the opposite operation, whereby counsellors from larger enterprises visit MSEs, to advise them in management and other skills. There is no documentation, as yet, about business linkages which have emerged from this arrangement.

The following Chapter outlines the findings of the various FIT/PRIDE evaluations, and of interviews with clients of other organizations, to compare the impact achieved by the



different formats already described.



Chapter 3

The impact achieved by different formats

3.1 Individual exchange visits

As indicated above, only 6 individual exchange visits to peers were actually implemented, under the FIT/PRIDE pilot project. Of these, only 3 could be found for interview, during the evaluation (Hileman, 1995). Because of the very small number in the sample, the impact of the visits was not disaggregated from the total; however, it became apparent that MSEs who visited other MSEs readily expressed dissatisfaction with the visit, in cases where they felt that they had little to learn from the MSE they were visiting. This was particularly the case, where they had not selected their destination themselves. However, it was also very remarkable that even those MSEs who considered that their first visit had not been a success wished to have the opportunity to make another visit; a strong demand, even for individual visits, was expressed to the evaluators.

3.2 Group-to-group exchange visits

Despite the relatively large number of such visits already facilitated by several NGOs in Kenya, no systematic monitoring of the impact has yet been carried out; this is because such visits are seen as peripheral to the core business (generally credit provision) of the facilitating organization. Only PRIDE prepared a report about the visit by their Machakos clients to clients in Arusha; this report indicated that most clients intended to return to Arusha on their own in the near future, because the visit had given them both the motive (business opportunities) and the confidence. In order to gather some initial information, therefore, PRIDE visited other NGOs which had facilitated such exchange visits, to interview staff on their perceptions of the visits (see Annex for questionnaire used).

All those interviewed indicated that they believed the visits to be of great value; they also agreed that it would be valuable to have a service within Kenya which facilitated such visits. However, none were keen to house that service within their own agency, for fear of distracting from the 'core mandate'. Because of the lack of monitoring information, PRIDE tracked down 24 entrepreneurs who had participated in exchange visits facilitated by these other NGOs, and interviewed them about their experiences (see Annex for form).

MSEs interviewed for this initial survey were clients of KIE, K-REP, KWFT and PRIDE; they had participated in either group-to-group or multiple-group visits. 13 of the 24 interviewed were women; they came from several different sub-sectors, including manufacture, service and trade. The most tangible business results are listed below; in addition, many clients also purchased a variety of equipment, goods and samples during their visits, including for example cooking utensils, vehicle parts (2 clients each), and a book on marketing.



What was the most tangible business result from your visit or workshop?	No.
Empowerment (feelings of confidence, ability, recognition of excellence etc.)	8
Improved business management skills	5
Connections with buyers, increased customer base	4
Actual receipt of orders	2
Information on loan sources	2
Connections with suppliers	1
Purchasing of new tools or machinery	1
Arrangements with peers to share tools or equipment	1

For example, one K-REP metal-working client who visited Kibera from Kawangware found that he could hire or borrow tools from K-REP clients in Kibera when he has work in that area, rather than carrying his equipment, as he was doing at the time. This metal-worker was believed that exchange visits should definitely be organized along sectoral lines, "to standardize prices and purchase of materials".

When asked what they disliked about the exchanges, 13 clients responded 'nothing'. Of the remaining 11, 4 thought that they were too short, 2 complained that they were not given 'secret' information about particular processes, 4 had logistical problems and 1 client indicated that she was afraid because she could not communicate in the language of the area she visited.

As mentioned above, exchange visits under the FIT/PRIDE programme were originally intended to be on a one-to-one basis; in practice, however, they were often implemented in a group. A metal-worker from Thika, who visited metal-workers in Limuru, noted that he did not learn very much from the people he visited; on the other hand, he did find the discussions with his fellow visitors from Thika very useful. For example, they were able to discuss ways of sharing tools and equipment, which will help him in his business.

3.3 Multiple group exchange visits

The most systematic data available about the impact of multiple-group visits comes from an evaluation of the FIT/PRIDE 'brokering workshop' (PRIDE, 1994). 14 of the 34 participants were visited and interviewed, and many benefits were documented. For example, several clients had expanded their range of products within 6 months of the workshop; new products and services included fork jembes, jikos, water heaters, fruit



trays, flower pots, chicken feeders, and the grinding of chicken feed. A blacksmith from Machakos noted that, during the workshop, he had the idea of building a store, to stock steel for sale to his fellow welders and blacksmiths, and had been able to implement this successfully.

Similarly, several clients were found to have incorporated new tools and equipment, including weighing scales and a clay-molded charcoal screen for jikos. Several also reported that they were now obtaining raw materials and spare parts more cheaply from sources learned about during the workshop. For example, a blacksmith from Nyahururu had been told at the workshop about a place to buy bearings; this source was enabling him to build pumps, which he had not been able to build before. Notably, employment in MSEs which had participated in the brokering workshop was also found to have increased.

Interestingly, while women participants in the brokering workshop accounted for 30% of the total, they were found to have earned 55% of the increased profits. Thus, it may be that women entrepreneurs were able to benefit more from that particular type of opportunity.

In summary, exchange visits between peers seem to bring the following, distinctive benefits to participants:

- ! empowerment, including feelings of confidence, ability and recognition of excellence
- ! improved business management skills
- ! increased forward linkages, particularly to new customers
- ! increased backward linkages, to suppliers and other MSEs
- ! access to information about tools and equipment, product diversification and sources of financing

3.4 Visits to larger enterprises

As mentioned above, the FIT/PRIDE pilot scheme enabled 9 MSEs to visit larger enterprises; of these, 8 were interviewed for the evaluation. Because of the small sample, the impact on the 3 MSEs who had visited other MSEs in peer exchange visits was included in the total analysis, presented below. Of the MSEs who had participated in successful visits, and who were interviewed for the evaluation, only one was a metal-worker; the others were all in food processing.

Many new tools were noted in the businesses of participating MSEs, including tools to reduce dust generated by posho milling, a manual posho mill, a battery charger, a weighing machine, a machine to make animal feed, an ice box, a chip cutter, a fryer, a fuel-efficient charcoal stove, cooking utensils and a thermometer. Apart from the new processes inherent in this new equipment, several new production processes were also found, arising from the visits, including techniques for cleaning maize before milling, skills for making new bicycle parts, a technique for minimizing waste in a butchery, and the milling of dried



fish.

New products and services added to the participants' businesses included:

- ! pastries/cakes (3), sweets (2), bread (2), samosa/chapatis (2), mayonnaise, soups, improved mandazi
- ! animal feed, ground flour
- ! butchery
- ! new pedals, seats and carriers for bicycles
- ! battery charging

Specifically, and taking the sample as a whole, the following gains were reported:

- ! 92% reported gains in self-confidence and expanded horizons; the only participant who did not report this was a woman.
- ! 92% felt that they had achieved "improved communication with customers"
- ! 92% reported improved skills in employee relations
- ! 67% cited specific management techniques which they had learned; many respondents asked for a specific workshop on record keeping
- ! 66% had found new customers, and/or information on new markets for products, including nearby towns, a school, and a children's home; one MSE had learned how to conduct simple market research.
- ! 57% said that they acquired information on suppliers
- ! 50% reported new marketing ideas, including locating their business in a better location, focusing on presentation and cleanliness, and selling additional products, including cold sodas or paraffin,
- ! 16% gained repair skills

Thus, the most commonly-cited area of benefit was in improved management skills. One of the most readily-adopted, specific practices were an increased customer orientation, including the idea that 'the customer is always right', which was quite new to many MSEs. Other implications, such as the idea of actively researching markets, and the potential to improve presentation in the business, were also quickly grasped by most. The assembly-line division of labour was also widely recognised as having immediate application, even in a relatively small enterprise. However, despite specific MSE interest in learning book-keeping skills, the visits were not of sufficient duration or depth to address this need effectively.

To illustrate benefits through a specific example: during a one-week visit to the Nairobi Safari Club, a hotel owner from Thika learned how to store meat safely for a longer period, and how to use left-overs (which she had previously thrown away) to make soup. She also learned how to make mayonnaise and sweets, and gathered "a lot about stores management, service and display" (particularly the division of duties and responsibilities).



In addition, she noted: "I have re-painted my restaurant, and have actually sacked one of my employees because of poor customer service". This observation may point to increased self-confidence, of particular importance for women entrepreneurs; interestingly, the hotel owner also commented "please plan again for this year even if we have to pay, I am ready and willing to pay".

Similarly, another client of PRIDE, who mills maize in Thika, visited Unga in Nairobi, where she learned about ways in which she could improve the quality of her flour. She became convinced that animal feed could be a viable product in her own business, and bought a Dume mill for processing animal feed. However, she also noted that Unga was reluctant to give her the formula for processing animal feed.

Attempts were also made to interview customers of the MSEs, who would supposedly be the ultimate beneficiaries of increased product range, improved products etc. However, all of the customers interviewed spoke so enthusiastically about the MSE that it was concluded that the opinions expressed were not necessarily objective.

Three of the four larger enterprises who had played host to the MSEs were also interviewed during the evaluation. They were found to be very interested in the whole exercise, and keen to continue and expand it; while the motivation seemed to be primarily philanthropic, the approach was highly professional. The larger companies were found to be very keen to structure the visit, to ensure that maximum value was obtained by the MSEs, either in terms of technical training, or of exposure to new ideas and contacts. This strong interest needs to be built on and further developed.

In summary, it seems that visits by MSEs to larger, host enterprises bring the following, distinctive benefits to participants:

- ! new ideas, and upgrading of management skills, particularly in marketing
- ! increase in self-confidence, arising from the apparent interest of large enterprises in their development
- ! new vertical linkages, to large-scale suppliers and customers
- ! new ideas, and upgrading of specific technical skills



Chapter 4

Conclusions and recommendations

4.1 Conclusions

- " There is very strong demand from MSEs for visits to other enterprises, even if their initial experience is not good; this may reflect a desire to expand entrepreneurial networks beyond the immediate family and locality, in order to achieve business growth
- " visits by MSEs to other MSEs yield positive impact in almost all areas of business activity, including new product ideas, new production processes, new management and technical skills, new sources of raw materials and spare parts, new markets for products, increased self-confidence etc. There are some indications that women benefit more than men, in terms of increased profits
- " visits to large enterprises also provide very positive impact for MSEs, along similar lines; although expensive to find, initially, participating larger enterprises are very keen to continue and develop the approach in a professional way
- " MSEs prefer to make their visits in large groups, at least for the first visit to a new location; in this case, clients are willing to pay all direct costs. Individual MSEs may then make follow-up visits on their own initiative
- " where MSEs come together from many places, for example for a workshop, some MSEs prefer a broad mix of sub-sectors to be represented; however, where a visit is made from one location, to MSEs in another location, an arrangement along sectoral lines seems to be preferred
- " some visits are already being facilitated, for other purposes, by Government and NGOs in Kenya
- " in particular, PRIDE is in the process of adopting the methodology, specifically to enhance networking between its clients in the region
- " Jua Kali Associations are also interested to facilitate exchange visits, but the National Federation does not currently have the capacity to provide national-level coordination

4.2 Recommendations

- " ways need to be identified, to develop and expand the visits already being facilitated, so that more MSEs can benefit; for example:
 - the findings presented in this Paper should be given wide circulation, so that they may be applied by Government, NGOs and others, in order to maximize the benefits and cost-recovery? This would include the application of group-based and sectoral approaches to visits to MSEs in another location
 - a Working Group should be established, to share experiences, and to identify



additional benefits; for example, can needs for external, expert inputs be identified more effectively during brokering workshops?

- further documentation should be prepared, to enable facilitating organizations in Kenya and elsewhere to benefit from the experiences described in this Paper. For example, an Implementation Kit or manual may be prepared, detailing how brokering workshops and exchange visits are best organized, to maximize both impact on MSE performance, and MSE contributions to costs.
 - Similarly, a data bank of large-scale enterprises willing and able to act as hosts may be prepared, and efforts made to expand the data bank by recruiting additional, large companies (for example, by printing a brochure, holding seminars etc.)
- '' an appropriate agency is needed, to facilitate exchange visits at the national, and even regional, level, for all MSEs wishing to benefit from them. FIT seeks to identify such agencies, in whatever form, including possible private sector channels. For example, would a group of young professional people who are keen to market services to MSEs be interested to offer seminars on these services? Participating MSEs may be expected to benefit, just from the opportunity to meet other MSEs in comparable situations.
- '' a preparatory workshop can be an important tool in planning exchange visits; in particular, representatives of larger companies interested to act as hosts can participate, to enable appropriate matches to be made. In addition, client MSEs benefit from such workshops, through the informal exchange of information; modalities for encouraging MSEs to share the costs of such workshops still need to be identified and developed.

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