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From the Editor-in-Chief
Maurice N. Amutabi, Ph.D

There is a lot that has taken place in Africa in rhe past one decade due to increasing globalization. We at KESSA are happy to release this special volume of Kenya Studeis Review to the general public, in whch journals are dealing with diverse issues. The authors bring experiences from Kenya, Nigeria and other African countries. Enjoy the reading.

Analysis of entrepreneurship determinants among ethnic minorities in Benue state, north-central Nigeria

By

S. Tersoo Kpelai*

Abstract

This study examines the main factors that foster entrepreneurship among ethnic minorities in Benue State-Nigeria. The exploratory- survey method was utilised for the collection of data. Questionnaires were administered on sixty four (64) practising entrepreneurs in the three major towns in Benue State. The data was collated, presented and analysed using tables with and corresponding percentages respectively. The findings were that the types of entrepreneurs found among ethnic minorities are the drone types and they lack innovative entrepreneurs which had slowed down the pace of economic growth in Benue State. Also, the majority of ethnic minorities entrepreneurs came from entrepreneurial family background and this provides supportive relationship and encourages independence and achievement which are strong determinants of entrepreneurship. Moreso, majority of entrepreneurs of ethnic minorities are driven by personal motives of financial reward, independence, and unemployment malaise in their communities to form entrepreneurial personalities. It is therefore recommended that for ethnic minorities to increase supply of innovative entrepreneurs in their communities, it may be necessary to promote entrepreneurship/enterprise culture/values. A community-based entrepreneurial development and empowerment programmes be establish to foster entrepreneurial culture among her members, training and education programmes for members on entrepreneurship skills, community-based strategy in providing financial assistance and infrastructure, ethnic minorities should form cooperative societies and community-based micro finance institutions to assist members' access credit facilities for purposes of start-ups and expansion.

Keywords; entrepreneurial, credit facilities, micro finance institutions, ethnic minorities

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Introduction

Entrepreneurial activities are known world-wide to be the bedrock of any nation's industrial development and entrepreneurs are widely regarded as the prime movers of economic development. ''These are the people who translate business ideals into actions" (Kpelai, 2009:28). Again, it has now been widely agreed that the entrepreneur is the prime driver of economic progress. Therefore, less developed countries of the world are so today because of their entrepreneurial attitudes and concept of citizenry. The people of developed countries do not wait for government to do everything for them. They are creative and innovative; they identify, establish and run their own ventures. These attitudes end up developing the individuals themselves, their communities, provide jobs for others supplement social infrastructural amenities and eventually develop the nation. Where entrepreneurial activities are lacking, like in the developing nations, there is bound to be poverty and lack of development (Kpelai, 2009). Indeed this fact has been re-echoed by a former South African Minister of Finance in 2005 when he said that "Africa's transformation will be founded on the enterprise of individual households and businesses"Ronstadt, 1984:4)) claimed that: small firms are the backbone of the American economy, since they create two of every three jobs, produce 40% of the Gross National Product (GNP) and invent more than half of the nation's technological innovations. He said that during the past decade small business/entrepreneurial activities created 63.6% of all new American jobs and accounted for 43% of the GNP.

It has indeed been stated that national entrepreneurial activities are vital for national development because they create about 70% of the jobs and contribute about 43% of the GNP (Stokes, 1995). If therefore the citizenry of nation are involved in entrepreneurial activities, there is the hope that nation will develop. The year 2020 target of making Nigeria one of the twenty developed economies of the world shall only be achieved if we identify factors inhibiting entrepreneurial activities, remove them and by so doing we shall be encouraging entrepreneurship and national development.

Notwithstanding, previous studies and research in entrepreneurial activities and entrepreneurship development; none seems to isolate ethnic minorities in Nigeria as special group in an economy dominated by major ethnic groups for a study that assess their characteristics to go into entrepreneurial activities, let alone become successful. It is argued that the outsider group effect is significant source of entrepreneurship (Kpelai, 2009 and Weber, 1930).The sociological theory of entrepreneurship holds that many disadvantaged population groups resort to entrepreneurship for class attainment and social recognition, though many existing theories on entrepreneurship differ in perceptions as to what constitutes or does not constitute qualities of an entrepreneur. This study will therefore attempt to fill this gap in knowledge.

Literature Review

Entrepreneurship

Entrepreneurship as phenomenon has different conceptualization by different scholars with different perspectives, all pointing to one direction of creating a new venture. According to Ronstadt (1984:28) ''entrepreneurship is the dynamic process of creating incremental wealth". The wealth is created by individuals who assume the major risks in terms of equity, time and for career commitment or provide value for products or services. The products or services may or may not be new or unique but the entrepreneur must somehow infuse value by receiving and locating the necessary skills and resources. To Schumpeter (1953), one of earlier writers on the subject of entrepreneurship, linked this concept to a purposeful and

systematic innovation. Suffice to add that the entrepreneurial activity is geared towards the realization of micro benefits for owner such as profit rewards, socio-economic independence, employment generation, wealth creation among others. These micro benefits for the owner may invariably touch the lives of many thereby turning to macro benefits for larger society. Entrepreneurship therefore is a tool that brings about national transformation and socio-economic development of any society.

Entrepreneurship utilizes new ideas and creativity that leads to economic growth. This is realised through the abilities of entrepreneurs to bear risks. They also imbibe any culture, norms and values of a society to establish ventures that can work in any environment.Moreso entrepreneurs come from a variety of educational backgrounds, family and childhood environment, and work experiences. Potential entrepreneurs can be male or female, of any race or nationality.

Entrepreneurial Culture

An entrepreneurial culture is seen as a "set of values, beliefs, and attitudes commonly held by society which support the notion that an entrepreneurial life system is desirable, and that in their turn strongly support the search for effective entrepreneurial behaviour by individuals or groups" (Hisrich and Brush, 1995:35). An entrepreneurial culture accords high prestige to practicising entrepreneurs who enjoy high social status in our society; regardless of whether or not they are successful. An entrepreneurial culture nurtures individuals in original and significant ways. It does not look down upon entrepreneurs and does not stigmatize entrepreneurs who have tried but failed; rather it recognizes the positive influence of entrepreneurs/entrepreneurship in developing the society.However, their experiences do serve as an essential incubator in the entrepreneurship process (Gordon, 1985). Those economies and regions which have flourished in the late 20th century have a common business culture which can be broadly described as entrepreneurial (Bygrave and Hofer, 1991).Developing societies such as Benue State need to imitate or encourage entrepreneurial values that will promote desired economic growth.

Ethnic Minorities and Outsider Group Effect

Ethnicity refers to as a group that has some degree of shared culture which is passed on through a combination of language, religion, laws, customs, institutions, dregs, music, crafts, architecture and even food. Where some ethic groups dominate in a given territory by population, economic and political powers, we call the suppressed as ethnic minorities. Haralambos etal., (2002) have argued that ethnic minorities form an underclass. They are discriminated against in the labour market, lack of access to capital from formal financial institutions, low patronage in political appointments amongst others.

Ethnic minority, or the outsider individual, the marginal person, who is by a combination of different factors rendered outsider in relation to social groups with whom he normally interacts, viewed as significant source of entrepreneurship. Ethnic minorities will see business ownership as means and escape from marginality (Weber, 193 and Haralambos etal 2002). The Inter-American Development Bank carried out a study which examined entrepreneurship in emerging economies in Latin America and East Asia. It was found that nearly half of dynamic ventures in East Asia were owed by people from the lower and middle classes (OECD, 2004).More often, impulse from entrepreneurship is energized by deprivation and lack of recognition or under representation of groups.

The study population

The population of the study comprised all entrepreneurs from the ethnic minorities living in Benue State, North -Central Nigeria. These include: Tiv, Idoma, Igede, Etullo and Jukun. The target population specifically is those involved in entrepreneurial careers and resident in the three major commercial towns of Gboko, Makurdi and Otukpo in Benue State.

The Benue State Industrial and Business Directory (2011:8) reported that the 23 Local Government Areas which make up Benue State have 244 registered enterprises. This is the source used in generating the sampling frame of entrepreneurial activities owed by ethnic minorities in the state. Using purposive sampling procedure a sample size of 100 practising entrepreneurs was chosen for the study.

Scope of study

Benue State created in 1976 with an estimated population of 4.6million people (National Population Commission, 2006) is one of the six states that make up the North-Central geopolitical zone of Nigeria. Other states in the geopolitical zone include: Kwara, Niger, Kogi, Plateau, Nasarawa and FCT Abuja. Benue State is populated mainly by the Tiv, Idoma and Igede people. Other minor ethnic groups found in the present day Benue State include: the Jukun, and Etullo. The major ethnic groups such as Fulani, Hausa, Yoruba and Igbo are also found in Benue State undertaking all shades of entrepreneurial endeavours. But the scope of this study excludes entrepreneurs of these major ethnic groups in Benue State. An interesting phenomenon about entrepreneurs belonging to ethnic minorities is that while some are good at entrepreneurship activities, others are not. Attempts by many of their kinsmen to venture into entrepreneurship have failed, leaving most of them with civil service jobs or partisan politics.

Administration of questionnaire

The research employs purposive sampling procedure used in arriving at the sample of 100 entrepreneurs (registered Small and Medium Enterprises) in Benue State. The choice of these 3 towns is informed by the fact that a very significant number of entrepreneurial activities are concentrated in these 3 towns and they are known for all forms businesses undertaken by Nigerians of all tribes, religion, cultural and diverse educational backgrounds. It is assumed that it be fair sample representing ethnic minorities engaged in entrepreneurial careers.

A hundred questionnaires were distributed to the entrepreneurs in the three major commercial towns in Benue State. Makurdi which is the state capital had 50 questionnaire, Gboko 25 questionnaire and Otukpo 25 questionnaire. There were eighty percent recovery rates of questionnaire from Gboko and Otukpo, while the rate was about forty eighty percent in Makurdi. This may be due to high level of business and entrepreneurial activities in Makurdi that leaves the respondents with little or no time make out to fill the questionnaire. This has been discovered to be one of the setbacks of the study and similar other studies of this nature. On the whole there was a questionnaire recovery rate of about sixty-four percent (64%).

Findings and interpretation

Demographic characteristics of entrepreneurs of ethnic minorities

It was discovered that of the sixty-four respondents, 56.30% of them were male, while the remaining 43.70% were female (Table 1). This high level participation in entrepreneurial activities by women is encouraging and appears to be a re-awakening on the part of the female folk to do or out-do their male counterparts in whatever entrepreneurial endeavour. The age structures of the sixty-four respondents were between thirty and forty years with 53.13%. In other words those whose ages fall between thirty and forty years were more

involved in entrepreneurial activities than the other age brackets. Respondents with less than thirty years (15.62%), between forty and fifty years (3.13%), see Table 1.

Table 1: Bio data of the respondents

Bio data	**Sex**		**Age (in years)**					**Marital status**				**Level of education**					**Ethnic group**				
	M	F	<30	30-40	40-50	50-60	>60	Single	Married	Divorce	widowed	No formal education	Primary	Secondary	Post secondary	professional	Etulo	Idoma	Igede	Jukun	Tiv
Frequency	36	28	10	34	10	8	2	12	44	2	6	6	10	24	24	0	2	26	6	4	26
Percent	56.30	43.70	15.62	53.13	15.62	12.50	3.13	18.75	68.75	3.13	9.38	9.38	15.63	37.50	37..50	0.00	3.13	40.63	9.38	6.25	40.63

Source: Field survey, 2012

The implication of this finding is that, since majority of respondents age bracket fell between thirty and forty years, it demonstrates that entrepreneurs of ethnic minorities in Benue State initiate their entrepreneurial careers between the ages of 30 and 40.Although a career may come before or after these years, it is not unlikely because an entrepreneur requires experience, financial support and high energy to cope with managing a new venture.

On marital status, it was discovered that most of them were married 68.75%, widowed were 9.38% and 3.10% divorced. About 18.75% were singles. This finding suggests that majority of respondents are successful family men and women. Good family values are antidote to successful entrepreneurial endeavours (Hisrich and Brush,1995).
The distribution of ethnic minorities sampled shows that, twenty-six (40.63%) of them were Tiv,.Idoma were also 40.63%, Igede (9.38%),Jukun (6.25%) and Etullo (3.13%). From the data it could be safely concluded that the entrepreneurial landscape of Benue State is dominated by the Tiv and Idoma people. This suggests that the sampled entrepreneurs are a reflection of ethnic groups that make up Benue State North-Central Nigeria.

Educational background
The study also revealed that the educational background of majority of respondents were secondary school certificates 37.50% and post-secondary education mostly diploma holders were 37.50%. While, 9.40% of respondents were with non-formal education, 15.60% with first school leaving certificates and none with professional qualification. This suggests that majority of entrepreneurs of ethnic minorities can write and communicate clearly with their customers and suppliers. However none of respondent had higher qualification in business education, thus, limiting their competencies in providing professional skills in management and growing the enterprise. Education is an important factor in helping the entrepreneur copes with problems they confront. According to Hwagyo (2012) and Hisrich and Brush (1995) formal education is not necessary a motivating factor to starting a new business, though it does provide a good background particularly when it is related to the field of the venture. The ability to deal with people and communicate clearly in the written and spoken word is also important in any entrepreneurial activity.

The nature of entrepreneurial activities
In Table 2, the study has found that over 78.13% of those studied were involved in trading/retailing of goods and services had none. Manufacturing activities were just 6.25% implied that there is little value addition to the economy of Benue State over the years from the activities of entrepreneurs of ethnic minorities. A small percent of 9.38% were in transport business, about 6.25% engaged in contracting and construction.

Table 2: Type of Business

Business activity	Response/frequency	Percent
Trading/retailing of goods	50	78.13
Transportation	06	9.38
Contracting & construction	04	6.25
Manufacturing	04	6.25
Others	00	0.00
Total 64	64	100%

Source: Field Survey, 2012

Most of the ethnic minorities' entrepreneurs were in trading /retailing of goods of different kinds. This is a further confirmation of the weak industrial base of the state economy and indeed Nigeria at large. Majority of entrepreneurs sampled were "**drone entrepreneurs**" who do not manufacture but simply engaged in buying and selling with little or no value addition to the economy. For an economy to attain economic growth it needs innovative entrepreneurs and the key ingredient of entrepreneurship lies in the innovativeness of the individual (Schumpeter, 1934 & Kpelai, 2009).

Business family background/Parents occupation

Business family background has long been speculated to influence an individual´s decision to go into business and succeed as well (Akeredolu- Ale, 1975 and Hisrich and Brush, 1995).One of the questions posed to the respondents was to find out if the argument that; motivation to go in to entrepreneurial career has something to do with the entrepreneurial background of parents and the upbringing of the entrepreneur especially as it relates to the major occupation of the parents. It was discovered as demonstrated in Table 3 that parents of respondents 18.75% were civil servants, while 43.75% were in trading and retailing, farming had 28.13% of respondents, artisanship were 6.25% and self-employed jobs engaged 3.13%.

Table 3: Parents' occupational background

Types of occupation	Response/Frequency	Percent
Civil service	12	18.75
Trading/business	28	43.75
Farming	18	28.13
Artisan	04	6.25
Others	02	3.13
Total	64	100%

Source: field survey, 2012

The finding agreed with previous studies, because majority of respondents sampled were self-employed portraying a strong evidence of a business family background. Having parents who are self employed or entrepreneurial oriented provides a strong inspiration for the entrepreneur (Hirsch and Peters,1995).Their independent nature and flexibility of self employment exemplified by self employed parents are ingrained at an earlier age of the entrepreneur. Parents of entrepreneurs need to be supportive and encourage independence, achievement and responsibility. The supportive relationship of Parents early in one's life appears to be an important determinant in becoming an entrepreneur.

Influence of previous occupation/work experience

From the findings in Table 4, it was established that past work experience influenced one's desire to enter an entrepreneurial career. Table 4 has shown that 32.81% accepted that their past occupation have influenced their venturing into business very positively, while 43.75% said it has impacted positively on their drive to start a new business. Putting together, about 76.56% have accepted that their past work experiences /employment influenced their decisions to go into business. The respondents who claimed their past employment/occupation have influenced their entrepreneurial career negatively stood at 10.94%, while 12.50% believed that it has no influenced at all in their new venture. Entrepreneur's work history been it technical or industry experience has an important role to play in the growth and eventual success of the new venture. It can be concluded here that occupation background or work experiences are significant in forming an entrepreneurial personality.

Table 4: Influence of Previous occupation and venture creation

Influence	Frequency	Percent
Very positively	21	32.81
Positively	28	43.75
No influence at all	08	12.50
Negatively	07	10.94
Very negatively	00	0.00
Total	64	100%

Source: Field survey, 2012

Persons possessing proper knowledge and skills acquired through education and work experiences can become successful in their entrepreneurial endeavours (Khanka, 2002).Managerial experience and skills become increasingly important in areas such as bank financing and venture capital, new product and service development for the market, manufacturing, preparation of market plan and distribution channels design.

Motivation to go into business

There may be a variety of reasons why people decide to go into business or take to entrepreneurship at one time or the other in their lifetime. It is observed that in Nigeria people venture in entrepreneurship for four major reasons. These are financial gains, need for independence, redundancy and unemployment (Akeredolu-Ale, 1975, Gana, 1995 and Kpelai, 2009).

The findings in show a very high percentage of the respondents 75.00% (see Table 5), strongly agreed that they were in business because of independence/job security, while 50% of respondents were attracted to reward of money or financial attraction. About 59.90% said they have decided to go in to business because of unemployment or redundancy.

Table 5: Motivation to go into business/entrepreneurial activity

Reasons	**Strongly agree**	**Agree**	**Undecided**	**Disagree**	**Strongly disagreed**	**Total**	
						Frequency	Percent
Independence/job security	75.00	17.86	3.57	3.17	0.00	56	100%
To make money/financial attraction	50.00	50.00	0.00	0.00	0.00	47	100%
Redundancy /unemployment	59.90	36.36	0.00	4.54	0.00	46	100%

Source: Field survey, 2012. A number of respondents did not respond to this question.

From the finding it appears the basic motives of going into business are: independence/job security; to make money/financial attraction and as a means to an end to overcome the challenge of unemployment or redundancy. This has confirm recent reports of National Bureau of Statistics (2013) which indicates that the unemployment rate is about 12.6% in the first quarter of 2013.The population of Nigeria living in poverty stood at 56.4% in the year 2012.This goes to show that one in every two Nigerians is poor and over 76million people are in poverty (CBN, 2012). Entrepreneurship plays a key role in economic performance by creating jobs and generating employment, achieves social goals by helping individuals and groups to create wealth and social opportunities for themselves thereby reducing the socio-economic marginalization of major ethnic groups in Nigeria. More often, impulse for entrepreneurship is energized by deprivation and lack of recognition or under representation of groups. It creates opportunities for self employment for the unemployed and provides alternative to

unemployment.Thus, it is the means of alleviating poverty and stabilizing social disparities. Hence, it offers greater social mobility to disadvantage population groups in all economies (OECD, 2004).

Conclusions and Recommendation

Many factors are known to increase the supply of entrepreneurship in developing societies most especially among ethnic minorities who often suffer lack of access to formal employment, lack of recognition or under representation of their groups. Entrepreneurship empowers the less privileged and disadvantaged groups thereby creating opportunities for self employment and stabilizing social disparities.

The research clearly indicates that ethnic minorities' entrepreneurs are drone entrepreneurs engaged largely in petty trading which suggests non-availability of innovative entrepreneurs to revolutionize the Benue State economy. The ethnic minorities entrepreneurs have parents with business family background and this entrepreneurially parents provide supportive relationship that encourages independence and achievement which are strongly linked with later entrepreneurial behaviour of their children. Majority of ethnic entrepreneurs are driving by motives of financial reward, independence and unemployment to go into entrepreneurial endeavours, that notwithstanding, one's previous work experience is an important determinant as well in entrepreneurial personality formation.

For ethnic minorities to achieve full benefits of entrepreneurship and improves the economic performance of their communities; ethnic minorities should encourage promotion of entrepreneurial/enterprise culture in their communities; community-based entrepreneurial programme be establish to help their citizens' get economic empowerment through adequate training and supportive education that facilitates the acquisition of entrepreneurship skills; community based strategy adopted to provide financial assistance and infrastructural development in ethnic minorities communities; they should also encouraged formation of cooperative societies for the purposes of financial and other community development services and community based micro finance banks be established by ethnic minority groups to help their members access credit facilities for start-up and expanding purposes.

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Attaining Market Competitiveness through the Judo Strategy: The Success Case of the Easy Coach Bus Company in Kenya

By

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Abstract

The judo strategy provides business managers with the techniques to beat stronger opponents- a key challenge faced by businesses of all ages and sizes, ranging from tiny start-ups to established giants seeking to expand beyond their operational bases. Hence, the judo strategy helps an underdog firm that would otherwise be pessimistic with the presence of stronger competitors to perceive their competitors' inherent advantages as strategic liabilities and thus compete more effectively by employing creativity in movement, balance and leverage in ways that prevent giants from taking full advantage of their superior strengths. This study examines how a relatively small market entrant in the public transport sector in Kenya, Easy Coach, effectively utilized the judo strategy and ultimately outsmarted an entrenched and much stronger market competitor- the Akamba Bus Company. The results of the qualitative research offer invaluable insights to business managers on the effective implementation of judo strategy to attain market competitiveness. Finally, propositions for further research are suggested.

Key Words: Judo Strategy, Market Competitiveness, Public Transport Services, Small Enterprise

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L. Okoth-Odollo, Deborah Muchilwa & J.Kuria Thuo (2013) Attaining Market Competitiveness through the Judo Strategy: The Success Case of the Easy Coach Bus Company in Kenya. *Kenya Studeis Review,* Volume 6, Number 1

Introduction

Public transport services play a major role in the provision of public transport world-wide. These services can take many forms, varying in distance covered and types of vehicle used, and can operate with fixed or flexible routes and schedules. Services may be operated by public or private companies, and be provided using bus fleets of various sizes. Kenya has an extensive network of paved and unpaved roads that links the nation's towns and as well as connecting Kenya with her neighboring countries in the region.

For a long time, the public transport bus services sector in Kenya was dominated by a number of entrenched market players who have been in business for decades such as Coast Bus and the Akamba Public Road Services bus company. Coast Bus, the oldest bus operator in Kenya, runs a high class day and night service between Nairobi and the coastal city of Mombasa. On the other hand, the Akamba Public Road Services operated day and night passenger and courier services to a number of destinations in Western Kenya, Rift Valley, Mombasa and East African towns of Kampala, Mwanza and Kigali. Other reputable but recent bus companies in Kenya include Modern Coast, Nyamira Express, Otange, Mash and Crown Bus but there are a number of other companies which offer inter-city services such as Eldoret Express, Mbukinya, The Guardian, Kalita Coaches and Palmdam.

Akamba Public Road Services is an experienced long distance passenger bus transport and courier company that had been in operation for over 55 years in the East Africa region. Though the firm has its headquarters in the City of Nairobi, it started its operations in Machakos town with a handful of buses. At its business peak, the firm was the biggest intercity transport company in East Africa with more than 100 fleet size and serving more than 50 destinations within Kenya, Uganda and Tanzania. The long standing heritage and corporate image of reliability, consistence, competence and professionalism differentiated Akamba Bus Company from the competition and helped the firm attain the preferred choice in long distance travel in the region. The firm commanded immense wealth of assets and business experience. This made it regarded as the market leader in Kenya and the region. In December of the year 2003, Easy Coach Bus Company – a small size enterprise - opened its doors in Nairobi. The business idea was mooted by an individual, who before then, worked for Akamba Bus Services. The company started with only three buses operating on Nairobi- Nakuru – Kisumu route, with a total of thirty employees.

By the end of 2008, however, it was clear that Easy coach was a dominant market player. The company went from strength to strength. Akambas' fight to retain its dominant market share in the western Kenya circuit failed and Easy Coach Company's western Kenya's share market is close to 70%. Easy Coach has its eyes squarely focused on its strategic objectives of offering high class transport and courier services, anchored on comfort and time value.

Statement of the Research Problem

The public transport bus services industry has become one of the fastest growing and competitive service industries in Kenya. The intense competition has seen such state supported public transport bus service provider Stage Coach Bus Services collapse as has been the case with

Akamba Road Services Limited which had been in operation for over 55 years. The demise of dominant and entrenched market players has been as a result of the entry of more competitive market players who engage more appropriate strategies. The aim of this study is to demonstrate the extent of the application of judo strategy by the Easy Coach to achieve market competitiveness in public transport business in Kenya and in particular against the Akamba Bus Company leading to the latter's exit from the market.

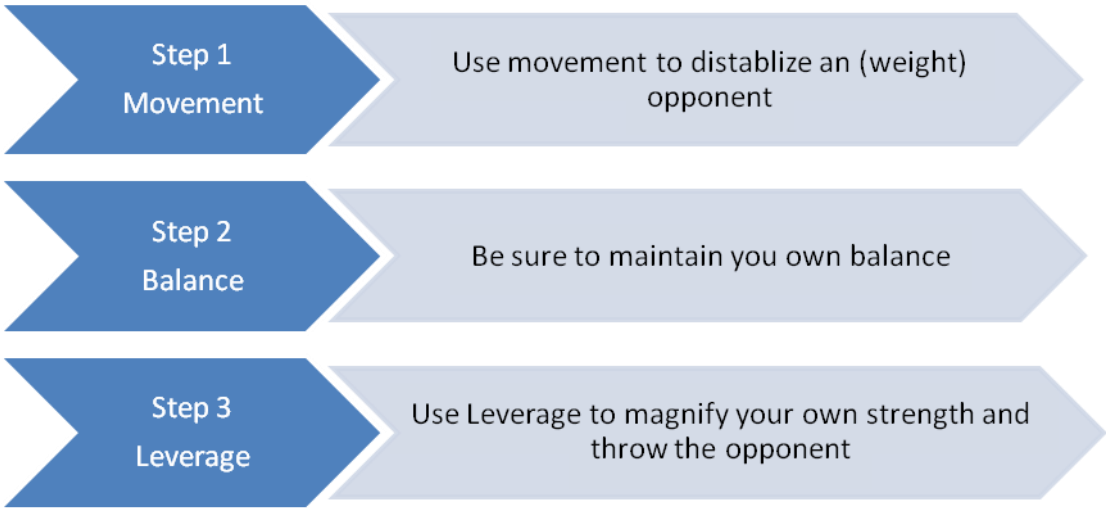
Literature Review and Theoretical Framework

According to Yoffie and Kwak (2002), judo strategy is a multilayered concept. Judo strategists employ three principles: movement, balance, and leverage. Each principle provides a different piece of the strategy puzzle. Movement throws a competitor off balance and neutralizes its initial advantages. Balance helps engage with the competition and survive an attack. And leverage enables the challenger to bring down the opponent. When used together, these three principles will help defeat rivals of any size. Judo strategy puts premium on three essential principles that help companies to enter new markets, and defeat stronger opponents. By developing rapid movement, flexibility, and innovation, new players can lay claim to contest ground and turn dominant players' strength against them. Judo strategy has particular resonance in periods of rapid change. Judo strategists, avoid head-to-head competition that naturally favours the large and the strong. They rely on speed, skills agility, and creative thinking in crafting strategies that make it difficult for powerful rivals to compete.

Drucker (1985) regards the judo strategy as "entrepreneurial judo" since a challenger must find smarter ways to compete. Should the challenger try to capture the entire market, the incumbent will fight back – and, using cost advantage, probably wins. The challenger can induce the incumbent to accommodate his entry by targeting a small sub-set of the market. Drucker (1985) further argues that entrepreneurial judo aims at securing a "beach head" and one which the established leader either does not defend at all or defends only "halfheartedly." Once the newcomer has an adequate market and adequate revenue stream, (s) he then moves on to the rest of the "beach", and finally to the whole "island".

Judo teaches how to use an opponents' weight against him, to turn his strength into weakness. It invokes three steps that must be taken, Adam (2009. These steps are in tandem with the principles as outlined by Yoffie and Kwak (2001) and are depicted in Figure 1.

Figure 1: Core Principles of Judo



Adopted from Adam (2006)

Depending on the nature of competition, firms may combine and implement movement, balance and leverage in different ways. One of the major aspects of judo is to use the size of the opponent against him. As a business strategy, it is designed to give smaller companies an advantage by using the perceived advantages of a larger competitor - namely size - against the competitor. Thus, the incumbent inherently suffers vulnerability to new entrants as shown in Figure 2.

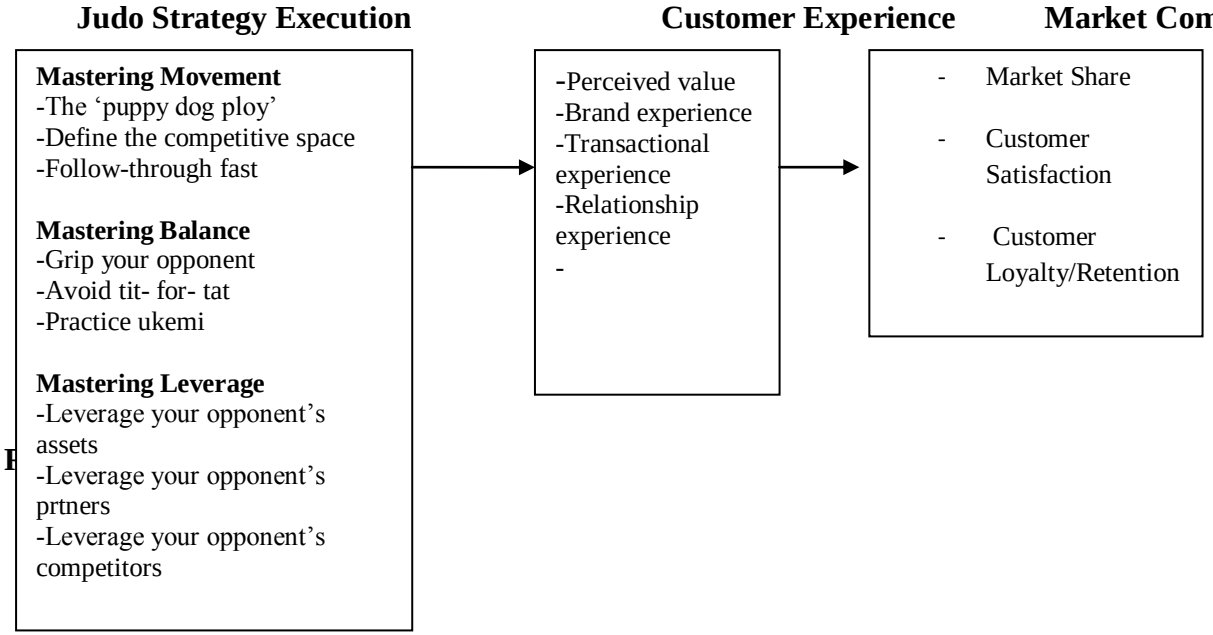
Figure 2: The Fate of the Incumbent

What it is	How it works
Judo Strategy	The challenger finds a way to turn the incumbents'' assets into liabilities.
Incumbents' irrationality	Incumbent fails to act in their own best interest.

1. Conceptual Framework

This study is based on the premise that effective implementation of judo strategy enhances customer experience and ultimately ensures market competitiveness for a business organization. The conceptual framework of this relationship is highlighted in Figure 3.

Figure 3: Conceptual Framework of judo strategy implementation, customer experience and market competitiveness



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Research Design

This was a qualitative research that was employed as an exploratory survey case study. Churchill (1991) notes that exploratory research can be used when the objective of the research is to gain insight and ideas as well as for clarifying concepts. The case study design was adopted in order to allow for depth interviews on the application of the judo strategy that was necessary for an exploratory research design. According to Malhotra (2007), a qualitative research is an unstructured, exploratory research methodology based on small samples that provide insights and understanding of the problem setting.

Population of study
This being a case study, the study unit was Easy Coach Bus Company.

Data Collection and research Instrument
A direct approach research procedure was utilized in which as advised by Malhotra (2007) the purpose of the study was disclosed to the respondents and was obvious given the nature of the interview. Data collection was effected through depth interviews administered by the researchers to key informants using an interview schedule. The interview schedule was composed of measures obtained from an extensive review of relevant extant literature. The study respondents were senior branch officers of the Easy Coach Bus Company in Kakamega, Majengo and Kisumu in Western Kenya. Since the branch managers are responsible for executing the strategy of their firm, they were deemed as sufficient key informants in possession of information required for the study. To supplement the primary data collected through interviews, secondary data was obtained from the company's publications for cross-validation.

Data Analysis
Compared to quantitative research where numbers and what they stand for are the units of analysis, qualitative data analysis uses words as the units of analysis and is guided by fewer universal rules and standard procedures. Consequently, in order to decipher, examine and interpret meaningful patterns or themes that emerged out of the study as guided by Malhotra (2007) data was analyzed in the following three steps:

1. Data reduction: The researchers determined aspects of the data to be emphasized, minimized and set aside for the study.
2. Conclusion drawing and verification: The researchers considered meaning of collected data and assessed their implication for the research at hand.

Results and Discussion
The following sections present the findings on the implementation of the judo strategy by the easy coach bus company.

Movement
Using the smaller size to act quickly and neutralize a larger competitor's advantages. Movement serves both offensive and defensive goals, often at the same time. The goal is to weaken the opponents' position, getting him off balance and taking away his edge.
Managers can seize the lead and make the most of their initial advantage. This principle includes keeping low profile, defining a competitive space, and moving quickly.
In mastering movement, competitors use their quickness and agility to move into position of relative strength while evading attack. By taking advantage of speed and agility, the challenger can cut opponents ability to compete based on size and strength.

Easy Coach Bus took the advantage of its small size when it hit the market, to make fluid decisions that enable it be flexible enough to rapidly respond to the market requirements. This would mean that a small enterprise which has a low profile, needs to find its niche and then move quickly.

Balance

This acts to absorb and counter the competitor's moves. By maintaining balance, they can successfully engage with opponents and respond to rivals' attacks. Balance serves both offensive and defensive goals, often at the same time. Easy Coach Bus Company used the same routes that Akamba Company used. A smaller enterprise would move the same product but use different channels in advertising like the internet like social media and mobile money transfers like m-pesa, YU – money e.t.c.

Leverage

This implies that the challenger uses the competitor's strengths against it. By exploiting leverage, firms can transform their competitor's strength into strategic liabilities. This principle dictates that it is necessary for the challenger to leverage the incumbent's barrier to change, leverage the incumbent's partners, and leverage incumbent's competitor. Easy Coach Bus Company has taken advantage of Akamba's big size, to beat it since its small size enables it is flexible enough to rapidly make and execute decisions.

As a newcomer into public transport sector, Easy Coach faced many disadvantages. They lacked proven products, brands, loyal customers, service provision experience, relationships with suppliers, and clients. Hence as a challenger Easy Coach needed to device methods and means to avoid face-to-face competition. By mastering movement, the challenger improves its chances of building a strong initial position, and getting ahead of competitors before they respond. The techniques of balance, in turn, allow the challenging firm to engage bigger or stronger rivals without being knocked down flat. In some cases, in making the most of these two principles, the challenger can build and consolidate an insurmountable lead. In most cases, however, the challenger will need leverage in order to score a win. As an old Judo master said "one does not fall in a bout means that one is not beaten; it doesn't mean that one has won" (Yoffie, Kwak 2002). By avoiding a fall, the challenger hangs on for another round or another day in the competitions' market, as a battle field.

In Judo strategy, the opponents' body becomes a lever in the challenger's hands. In Judo strategy, a competitor's assets, partners and rivals can all play a similar role. A company's greatest assets can often become its greatest liabilities. By leveraging opponent's assets the challenger can transform a competitor's strength into weakness. When Easy Coach Company entered the market, apart from keeping its activities low, it invested in its buses, in order to define its market and build a name for itself. Their services soon attracted the right clientele who have maintained their loyalty, at least for now, and soon it developed a household brand name. Judo strategy advocates for use skill to defeat size. Easy Coach Company took the advantage of Akamba's big size, and when Akamba failed to reads the signs early, it took over the market.

Fighting and conquering in all your battles is not supreme excellence; supreme excellence consists in breaking the enemy's resistance without fighting. On entry of the Kenya market by Easy Coach Company, Akamba bus service embarked on aggressive marketing campaign so as to win over the clients who had found a better option. This move did little to warrant Easy Coach's retaliation.

For almost 50 years Akamba public transport service monopolized long distance public transport within and without the Kenyan market. Despite its decades-old reputations for public transport service, Easy Coach Company entered the market and surmounted it in the domestic market. Five years after its launch, Easy coach's' name became a household name in transport industry. Easy coach possessed the fewest assets for launching a successful long distance bus transport. In 2003, within the arena of transport, Easy coach was indeed a small brand. Given this supposed handicap, the proprietor had the audacity to launch the service. Easy coach took a highly low profile approach that leveraged the incumbent's supposed Strengths into weaknesses. Without actually using such derogatory language, Easy Coach positioned its brand as a "scrappy underdog" and a much needed antidote to not only Akamba, but the alleged "elite" mainstream of the transport system.

Akamba has differentiated its busses into three categories, with the Economy Class category, which is a 56-seater, plying the same route as Easy Coach, operating within the country. Since Easy Coach Company initially had only three buses, against Akambas'100 fleet size, it could not match this muscle. Easy Coach Company therefore, had to rethink, avoiding "copying" of Akamba. Hence the company decided to design its buses to a 38-seater capacity. These superior model buses had their seating configurations designed to give maximum comfort to passengers, from ample seats and legroom to superior fabric. This top notch service, compounded by efficient work-force attracted the right clientele, the kind of customer base that appreciates comfort. Consequently, the right niche was defined.

According to the management, the seats are customized by Easy coach experts. Purchases are done directly from the distributors. Additionally, the company imports the bus chassis only. Parts of buses are imported and assembled locally. The company has integrated backwards, owning an assembly line, complete with mechanics and relevant technicians. These specialists are equally spaced in other stations along other major routes country-wide. Most of them are located in Nakuru, Kisumu, Kakamega, and Busia for western routes. Inclusive is Kisii area for Nyanza South routes, while the coastal town of Mombasa serves as a central place for the region. According to the management, owning this line is much cheaper due to higher rates of tear and wears due to poor roads network in the country. This has seen a tremendous reduction of the cost of operations.

When Easy Coach Company entered the transport market, the one-person start-up found that the road to victory lie in the comfort. This was a contest that only resource-rich could win. But by redefining customer expectations, Easy Coach Company was able to rise to the top. Initially the company did not try to match Akambas' buses in number. Instead, it focused on a short list of customer preferences such as spacious leg-room, comfortable seats, friendly work-force, time – keeping, security, and less crowd. All these competencies gave its customers

convenience and the much needed comfort, which was lacking with the other competitors. Travelers flocked to use Easy Coach services, while the previous market leader remained locked in the "more is better" mind-set and Easy Coach vaulted into first place.

By investing in its own unique core strengths, the company developed its own areas of excellence**.** This has given the company a head start, a perfect way to stay on top. The company realized that the best way to outdo its competitors is to invest in its work force. Unlike Akamba bus Service Company, Easy Coach Company employs young and energetic university or graduates of institutions of higher learning and trains them to do what the management want done. The company tends to go for young, energetic, but creative employees who have little commitment out of work, so they can put in more time at work than older people. Chinese proverb says that when you don't know anything, ask the youth. The company tries to cut down some of the associated costs of operations. Given the high number of drivers, the company is likely to incur high wages in terms of allowances of the drivers. Consequently, the company only pays the drivers for the time they are on duty. During low seasons, some of the drivers who are normally contracted on temporary basis are not paid the allowances unless they are on duty.
Easy Coach Company strives to give its customers the best possible service. They were the pioneers to have invested in spacious, well ventilated Waiting Lounge facilities for transit and local customers. These lounges are fitted with TV sets and are feature clean and have well maintained basic amenities.

Instead of being a jack of all trades, the company outsources some non-core services, rather than spend the scarce time and resources in developing these capabilities in-house. Such services include hiring and training of its workforce, cleaning both the buses and premises, and security. This gives the company ample time to concentrate on the core activity, which is offering value services to its clients. This is the cardinal competence on which the company focuses. Many companies are ultimately decided on the basis of public opinion and mass market consumer perceptions. In business, perception is reality. Small enterprises often lack the proven products, brands, loyal customers, service provision experience, relationships with suppliers, and clients and like Easy Coach they need to device methods and means to avoid face-to-face competition.

Kept a Low Profile

Over aggressiveness can kill a company early on. By keeping low profile and staying out of view, an aggressor is not seen as a threat to bigger rivals that could easily crush the smaller businesses, if the incumbents devoted their resources to taking the challenger head on. This strategy goes against the grain in business field. In an overcrowded market place, it is always advisable to 'shout to be heard." This implies that the intruding company needs to be aggressive in order to win customers, and gain value. This means the small and inexperienced competitor attacks the giant(s) head-on but Yoffie and Kwak advice against this move. They say that attracting attention may only best suit business – to - business (B2B) markets and in sectors where network effects are strong. In the service industry, where factors influencing the choice border subjectivity, the goal can be accomplished without provoking a full frontal attack.

Judo strategists employ the "puppy –doggy-ploy" (a term borrowed from economist Drew Fudenberg and Jean Tirole), steadily building market momentum, while cultivating unthreatening image not to illicit an attack. They move quickly to define their competitive space, challenging their competitors to compete by new and unfamiliar rules. Challengers keep low profile and avoid head - to - head battle that they are too weak to win. It is purely defensive. In its inception stages, the challenger should keep low profile, and avoid pronounced, grand entry. Easy coach company, in its initial stages, remained "extremely confidential", by avoiding its service announcements and other publicities, infavour of direct marketing campaigns, making it difficult for its competitors to imitate the targeted service. And to use catchment words of Sun Tzu in war (business)… "let your object be victory, not lengthy campaigns." Tzu says that the challenger to attack the incumbent where he is unprepared, while appearing where he is not expected.

Easy Coach Company opened its doors for operations in December holidays. During this time, the demand for the public transport service is high. Consequently, the incumbents could not feel its impact. The massive Akamba has the financial muscle to counter Easy coach launch through aggressive promotions that would have prevented its market penetration. Consequently, the company faced little direct retaliation by the incumbents in the market routes pioneered. This helped it develop a strong profitable business before Akamba realized that a new powerhouse has been born. In his own words Sun Tzu says, "When able to attack, we must seem unable, when using forces, we must seem inactive, when we are near, and we must make the enemy believe we are far away…"

The challenger finds a way to play off the links between the business it is targeting and the incumbent's existing business. Easy Coach Bus did not stir up the fog by tactfully hiding high prices through preserved image of quality, there by frustrating comparison shoppers.

Defined its Competitive Space

While the "puppy dog ploy" is by large defensive, this strategy is largely offensive. Here, the company rise and excel at a few key skills e.g. cutting costs. Competing with a champion at what he is best at is a losing game. But every champion has a weakness, because he is invested heavily in his core strength. The challenger can take advantage of the weak points to define a game it can win. Skilled Judo strategists like Dubinsky (Yoffie and Kwak 2002) understand that in corporate world, speed is a means, not an end. While moving quickly, companies remain wary of becoming overextended and creating an opening for competition. It is important to realize that speed should never be an obsession to the point where it excludes other critical concerns, such as service quality, customer satisfaction, and long—run profitability. This is the basis on which Easy Coach operates. The company's management realized that even as domestic market share increases, it needs to concentrate on delivering the value to its clients locally, expanding its operations locally slowly, but with surety.

Followed Through Fast

By combining the first two movement techniques, a company opens a window of opportunity. Next, the challenger uses this opening to strengthening her position through continuous attack, before the competitor(s) sees through 'puppy-dog-ploy' and rises to the challenges of a new competitive space, and seeks to bring the advantage of superior size and strength into play. Following through fast can make the incumbent postpone the day of retaliation, and make the most its early lead. The challenger needs to learn how to engage with opponents in order to win. This is where balance comes to play. Rather that oppose strength for strength, judo strategists suggest that the challenger should learn to conserve their resources and maintain their balance by first giving way. Then they use their opponent's momentum to help bring them down.

By concentrating on its key competence – comfort and convenience - Easy Coach Company defined its own niche, serving a particular market. To maintain this image and to stay a head of the competitor and its allies, Easy Coach Company concentrates on buying new buses at least ones a year. Additionally, some key practices helped the company outrun its competitors.

Firstly, unlike its competitor, Easy Coach Company avoids 'rocket science' and lengthy wish lists that could delay its operations. Given its humble financial base, the company purchases its buses one by one every year. This is to make sure that it has the most modern buses, which deliver the much preferred values to its clients.

Secondly, the company also includes it experts in seating designs from the beginning, to make sure that the seating arrangements are customized. Given that the company designs the busses interiors by itself, it is able to follow the hearts of its clients, which is the 'most important asset' it has, as intoned one operation manager.

Having set the competition momentum in the transport market, Easy Coach company 'tuned' in and uses this momentum to bring them down. Easy Coach Company has used its core competencies to influence the future course of action in this industry. Today, Easy Coach Company is the market leader, setting the pace with every twist in the market.

This technique has helped Easy Coach control the future of transport industry in the country, even in the face of stiff competition. This helps the company keep an upper hand in encounters with its more powerful competitors.

The company has focused on time value and comfort. The buses depart and arrive in time, as per the schedule, with some acceptable level margin of accuracy. Unlike most players in this market that wait for their buses to fill-up, Easy Coach Company operates within a tight time schedule. "This has made it possible to plan with the service provider", one passenger says. "I am a busy lady. I criss-cross this country for business, and I wouldn't want to use any transport that waits for no one." The company has streamlined the market by pioneering the value speed. It focuses on the critical mass by starting with comfortable buses, which improves with time, and operating on fixed traveling schedules down to the book rules. This vale-delivery has helped push Easy Coach Company towards a market share of 70% of western Kenya market in less than four years.

Mastering the Balance:
Rather than oppose its competitors strength for strength, Easy Coach Bus Company has learnt to effectively and efficiently use its resources, and maintain its balance by, first letting the pioneer have its way. Easy Coach Bus Company for sometime operated as the market follower, by letting Akamba has its way, before following in its footsteps. The Easy Coach Bus has mastered the technique of engaging with its opponents in order to win. This is what has kept it above board in this highly competitive public transport business.

Avoided Tit – For - Tat
Through gripping, a challenger can sometimes alter a competitor's incentives sufficiently to head off a battle. Eventually, the incumbent will decide to attack. Should this happen, keeping the balance is a challenge. Never match his or her moves. Study the rival before deciding which move to counter. "Go to school on your competitor" as Intuit founder Scott Cook likes to say. Find out what works and what is just a "marketing flash in the pan". Separate the truly compelling propositions from the chaff to be ignored. Figure out which moves you can match without getting dragged out your depth and craft counter attacks that play to your strengths when you cannot afford to respond in kind. This is to say, among others: Meet the competition on your own terms and stepping up grass root marketing and promotions

Matching an opponent's move makes sense in some situations: when the challenger can match without provoking an escalatory response, for example, or in a case where you can easily neutralize the opponent's advantage and recapture the lead. But if matching would mean getting dragged into a war of attrition, or a pure trial of strength, then resist the temptation to fight tit-for-tat, and strike back only at your own terms instead. Strategically, the last thing a company wants is to be locked into a tit-for-tat struggle or a war of attrition, as a tit-for-tat often becomes.
This is the message that Akamba ought to have heeded. Angered by the ability of Easy Coach Company to command a bigger share of the market, Akamba Bus Company released all its fleet, as a way of countering Easy Coach Company's' move. This was the mistake they made. Their buses are old, and they rarely keep time of departure, as much as their rule-books say so. Most of their work-force, especially the transport crew is equally aged. Instead of taking Akamba head on by, for example, equally increasing its fleet on the road, Easy Coach Company focused on comfort, and developed this core competence o give it a competitive advantage over other competitors equally.

The company has stepped up its marketing strategies. It runs travelling offers to its customers during certain periods of the year, especially during off-season, so as to attract more travelers to its service. Additionally, the company makes such offers to its customers on board as provision of drinking water, calendars, and biscuits. This strategy has helped drive up its ticket sales.

Used Akamba's Force for its Advantage

Gripping the rival and avoiding tit-for-tat helps minimize the impacts of a competitor's attack. In Push when pulled, you go one step further by using your opponent's momentum to your advantage. By incorporating a competitor's product, or service, or technique into your attack, you can through him off balance and confront him with painful choice: whether to abandon his initial strategy or to watch it fail.

Akamba bus service has a wide network within and without the country. Easy Coach Company took advantage of this in its operations (see appendix 1). While launching its service, Easy Coach Company plies the same routes as Akamba. Majorly, the company uses western Kenya routes which coincidentally, are among the busiest Kenyan routes, with higher demand for public transport due to the regions' high population. This made the company match Akamba effortlessly. Akamba was unable to notice its threatening competitor due to the guaranteed demand for the service.

Additionally, Easy Coach Company poaches Akambas' employees, and offer them better package. These employees have undergone training by the larger incumbent, which has the necessary capacity to train. Hence, Easy Coach Company does not incur a lot of costs in training and development of its workforce.

Accepted the Inevitable Losses and minimized them

Ukemi is the technique of falling safely and with minimum loss of advantage in order to return more effectively to the fight. This implies that even in partial or temporary defeat, you should give in to your opponent's momentum, rather than resist and risk losing control. Irrespective of how good a business is, it can never win in every skirmish against all its rivals. But losing a battle need to lead to losing the war. By beating a strategic retreat, the challenger can conserve its resources, and re-group in a better position for the confrontation ahead, and re-build momentum.

Ukemi is more critical for smaller firms facing determined opponents. Prime questions may include, but not limited to the following: which privileges can be withdrawn?

Any possibilities of cutting down some unnecessary expenses, and if so, by how much? Such considerations may be painful for a company, but it has a far reaching benefit in the long run. Larger companies like Akamba, of course, have both the organizational and financial resources necessary to absorb a temporary loss, unlike a small start-up like Easy Coach Bus.

During post-election violence of the year 2007, it was reported in the Kenyan media that Easy Coach Bus Company lost three buses around Kericho area. The buses were hijacked and vandalized by rogue demonstrators who had no regard for law. This of course was a greater loss to the company, and being a small timer in this competitive industry; this was a great setback.

The company has partnered with Kenya police and other private security firms to offer security to its buses, its clients and their luggage in transit. This was done as a precautionary measure to minimise the losses in future.

When Easy Coach Bus failed to seize Nairobi – Arusha route, the amount of investment it had put in place – physical, time, and monetary – it had to swallow the bitter pill and learn its lessons the hard way. Consequently, it retreated, probably for strategic planning. After a while, today, the company has opened Nairobi – Kampala route to serve the neighbouring country Uganda's market. This was done after a careful evaluation of the past mistakes that it had made plying the Kenya – Tanzania route. Leverage can make it more difficult for a competitor to complete effectively, even after he has made a decision to match an attack.

Akamba Bus Service has the advantage of size. This is its main undoing. The size is a limitation to change. Easy Coach Company, being smaller in size, is able to make changes in its operations depending on the reigning circumstances. For example, the company makes special offers to special groups like students, giving them discounted rates. This is done during peak times as when schools close or is opening. This kind of fluid decision can only be made by smaller firms like Easy Coach with less strict procedures, rules, and policies compounded by red tape by its management.

Easy Coach has developed a brand name that has become a house hold name in the public transport industry. This is a strong asset that the company relies on to drive its competitiveness.
Easy Coach Company has developed the necessary brand name in transport industry. The company though is still tailing Akamba Company as far as this intangible asset is concerned. In its humble size, the company has embarked on technological innovations, i.e. electronic ticketing in some of its major outlets, CCTV in its waiting lounges; radio calls in communication with its officers in the field and other towns. This has enabled it benchmark effectively with Akamba. Akamba tries to match Easy Coach Company's' fares on major routes, but only at the cost of cannibalizing its own sales. Moreover, even if Akamba were willing to make this sacrifice, Akamba is at a permanent disadvantage in competing head-to-head. They could never match Easy coaches' profitability if they charged the same prices due to the cost of maintaining the assets – the large number of permanent employees, fleets, big city terminals- that had originally underwritten their strength.

Leveraged Akamba's Partners
By leveraging opponent's partners the challenger can turn opponent's allies into breaks on his ability to respond. In addition to investing in valuable assets, many powerful competitors have built up networks of suppliers, distributors, "complementors", who are a significant source of strength. By exploiting differences among them, the challenger can turn rivals' partners into false friends. Using this old tactic of divide and conquer rule, saw dissension within the opponent's camp. The challenger can set old allies at odds by creating situations where their interests are no longer aligned. Even the most solid-looking block is likely to yield up a fissure to be exploited. This can be done through: offering more products or service at the same price and offering premium.

During its initial operations, Easy Coach Company had no capacity offer value services to its clients owing to its small size then. It became inevitable to for form strategic alliance with other firms, especially to offer non-core services that were crucial to its functions e.g security, insurance, training of workforce, and cleaning services. The firms offering such services are the same ones offering the same services to its competitor, Akamba. They include St. Johns Ambulance (for first aid education) and KK and JRS (to offer security services).

Technological firms offering the necessary soft wares and hardware are key sources of strength to Easy Coach Company, just as well as to its competitors. These firms will be able not only to update the company on the latest technology of operations, but also make such offers at subsidized costs. Depending on the level of operations, such companies should be treated with high level of respect and honour that they deserve. This should be done in order to make Easy Coach Bus Company be their preferred number one choice in these provisions.

Business environment, just like Judo sport, is highly fluid and unpredictable. Therefore, it is impossible for the challenger to predict the reaction of the incumbent. Some judo strategies may not work in some business environments. Public transport industry is highly subjective, especially in customer preference; hence these ten judo techniques may not equally work. However, the use of following judo techniques have been noted to missing, yet are still equally useful, though it is not easy to employ.

Gripped Akamba

By gripping an opponent early, the challenger may succeed in pre-empting competition. The challenger makes it unnecessary to fight by building positive relationships with larger rivals. This will create less incentive for them to fight back. Build relationships with current and future rivals that limit their room for maneuver, or allow it to benefit at their expense. For example,

Form partnerships e.g. both Akamba bus and Easy Coach companies partnered with Kenya police to offer securities at their offices country wide. This means that the two must equally co-exist mutually since they are being served by same service providers.

Acquisitions: In its initial stages, Easy Coach Company would acquire its buses from the same distributer as A kamba, and use the same personnel to customize the buses.

These may seem like a win-win situation for both companies, when it's really a way to defend your position in the industry. Equally, Easy Coach offered its services along the same routes. This tactic called “co-opetition.” Competing and co-operating with the rival at the same time. This is mainly done to reduce the opponents’ incentives to develop its own capabilities.

Leveraged Akamba’s Competitors

In this strategy, the rivals’ competitor is used to wear him down, as the old adage goes “the enemy of my enemy is my friend.” By leveraging opponent’s competitor, the challenger can confront a rival with a double challenge that will be difficult to match: First, deciding to co-operate

with his competitors, and secondly, convincing them to co-operate with him. There are many ways to leverage an opponent's competitor, and as Yoffie and Kwak suggest, this can be done by:

Adding value on top of the competitor's product or service

Easy Coach Company decided to use new buses that it buys annually, to complement its value and comfort image it has built. Equally, Easy Coach Company donates pure mineral drinking water to passengers at no additional cost. This has enables the company builds and maintains its image as caring and sensitive to its clients. Both companies specialize in long distance transport business, both day and night. Offering these items especially in the day goes a long way in helping the passengers during their 'safari.'

Building coalitions with the competitor

The kind of co-opetition seen between the two companies is in the way their non-core services are provided. Easy Coach Company uses the same service providers used by Akamba to provide such services such as but not limited to security, insurance, cleaning, and technological. This enables Easy Coach company leverage Akamba's service, so as to maintain the service provision. Such co-opetition emphasizes the spirit of coexistence.

Limitations of the Study and Directions for Further Research

This qualitative exploratory study had the following limitations:

a) The reliance on a few branch managers of the two bus companies conveniently sampled. There is need to have a more exhaustive set of managers to interview to enhance the credibility of data collection
b) Selection of the bus customers interviewed was skewed towards only 3 destinations of the buses network destinations. There is need to explore customers in other destinations as location could influence customer perceptions
c) The utilization of a qualitative research limited the level of quantitative analysis and interpretation that could be employed on the research. Future studies may employ quantitative research frameworks to enhance statistical rigor.

However, the study advances the following propositions for further conceptual and empirical research:

Proposition 1: Judo strategy implementation enhances organizational market competitiveness.

Proposition 2: Judo strategy implementation improves customer experience.

Proposition 3: Judo strategy implementation improves Customer Advocacy.

Proposition 4: Customer experience affects organizational market competitiveness.

Managerial and Theoretical Implications of the Study

The findings of the study and the suggestions for future research proposed are expected to contribute significantly to knowledge that could be used by the management of public transport sector to enhance their market competitiveness in particular and the general comprehension of implementation of the judo strategy by business executives and scholars.

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Appendices

Appendix 1: Road Network in the East African Region Covered by Akamba Bus and Easy Coach

A Study of Cross-Cultural Adaptation of Foreigners in an Informal Kenyan Market; A Study of Cross-Cultural Adaptation

By
Audax Kweyamba

Abstract
This study purposed to investigate communication experiences for foreign traders carrying out various businesses in an informal Kenyan market in order to examine the applicability of Kim's (1988, 2001, 2005) Cross-cultural Adaptation Theory on the adaptation process of these foreign traders who were living in a new and different social cultural setting. The analysis was done on selected verbal transcripts from fifteen in-depth personal interviews and one group interview comprising of ten participants. The interviews took place between November 2012 and May 2013. The results revealed that cultural differences in both verbal and non verbal communication and constrained social and business relationship due to cultural differences were major contributors of psychological challenges for the foreign traders during their adaptation process. However, the participants reported that with time, interpersonal relationships with the hosts ensued and these relationships facilitated their adjustment. This was consistent with Kim's (1988, 2001, and 2005) cross cultural adaptation theory that upholds communication as the necessary core factor that facilitates adaptation of immigrants in unfamiliar host cultural environments. Therefore, this study suggests that Kim's theory is appropriate in modeling acculturation and communication processes of immigrants who cross cultural boundaries and face adaptation challenges from host cultures.

Key Terms: Cross Cultural Adaptation, Foreigners, Adaptation

Kweyamba, Audax (2013). A Study of Cross-Cultural Adaptation of Foreigners in an Informal Kenyan Market; A Study of Cross-Cultural Adaptation. *Kenya Studies Review*, Volume 6, Number 1.

Introduction

A lot of research has been done on migration processes and challenges in Kenya but there is scanty research on communication challenges for migrants in the Kenyan informal sector. This study purposes to examine communication experiences of foreign traders carrying out various businesses in an informal Kenyan market in order to explore their experiences in cross cultural adaptation. The results of the study could increase awareness on how to deal with intercultural issues for foreigners/immigrants joining the country at large at a time when globalization is slowly taking effect. The world today has become a global village with no physical and geographical boundaries. The numbers of people crossing international boundaries is ever increasing. This includes immigrants, refugees, business professionals, technical personnel, Peace Corps volunteers, researchers, professionals and students (Martin and Zurcher 2008). In many parts of the world, labor mobility and population migration are prominent and almost permanent (van de Vijver and Phalet, 2004). Many people in the world are born in one country and move to another in their lifetime either by choice or necessity.

Kenya has been home to different societies and cultures for thousands of years. People coming from differing language backgrounds have differing ideas and cultural practices (Njenga, 2010). According to Kim (2001), the relationship between culture and communication implies that people from different cultures use different styles of interactions. Many difficulties in intercultural communication are as a result of lack of understanding on how to communicate with people from other cultures (Neuliep (2009). Hall, who is known to be the founding father of intercultural communication defines culture as "the medium evolved by the human species, the one which characterizes the human species while at the same time differentiating one social group from another" (Hall, 1993, p. 58). Neuliep (2009) contends that culture provides people with an implicit theory about how to behave and interpret the behavior of others. Culture therefore influences the communication patterns of different cultural groups.

Intercultural communication addresses contacts between people of diverse cultures (Xiaoping Jiang, 2011). It occurs when large and important cultural differences create dissimilar interpretations and expectations about how to communicate competently' (Lustig and Koester 2006, p. 52). Black and Gregesen (1999) observe that when an individual gets into an unfamiliar setting, old routines are disrupted, creating psychological uncertainty. This results to various levels of frustration that slowly build up and may result to explosion of anger, frustration, depression and general feeling of homesickness (*ibid*).

The greater the cultural distance for the interacting participants, the more difficult it is in establishing and maintaining harmonious relations for the participants. Sojourners with no culturally relevant skills and knowledge will experience difficulties in initiating and sustaining harmonious relations with the hosts and their culturally inappropriate behavior may cause misunderstanding and offence (Bocher, 2003).

According to Ward, Bochner and Furnham (2001), the cultural distance between the sojourner's culture of origin and the host culture influences the process of adjustment such a way that the greater the distance the more the difficulties in adjustment. Intercultural

communication is hindered when communicating partners operate from a set of different rules (Samovar et al. (2009). One major drawback of communication involving people from different cultures is culture shock (Neuliep, 2009, Bocher, 2003).

The culture shock concept was coined by Kalervo Oberg (1954) to refer to a period of mental illness as a result of feelings of anxiety due to difficulties in coping with the new cultures and distress caused by loss of familiar signs and symbols (Zapf, 1991). For Solomon (1994 p. 58), culture shock is "an emotional and psychological reaction to the confusion, ambiguity, value conflicts and hidden clashes that occur as a result of fundamentally different ways of perceiving the world and interacting socially between cultures".

According to Oberg (1954) cited in Neuliep (2009, Perdesen, 1995), people entering new cultural environments experience the honey moon stage where they are excited by the new things. The culture shock stage follows and frustrations of dealing with new environment are experienced. This stage is followed by the adjustment stage where learning of the new culture begins to takes place and gradually leads to adapting to the new environment as the final stage. To a larger extent, the culture shock process coincides with the processes of cross cultural adaptation theory by Kim, 2001. Kim's theory is an influential cross cultural adaptation theory because it considers communication as the central factor that influences adaptation in new environments. It will therefore be used as the theoretical framework for this study which aims to investigate the communication experiences of foreign traders in a Kenyan social cultural milieu. Verbal accounts of adaptation experiences were examined to find out how they influenced the psychological health of the foreign traders against a new cultural environment. The research question that guided this study was: what kind of communication challenges are experienced by the foreign traders in an informal Kenyan market?

Theoretical Framework

The investigations for this study were guided by Y.Y. Kim's (1988, 2001, 2005) Cross-cultural Adaptation Theory. According to Kim (1988, 2001, 2005), a new cultural environment elicits change as the strangers are engaged in new learning which stimulates a gradual process of personal transformation and a more inclusive self conception.

Putting it succinctly, Kim's (2001) cross cultural adaptation model is an integrated approach that is centered on the psychological dynamic of sojourners, immigrants and refugees, their adaptation processes, the changes they undergo over time, the role of their ethnic and personal backgrounds and the conditions of the host environment in the process of adaptation. It is purposed to give an understanding of the adaptive struggles that immigrants undergo and the successes that they finally achieve in new environments.

The theory applies to people who are born and brought up in one culture or sub culture and they then relocate to a different new culture or sub culture for sometime. For these people to experience cross cultural adaptation, they need to be fully immersed in their original culture prior to moving to the new environment (Kim, *ibid*).

Kim's (1988, 2001, 2005) cross cultural adaptation theory is hinged on open systems principles/assumptions which when taken together give the theory a distinct character and at the same time differentiates it from other cross cultural adaptation theories. These principles posit that firstly: cross cultural adaptation manifests the natural abilities human beings have to adapt to adversarial environmental conditions and the struggle for an internal equilibrium; secondly, adaptation is a process that occurs through the facilitation of communication activities and thirdly, adaptation is naturally a complex and dynamic process which leads to intercultural transformation of the individual.

Furthermore, Kim (2001 p. 183) points out that adaptation "occurs naturally and is inevitable even when strangers do not plan or actively seek for it to happen, have no intention of participating fully in host social communication activities, and confines themselves to mostly superficial relationships with the natives". Therefore, individuals moving to a new culture must adapt the new cultural surroundings and this includes altering their communicative styles in order to accommodate their new culture.

Additionally, Kim, (2001) points out that the cross cultural adaptation process begins the moment strangers enter a new culture and continues throughout in the communication with the host environment; thus communication enhances adaptation which occurs as long as the individual remains in interaction with the host environment. Besides, adaptation is naturally a complex and dynamic process as it involves an entirety of evolutionary process that an individual undergoes in an unfamiliar environment. The person and the environment must operate simultaneously and interactively in such a way that they influence each other through their multidimensional and multifaceted forces. On this principal therefore, cross-cultural adaptation is dependent on the interplay of the person and the environment (Kim, 1988, 2001 and 2005).

Still on the open systemic understanding, the cross cultural adaptation theory addresses two basic questions, the first one being; *what is the essential nature of the adaptation process individual settlers undergo over time?* The second one is: *why are some settlers more successful than others in attaining a level of fitness in the host environment?* The first question is addressed by a process model which Kim refers to as the stress-adaptation-growth dynamic.

According to Kim (1988, 2001, and 2005), the cross cultural adaptation process is a stress-adaptation growth dynamic that is not smooth or in a linear progression. It tends to be in a cyclic and continual "draw-back-to–leap' representation of the present articulation of the interrelationships among stress, adaptation, and growth" (Kim 2001, p. 56-57). Similarly, Pederson (1995, p.4) perceives transformation as a "series of degeneration and regeneration events of crises in a non regular and erratic movement of change"

Human as open systems tend to resist change naturally and this resistance is manifested in various forms of psychological resistance such as selective attention, denial, avoidance and withdrawal, compulsively altruistic behavior, cynicism and hostility towards the host environment (Kim, 2001). Since no open system can stabilize itself forever, for if that was the position, nothing would come of evolution, the state of

misfit/disequilibrium and stress are the very same forces that propel individuals to overcome the predicament and embrace adaptation through active development of new habits which then culminates to subtle growth.

Kim (2001) argues that the experience of both acculturation (learning new cultural systems) and decalturation (unlearning of some of the old cultural practices) tend to be clamored with difficulties as identities and communicative abilities were already established at the childhood stages. Therefore, during the adaptation process, individuals are exposed to inevitable internal turmoil. This result to what Kim (2001) refers to as "temporary personality disintegration", which generates the feelings of stress. Stress comes about when "the capabilities of the individual are not adequate to the demands of the environment". It is based on the assumption that the host cultures exert a "coercive conformity pressure on the strangers to acculturate to the existing cultural order" (Kim, 2001:55). The learning and unlearning process encompasses stress that is perceived in form of culture shock. However, due to the innate ability for humans to adapt, the stress/culture shock experience is eventually surpassed by subtle growth which comes about when strangers find ways of sorting out their predicaments (for instance, acquisition of new habits and forgoing old cultural habits). Precisely, the stress adaptation and growth process is about the changes strangers undergo over time during the cross-cultural transitions. Significantly, the stages of culture shock (Oberg 1954 cited in Neuliep, 2009, Perdesen, 1995) finally culminate to adjustment at the final stage and this aspect of the culture shock process corresponds to the cross cultural adaptation process which also ends with adjustment at the final stage.

Kim, (2001) argues that the stress, adaptation and growth are interrelated as they do not occur in isolation. Each occurs because of the others. Stressful experiences facilitate adaptation as these experiences force individuals to organize and reorganize themselves and this leads to psychological growth and restructuring of internal conditions (*ibid*). In essence, the stress, adaptation and growth model which addresses the first question is a process of personal evolution that enhances functional fitness and psychological health and an eventual emergence of intercultural identity (Kim, 2001).

Building on to the process of adaptation model, the theory moves to the second basic question *"Why do some settlers adapt faster than others?" or "Given the same length of time, why do some settlers attain a higher level of adaptation?"* Kim (1988, 2001 and 2005) addresses this question through a structural model with key dimensions of factors that explains the differential rates of adaptation for different individuals. Within this framework, the dimension of *personal communication or host communication competence* (Dimension 1) includes all the internal mental activities within individuals and these aspects enable individuals to communicate in accordance to the host communication symbols and meaning systems and it is thus an instrumental dimension that facilitates the adaptation process. The *host communication competence* (Dimension 2) refers to the activities of host social communication through which strangers participate in interpersonal and mass communication activities of the host environment. The *ethnic social communication* (Dimension 3) is the strangers' interpersonal and mass communication activities with fellow co-ethnics or co-nationals and also home cultural experiences. The *host environment* (Dimension 4) has three environmental conditions which influence the strangers' adaptation process. These are the host receptivity (degree of receptivity of a

new environment to strangers), host conformity pressure (the extent to which the environment challenges a strangers to conform to the patterns of the host culture) and ethnic group strength (the stranger's ethnic group's capacity to influence the surrounding host environment at large). The individual's *predisposition* (Dimension 5) is the preparedness (the strangers' mental, emotional and motivational readiness for new cultural environments) and the adaptive personality attributes of openness and strength, they influence the subsequent advancement of the stranger's personal and communication activities. The five dimensions collectively contribute to explaining and predicting differential rates of *intercultural transformation* (Dimension 6) within a given period of time. The intercultural transformation is manifested in increased functional fitness, psychological health and intercultural identity that go beyond a single culture. The level of intercultural transformation, in turn, explains and predicts the levels of all the other dimensions. All the six dimensions of factors together constitute an interactive and functional model of cross cultural adaptation (Kim, 2001).

In order to narrow the focus of this study, the study only examined the host communication competence, interpersonal communication and psychological health aspects of the six dimensions of structural model for this study investigation.

Research Methodology

Qualitative research method was used in this study. According to Creswell (2009), qualitative method is a means of exploring and understanding the meaning that individuals or groups ascribe to a social or a human problem. For Saunders, Lewis and Thornhill (2003), qualitative method is characterized by the researcher's opportunity to explore a subject in its real manner in order to capture data, using a non standardized way of collecting data. In this regard, qualitative approach was used for this study to facilitate the exploration of communication experiences for the participants under study.

The in depth personal interviews and group interviews were used to generate data from the foreign traders in an informal market setting. The exercise was carried out between November 2012 and May 2013. Dean (2007) points out that depending on how in-depth the interviews are, the researcher should focus the sample between 5 to 30 interviewees. For Hargie (2000), in-depth interviews require that few participants are used, as the study may reach saturation quickly. On this basis, this study carried out fifteen interviews as at that point, saturation began to emerge.

For group interviews, Casey and Krueger (2000) consider six to eight participants to be the appropriate number of participants for focus group discussion. For Boateng, (2012) approximately six to ten members in each group is ideal. The present study held one group interviews of ten participants. In total, the sample size comprised of twenty five participants. Sample size is determined by a number of factors and time and cost are some of the factors (Bryman, 2008). Consequently, time and cost and availability of interviewees were the limiting factors for the present study. The personal interviews took about forty minutes to fifty minutes while the group interview went for fifty minutes to one hour

Participants

The participants for the study were foreign traders from wider East African communities carrying out business in an informal Kenyan market. In this study, snowball and purposive sampling were used. The chairman of Toi market introduced the researcher to the foreigners' representatives who then introduced the researcher to the foreign traders. A written consent was sort before participation which was exclusively/totally voluntary. Only the foreign traders who had lived in Kenya for not less than two years were considered for participation. The two years' period was good enough for a sojourner to have gone through the adaptation process (Kim, 2001). The participants were assigned pseudonyms to observe anonymity. A brief profile of six of the participants is sampled below to represent the nature of all the participants of the study.

Profile of the participants

P1 is a Tanzanian. She came to Kenya in 1983 at the age of 21 to look for a job. She is fifty years old now. She had not lived in another country before. She had heard much about Kenya that one could do simple jobs to earn a better living because the value of Kenyan currency is high compared to other East African countries. She started working as a house maid, saved some money and her fellow Tanzanians supported her and introduced her to the business she currently runs (selling curtains and beddings). She is married to a Tanzanian. She lives with a daughter while the rest of her children (two) are in college in Tanzania. She is doing well and does not intend to go back to Tanzania in the near future as she wishes to continue earning more and investing more in Tanzania.

P5 is a Tanzanian, came to Kenya in 2009 at sixteen years old. He could not go to secondary school as his parents could not afford to educate him. He specifically came to sell second hand clothes. He decided to do business in Kenya because he lived near the Kenyan border and his friends who lived in Kenya could tell him how good Kenya is in business. He does not have a family yet. He wishes to continue living in Kenya.

P13 is a Ugandan and has been in Kenya since 2010. She has lived here for three years. Her sister brought her here to do business in order to earn a better life. She had heard that Kenyan currency is stronger. She is divorced and her children live in Uganda. She wishes to continue doing business (Illicit brew) here to enable her support her children who lives with her mother.

F6 is a Ugandan and she came to Nairobi in 1989. She had serious communication challenges with the Kenyans as she did not know how to communicate in Kiswahili or English. She also had problems crossing the border due to communication challenges and as a result, she was arrested on the first day and taken back to Uganda. Later, together with others; they were advised to cross the border without shoes in the disguise that they were not going far. However, they had to walk bare feet for a very long distance to catch a bus to Nairobi. She was fourteen at the time. She got employed as a house help and was paid Ksh 250 a month. With time she learnt to communicate. She later got married to a

Kenyan. When still married, she was deported to Uganda for lack of identification card. She later came back and after sometime, some Ugandans in Toi introduced her to business (selling drapers).

F2 is a Tanzanian, came to Kenya in 2006 at the age of twenty. He is single. He had not lived in another country. He had communication problems with the Kenyans as he could not comprehend the Kenyan Swahili. Even today, he does not understand some aspects of Kenyan Swahili. He wishes to continue living in Kenya as he sees a prospective future in his business.

P12 is a Ugandan and she came to Kenya in 1989. She was twelve years then. And has lived in Kenya for twenty one years.. She could not continue schooling as her parents could not afford to educate her. The Ugandans who were living in Kenya appealed to her when they went visiting. She felt that coming to Kenya would better her life as the currency was high. For instance, she felt that she could afford mattresses, blankets, which were rare back home and she could also help her parents financially. Her cousin brought her along to work for a Kenyan as a house maid. After sometimes, she got married started business after she got her children. However, she is now divorced and lives with her children. She wishes to continue living in Kenya and running her business which she relies on to educate her children.

Procedure

The purpose of the study was explained to all the participants who volunteered to take part in the study and they then signed the consent forms before participation. The participants were also assigned pseudo names for the purpose of confidentiality. Interviews were done in the market; at the sheds where the participants carried out their businesses. The group interview/focus group discussion was held in the market hall which was hired for that purpose and the interview took about fifty to sixty minutes. Consent to use a voice recorder was sort from the participants for both the individuals and group interviews. Both the individual interviews and the group interview had guiding questions which conformed to the research question of the study. The participants and the researcher agreed on the dates and times of when the interviews would take place. A professional research interviewer working with a reputed Kenyan research company carried out all the interviews. The researcher was present and she took notes as the interviews were ongoing.

Before delving into the research questions, the participants answered questions on personal information (i.e. nationality, age, gender, marital status, length of stay, etc) after which the guiding questions based on the research question were used to carry out the interview. These were open-ended questions that allowed the participants to express themselves fully. Some of the areas covered by these questions were: intercultural communication difficulties encountered while interacting with the host nationals *(host communication competence and interpersonal communication),* and overall feelings and life experiences in the host country *(psychological health).*

On host communication competence and intercultural communication experiences, questions included the communication challenges the participants underwent while communicating with the host nationals (What kind of communication problems/misunderstandings (be it oral or

body communication/expressions) did you experience with a Kenyan or Kenyan(s) when you first came?, What did you find as most difficult/challenging while interacting with Kenyans?).

The participants were also asked to give specific incidents and how they dealt with the difficulties: (Can you remember an incident when you felt misunderstood / mistreated for not being a Kenyan? when? how? why? (How did you deal with the situation?) Before you learnt the language, how did you communicate with Kenyans during your day to day activities? How difficult was it for you to deal with communication/ problems?

A question was asked on whether the participants communicated with the host nationals on matters unrelated to business issues: (How often do you socialize with the Kenyans on other matters that are not related to buying or selling in the market?)

Questions on psychological health required the participants to describe their positive and negative/unpleasant life experiences that they had gone through while living in the host country, whether they wished to continue living in the host country and what they would want to change or have it changed to make them live better in the host country: What environmental characteristics did you find different / shocking to you? (How did you feel about working in Kenya at the beginning and how do you feel now? Do you intend to continue living here in Kenya? if yes or no, ask why?. If yes, for how long do you intend to live here in Kenya? Is there anything you would change today to make you live comfortable in Kenya? Do you plan to continue doing business here in Kenya? Why?).

The probing allowed the participants to give specific reasons on why they would or would not continue living in Kenya. To ensure trustworthiness of the study, the interview guide was piloted and the questions were refined to ensure that they delivered appropriately.

Data analysis and Results

To process results, thematic analysis was utilized (Braun and Clarke, 2006). Thematic analysis is an iterative process beginning from data collection to data coding which involves looking for patterns and categorizing the data into themes and sub themes (*ibid*). In the present study, all answers were transcribed and portions of the transcripts that matched the research question were grouped into common categories based on emerging themes on intercultural communication difficulties (communication related difficulties) encountered while interacting with the host nationals (host communication competence and interpersonal communication), and overall feelings and life experiences in the host country (psychological health). These categories have been used below in the presentation of results.

Communication related difficulties

Most of the participants reported that when they first arrived to Kenya, communicating with the Kenyan nationals was extremely difficult as they lacked host language competence. Most of the challenges were verbal, non-verbal, social and work related based as illustrated below:

When I first came to Kenya, I had a problem with communication. Our Swahili in Tanzania is different compared to Kenyan and at times I found it hard to even communicate with Kenyans. (P1)

I also had a problem with communication when I first came. I could not communicate well with the customers as well as the people around me.

If a customer comes to buy something from me, most of the stuff had price labels and it was easy for me to sell to them. But if someone came and asked me so much detail about products or spoke to me in English, I could not respond. (P2)

Maybe the only thing I can remember that brought me some difficulties is communicating in Swahili. For now, I have learnt the Kenyan Swahili and is what I communicate in. (P5)

The differences in the Kenyan and Tanzanians Swahili dialect and the Kenyans use of ethnic languages to address the participants contributed heavily to the participants' communication challenges. This position is illustrated below:

My Kiswahili, and especially my pronunciation was not good and it caused me problems communicating with Kenyans. Others didn't know how to communicate in Swahili, as they would only use English and their local language. (P3)

I first had a problem with communication when I first came to Kenya. I could not fully understand the Swahili in Kenya, plus Kenyans like communication in their tribal language. So it was hard at first but I became used to it. (P4)

I came to Nairobi in 1982 and started working in Gikomba as a second hand clothes seller. The major problem that I encountered during that time was dealing with customers who in most cases would communicate in either their local language like Kikuyu or English which I never really understood. (F3)

The following illustrates non-verbal communication challenges:

When I started working as a house girl, we could not understand one another and we used a lot of signs and expressions to communicate since I could not speak in Kiswahili or English and she could not speak in *Luganda*. I sometimes had to write down a few things that she could not understand as I knew how to write albeit to a small extent. Her little children taught me Kiswahili and with time I got to learn. I sometimes went to the shop to buy something and by the time I get to the shop, I have forgotten and again go back to ask her, she sometimes had to write

down for me what to buy. It took me like two months to learn a bit of Swahili and to be able to communicate with the children as well as their mother. (F2)

Lack of social relations such as exchange of greetings and pleasantries was another challenge:

When I was working as a house help, I was not allowed to stay in the sitting room. My place was in the kitchen and I felt left out and out of place. This made my communication a bit difficult and generally my life was complicated. Also in Tanzania, we are used to eating our meals from the same plate, but when I came to Kenya it was different, everybody took their meals from their own plates. (P1)

Most participants reported that Kenyans do not exchange greetings and pleasantries with strangers. Conversely, the participants' culture dictates that one has to exchange greetings to the people s/he meets irrespective of whether they are strangers or not. This perception is illustrated below:

Ugandans are different from Kenyans. In Uganda for instance, someone will greet you before asking anything from you, but it's different from Kenya where they demand for anything they need without greeting you first! (P4)

In Tanzania I was used to people saying hi to one another in the morning regardless of whether you know the person or not. In Kenya it was different and had to take some time to get used to not saying hi. (P1)

In Tanzania we are used to saying hi to anybody even if you don't know them, while in Kenya, even somebody knows you he or she might assume you just because they don't have time for you, they can only say hi when they need a favor from you. Like when they need loose money especially in the market. (F3)

The only thing I heard or used to hear people talk about was tribalism, that Kenyans are not kind people and they can mistreat you. For example even me as I have lived here, its not easy for someone to greet you if he or she doesn't know you, unlike back in Tanzania where you cant go past someone without greetings whether you know the person or not. Similar expressions were heard from (P6) (P7) (P9)

The results above reveal a total contrast between the Kenyan culture and the foreigners' culture. Unlike the Kenyan culture, the foreigners' culture has made them receptive and they take other people's interests at heart.

The cultural differences in the Kenyans ways of responding and exchanging of greetings were peculiar as noted below:

Ugandans response to greetings is different from Kenyans. In Kenya people give out a funny sound as a response, similar to an animal, (eeeeh) while in Uganda, you respond by uttering the words "wanji", meaning "yes". I also saw that people never respected their elders like

it's the case in Uganda. There, whenever you are saying hi to anyone who is your elder, you must kneel first, or even when serving like your father or your husband, you go on your knees first. Here in Kenya it was totally different because I could see people greet their elders in a casual way as if they are age mates. When I first came, it was hard for me to forget about the culture and I found myself kneeling before people on several occasions, and as they were not used to it, they laughed at me, others found it really funny. (F2)

There are also certain cultures that exist in Tanzania and are not in Kenya. For example when greeting elders, you should show them respect by bending slightly. Here in Kenya, there is no respect at all from the young towards the elders. There are also other cultures especially in the Maasais community where you can't shake someone's hand if he is not circumcised, but in Kenya nothing matters and they seem like they are all age mates. In our culture, age matters a lot on how people relate on different levels. (P9) (F4)

Cultural differences on use of titles were another challenge as noted below:
In Tanzania, we are used to referring to our parents or addressing them in a more respectful manner and not like using their names, or for a wife, they refer to their husbands as "father so and so" and not his real name. But here in Kenya, the behavior is everywhere and the way most people address their husbands or their parents is not respectable at all. For example if a married woman would refer to her husband by his name, it made me think like these people do not have respect for their husbands In general, all ladies should not refer to any married man by his name; that's a general rule that applies back home. (F7)

Kenyans lack of sincerity in the guise of misunderstanding posed communication challenges to the participants as illustrated below:
There is a time, after the 2007 elections, we bought a stall from a Kenyan but the same people came for it and said they had only rented the stall to us and that our time had elapsed so we should move out. We had an argument but eventually let it go because this is not our country and to avoid anything serious that could result to death, it was best for us to let it go. (P1)

I remember in 1999 I owned butchery for a while in Ziwani estate but I had to close it down due to harassment from Kenyans who also owned butcheries in that area because they thought I was a threat to their business. They used to steal from me and threatened me. (P8)

It is challenging and hard for you to go and launch a case in an office for example because no one will listen to you for the simple reason that you are a foreigner.
We have tried before to take care of issues in the same manner go to the authorities and report incase of disagreements of any sort but there is no help. Like currently there is a case in the courts about some stalls that had a problem, but the case has been there for long without mention. We have even gone to see our ambassador and he has not helped us, actually he is even afraid to handle some issues. So we are always afraid to handle some issues because if you take someone to court, you even fear for your life, the person might come to even kill you. (F6)

In addition, Kenyans were harsh and did not uphold politeness in their communication with the participants. Most participants reported that Kenyans asked them on the face why they had relocated to Kenya. The following incidents are a proof:
Some Kenyans colleagues would go as far as calling you names on your face. They would say we are refugees and there is nothing we could do to them because we are in their country, and so since you are here to earn a living so there is nothing much you could do. Most of the people I interacted with even asked me why I came to Kenya, why I couldn't open and run a business in Tanzania. (P1)

I was mistreated at first as people used to call me a refugee, others could say that there was famine in Tanzania and that's why I had to run to Kenya. This affected how I communicated to most of them as I could feel inferior and not welcomed in their midst. (P11)

---It was hard for me to even get a house to rent; most people could not allow us to stay in their houses claiming that Ugandan women are known to steal other people's husbands, so they could victimize me for being a Ugandan. --- The only challenge I am facing is jealous from the people around; they complain that we have invaded their market and stolen their customers and go as far as saying we have come with some black magic from home to do business here and that's why we succeed. (F2)

---as her house girl, she mistreated me and could not even provide me with any food, at times she could bring like 5 bananas and say that is your supper.
---There was no enough bedding, just two bed sheets and a small blanket; it was hard for me to survive. (F1)

I have realized that Tanzanians are more polite in everything they do, but Kenyans don't have time to be polite. For them, they do anything without a second thought and are a bit rude in even issues they should not. In Tanzania we are used to using a polite language even if you are asking for something that belongs to you, but here, Kenyans sound forceful when asking for anything. (F3)

Kenyan women are very rude, there is no time they will at least tone down and try to respect a man, and if you had plans of marrying you might even drop them, because they really don't care much about how they talk. In Tanzania women know their place in society, they know their limits and don't really fight back incase of an argument. In our culture (Maasai), women are supposed to really respect men and their views are not important to men, they rarely talk. So it was hard for me to adjust to life in Kenya with the way women behave, like half-men. (F3)

---Sometimes you have a problem but there is nothing you can do about it because there is nowhere you will go to report, no one will listen to you and nothing can be done because you are a foreigner, so sometimes you just keep it to yourself. (F5)

I have suffered at times with most of my clothes disappearing and people really wanting me out of this market, and whenever I complain I am told to go back home. (P12)

The Kenyan police force unleashed terror to most participants and took advantage of their lack of identification documents and work permits hence demanded for bribes. The following evidences are cases in point:
I always have problems with police officers. Whenever they realize you are not Kenyan, they will always want to harass you so that you can bribe them. Even when the passport has not expired, they will look for excuses just for you to give them something small. For example if I have like 500 shillings, the police officer asks for 300 shillings, it means I will remain with 200 shillings that I have to budget for other things in the house. It is frustrating. (P12)

When I first came, communication was a problem; I was not able to say properly what I wanted. Also police officers were always arresting me and I felt like I could go back to Uganda. I was used to Uganda life, but coming to Kenya things were different. Life changed in all areas. In Uganda it's a rare thing for a police officer to ask for your ID card anywhere even in the streets. Here in Kenya, you are harassed anywhere by police officers, especially if you are a foreigner like me. Here in Kenya I have gone to police cells severally and even to the courts. Rules in the two countries are different. But nowadays I am familiar with the police officers and they don't harass me much.
(P13)
I used to stay in Mathare and sometimes police officers would come in the middle of the night and arrest us and take us to Pangani police station for either lack of passports or just for us to give them something small. I moved and went to city stadium market where I stayed for sometime but still the police officers were always arresting us. (F7)

Even now as we are operating this business, police officers always come to ask for the work permit; we are forced to always pay some money as a bribe so that we can be freed even though we have passports. They usually tell us that we don't have the permission to do any business in the country. (F7)

The other challenge we faced was police officers who could arrest us with even no mistake. Anytime they knew you are a Tanzania, they knew you could not have every document that you needed to be here. (F8)

The above incidents reveal that the host environment was volatile and it contributed to communication challenges for the foreign traders.

Psychological health

In spite of the above challenges, most participants reported that with time, good and regular interpersonal relations ensued between them and the Kenyans.

We always talk about so many things generally apart from politics because of the post election violence that occurred in 2007. (F9)

---- But nowadays the people in the country treat us better than when I came. I have become used to the culture and now I am one of them. We always talk about various things happening both in business and our lives (P1)

I am living comfortably with Kenyans. Most of the people I work with are Kenyans. We help each other where we can, sometimes they send me to bring some things from Tanzania when I go visiting. (P14)

---I always interact with Kenyans at all levels. They have been of help as they are the same people whom we do business with, incase I have a shortage of something, lets say cash and I need to pick my pack during market days, I can ask a Kenyan to lend me some cash and I return when I get my money, I don't have to necessarily ask from a Tanzania just because I am one. So we have been living together as business people and our lives have been improved by the unity and co-operation from both Kenyans and Tanzanians. (F1)

I have worked with Kikuyus in business for over 20 years and they are the best people to do business with. (P3)

Although most of the participants reported that good relationships with the Kenyans had ensued over time, tribalism was a major handicap and the participants felt that it was compromising the development of the country. The following incidents were reported:

The other thing that I have also encountered is a lot of tribalism which sees Kenyans getting all opportunities as compared to when we as Tanzanians try to get the same opportunities. For example, If I come looking for a job here in this market, it will be hard for me to get one since I am a Tanzania, but a Kenyan will easily get one. (F1)

The only thing that shocked me is the way we are treated as Tanzanians; as foreigners. For example if a Tanzanian does something wrong and is arrested, the people around the place will generalize and say these Tanzanians have done ABC. Or if it happens that a Tanzania has fought with a Kenyan, any other Tanzanian is attacked just because their fellow countryman has fought a Kenyan; they generalize as if it's all Tanzanians who have done the mistake. That is something that has not changed even to date, people don't understand that if one Tanzanian does something wrong, it's not everybody from the country who should be victimized. (F7)

The only thing I would like to say is for Kenyans to stop tribalism and discrimination based on where you come from. The government should also check on this matter and ensure foreigners are safe wherever they are. (F9 and F10)

If there is something I would love to change to make my life more comfortable, it would have to be tribalism. It is a rampant thing in Kenya and in most cases it affects how people relate including us foreigners. People from the same tribe treat each other better even in business as opposed to the way they treat people from other tribes. (P4)
Before I came to Kenya, I never knew what tribalism was. Back in Tanzania we didn't have people discriminating one another on tribal basis. (F8)

On whether they wished to continue living in the country, most of the participants expressed a desire to continue doing business in Kenya and some of the results were as follow:
--- I intend to continue with my business for the next like 5 years before I go back home and rest with the rest of my family. ---Nowadays we are okay. We have become part of the community and the rest of the people see us as part of them. We hope the future will be the same because we have developed a good working relationship with them and all is well. The only time we might have a problem is the general elections, considering what happened last time. But apart from that, we don't expect anything to go wrong. (P9)

I would like to continue living in Kenya, and I will continue working until I get enough capital. (P14)

I will continue staying here, and if it happens I get enough capital, I can start another business at home but maintain this that I have here. At first it was hard living in a foreign country, a different environment with different people that you are not used to. Again I was mistreated at first as people used to call me a refugee, others could say that there was famine in Tanzania and that's why I had to run to Kenya. We faced a lot of challenges at first, but for now I feel am free and I don't undergo harassment like the first time. I now know my rights and if I feel aggrieved at any time, I can go to the police and report. So life has really improved for the better. (P11)

I intend to continue living in Kenya since where you have set your stuff like business; you need to be there to operate. (P7)

For now I am comfortable living in Kenya as this is where I am earning my living from. I can't say for how long I will stay here in Kenya, but for now I am comfortable living here. (P8)

Yes I will never leave Kenya for the simple reason that I now have a family here and the good part of my life have lived here, so I will be here for the rest of my life and when I will die, I will be buried right here in Kenya. (P10)

Yes, I have become used to business in Kenya and I would love to continue working here. I have my own businesses and other things that I have bought.
So leaving Kenya for good, I can't tell for now, God knows better and I can't say that I will leave at a certain time, the only thing I can do is go visit my family then come back. (P15)
Asked on the changes they aspired to see, to enable them live better in the host country, the participants had the following to say:

I would say it is important for the government to provide security for its citizens as well as foreigners like us, because during the post election violence, we lost and even Kenyans lost their properties. I got scared that I can't even think of investing much in Kenya because at some point you might lose it. This environment is conducive to do business, there are not too many restrictions and everything else is okay. (P1)

I think there will be a positive change in future. Maybe at some point it will be easy for people like me to live comfortably without fear of harassment and marginalization because of his or her nationality. (P8)

The only thing I would like to mention is for Kenyans to uproot tribalism. It's the main thing that causes chaos and limits the country's development. It's something new to us as back in Tanzania we have never witnessed anything of that sort. Let people respect one another and live without mentioning of tribes or tribal names, because that way, the law is not respected and in return, it is affecting everything including business. (F1)

The last thing I would like to mention as my last piece of advice is that Kenyans should stop tribalism. (F6)
I would like Kenyans to stop arresting and harassing foreigners and we live in peace and harmony without war and tribalism. (F2)
The only thing that I think is important is to have peace and to also treat everyone equally including the foreigners like us. We would like better treatment especially from the government and other officials. (F1)
The only thing I would like to say is for Kenyans to stop tribalism and discrimination based on where you come from. (F9)
I think the issue of tribalism is affecting Kenyans in a big way, and I would say it is something deeper than we see it. It might have been generated long time ago and we are only seeing the fruits of a very old tree. For example a Luo cannot go to central Kenya and contest any seat there and win, even if the person has the best policies, there is no way someone from another tribe will come to lead us, that's what they say. (F10)

The only issue that is common among these people is tribalism but it doesn't only affect us as foreigners but everyone even Kenyans themselves. You find Kikuyus sitting somewhere and they tend to talk bad about other tribes and even call them by the tribe name, so it is something common with all Kenyans. Back in Tanzania we have more than a hundred tribes but there is no tribalism at all, this is the first time I came in touch with issues concerning tribes. We only know that we are all Tanzanians and we are united by the common language that

is Kiswahili. We have even Kikuyus in Moshi but you will never know that they are Kikuyus from Kenya, because there is no single day you will get to hear anything to do with their tribes. But I think the major reason for tribalism is the foundation of politics in the country. There is also the issue of jealous among most Kenyans especially if they see our business is doing well or that of the maasais. (F4)

The data sampled above reveals that the search for economic power and the lure of a full life in Kenya were the push and pull factors that compelled the foreign traders to migrate albeit with low levels of preparedness, pre knowledge and pre experiences of the life ahead of their migration. More discussions of the results are next.

Discussions and Concluding Remarks

This study set out to examine communication experiences for foreign traders in a Kenyan informal market as they underwent the process of adaptation. The cross cultural adaptation theory by Kim (1998, 2001, and 2005) was used as the model that facilitated the investigations of the research question of the study which read: what kind of communication challenges are experienced by the foreign traders in an informal Kenyan market?

The study used in depth one on one interviews and group interview to generate data. The results revealed that most of the participants had no prior intercultural experiences as they had not lived in foreign countries before they came to Kenya. The cultural differences caused the foreign traders both verbal and non verbal communication challenges. Besides, they also suffered social challenges such as in-politeness from the hosts, tribalism, intimidation, harassment and strained business relationships. These findings collaborate with findings for other intercultural studies. For instance, a study done by Torress and Rollock (2004) on acculturative distress among Hispanics immigrants living in United States revealed that Hispanics with a low sense of intercultural and intracultural proficiency experienced increased stress.

Lack of host language competence was a major challenge to most participants when they came as they could not communicate with the host nationals due to language barrier. This finding converge with Lewthwaite (1997) study on how international students experience and adapt to their new academic, social, cultural and linguistic environment. He found out that the greatest block to adaptation was lack of intercultural communication competence.

Just as Kim, (1988, 2001, 2005) considers communication to be the central factor that steers adaptation, this study revealed that after establishing communicative relationships with the hosts, the participants were able to learn the communication systems of the host nationals and only then were they able to adjust and succeed in their businesses.

Low host receptivity accelerated intercultural communication challenges. The foreign traders had a culture that coerced them to offer warm reception and hospitality to both their in group members and strangers. This was a contrast to the Kenyan culture which they perceived to be individualistic and unreceptive and Kenyans themselves savored contempt towards the foreigners. To some extent, this contrast hindered the development of deep personal relationships between them and the host nationals. Kim, (1988, 2001, 2005) posits that the host receptivity of

an environment determines the adaptation process of strangers. According to Kim (*ibid*), the collaboration or rather the interplay of the environment and the stranger determines adaptation. Perceived discrimination, prejudice, feelings of lack of safety were other factors that posed challenges to adaptation of the participants of this study. In essence, cultural distance between the immigrant's culture of origin and the host culture inhibits the process of adjustment, (Ward et al, 2001) the greater the distance implies more difficulties in adjustment.

The present study has provided insights on cross cultural experiences for foreigners in the Kenyan cultural environment. The findings reveal that the foreigners' knowledge of the host culture and their engagement in communication with the host nationals enabled them to overcome the intercultural challenges that encompassed their adaptation process. As globalization continues to make the world smaller, various culture interactions continue to permeate. Therefore, the need for training programmes on adaptation and intercultural relations are today more than never becoming necessary for the achievement of intercultural communication competence.

The Kenyan informal sector is envisioned to play an important role in the achievement of the Kenyan Vision 2030. Intercultural challenges should not barricade the vision. Therefore, cross cultural training programmes for foreigners joining the informal sector would enhance cross cultural adaptation process and an eventual successful adjustment. Such trainings would bring about the attainment of functional fitness, psychological health and intercultural identity which culminates to intercultural transformation that is subsequent to attainment of intercultural competence. A person with intercultural competence develops relationships with people from different cultures and has the ability to solve complicated conflicts by rising above the barriers that result from cultural differences and improve the ability of doing business with counterparts from different cultures (Huang, Rayner and Zhuang 2003). On the other hand, the government should enhance the cross cultural adaptation process by putting in place the social support network for foreigners joining the informal sector for positive integration and more so to ease the process of acclimating to the new culture for the immigrants.

Finally, the results of this study have to be understood in the context of the use of a small sample size and the limitation of the study methodology and time schedule. Generalization therefore should be done with caution. Further studies could investigate various categories of immigrants. It would also be meaningful to engage a larger sample and put to test all the six dimensions of Kim's structural model; that would provide a comprehensive examination of the Kim (1988, 2001, and 2005) integrative theory of communication and cross cultural adaptation.

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Determinants of small business successes and failures in Nigeria

By

Adesunkanmi *S. O** & Akinola G.O**

Abstract
Small business in the context of this study refers to any enterprise with a total capital employed of not less than N100, 000 thousand, but not exceeding N1.5million (including working capital but excluding cost of land) and with the staff strength of not less than 1 and not more than 10 workers (Adesunkanmi 2010). The health of small business sector is very important for the overall economic growth potential and future strength of an economy. A lot has been written about small business growth in recent years than any other aspect of management. Small businesses are critical to the development of any economy. One of the main reasons is the contribution of expanding enterprises to economic development and unemployment reduction, which, generally, has attracted the attention of researchers and policy makers in many countries (Adesunkanmi 2012). Also, they possess great potentials for employment generation, improvement of local technology, output diversification, development of indigenous entrepreneurship and forward integration with large-scale industries. Kpelai (2009) stresses that; small businesses are the engine room for economic growth.

Keywords: Small business, economic development, policy makers, working capital

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Introduction

The existence of a strong small business sector is necessary for boosting the economy. However, the transition of this sector to medium and large business sectors is as crucial to preserve the flow of new small businesses into the economy. In addition, such transition or growth will further reduce the unemployment rate and increase the number of products or services offered to the society. Hence, growth is considered to be synonymous with success (Rami 2007).

While a lot has been said on the performance of large businesses, a large number of questions remain unanswered regarding the small business sector in developing countries (Cook, 2001). Since developing countries are expected to adopt different economic policies and they are occupying different phases of economic development, factors that determine the success and failure of small businesses would vary accordingly. In this study, the attempt is made to investigate factors that might contribute to the success and failure of small businesses in Nigeria.

The remainder of the paper is organised as follows. Definition of terms used is stated in section two; related literature is reviewed in section three. Data collection and analysis are described in section four. While the findings are discussed in section five, the conclusion is offered in the final section.

Definition of Terms:

Ajo/esusu, etoto, adashi: These are the various forms of financial contributions that existed and still exist among sole traders and individual contributors, whereby each member contributes a fixed and agreed amount into a fund and each member in turn collects a lump sum (equal to the total sum contributed by all members at the end of each month) until every member takes his own turn.
Collateral: These are the lending requirement demanded by deposit banks, microfinance banks and other financial institutions before granting loan requests of small businesses. *Banks:* organisation that provides various financial services, e.g., keeping and lending money to SMEs. *Loans:* money that banks lend and SMEs borrow. *Small business:* businesses that start with small money.

Review of related literature

The fundamental contribution of the small business sector to the overall performance of the economy is indeed a crucial motive for researchers to investigate and examine the key failures and success factors behind this sector. Small businesses face many challenges that hinder their growth or even further cause a permanent shutdown. However, few small businesses are able to overcome those challenges and achieve some rate of growth.

A major challenge in studying the failures and success factors for small businesses in developing countries is their inconsistent and variable nature and the absence of a well defined standard set of factors across the globe. In other words, these factors could significantly vary from nation to nation and from one business environment to the other due to economical, geographical, and cultural disparities and variations.

In the study of Kangasharju (2000), on the determinants of small business growth, agreed with Wijewardena and Tibbits (1999) that younger firms tends to have higher growth rates than older ones. In addition, Kangasharju pointed out that higher education and advanced training of small business owners increased the likelihood of achieving business growth.

Blackwood and Mowl (2000) carried out a study in Spain with the primary objective of identifying and describing patterns of success and failure among small businesses. They concluded that business success or failure is dependent not only on the behaviour of business owners, but also on the economical and social behaviours of environment in which these businesses operate. Statistical analysis of the data collected in their study suggested that successful businesses were likely to be managed by owners who had initially considered several alternative ventures, purchased the business as a going concern, prepared a financial plan, regularly maintained financial records, used financial targets to assess business performance, and have had previous experience managing private business.

Along the same line, Andreas, Michael and Sabine (2000) conducted a study on the predictability of small business success or failure with primary emphasis on planning as a significant determinant to small business success or failure when planning is inadequate. The investigated sample was for small businesses operating in Ireland and Germany. In Germany, planning had a positive influence on small business success, while it was negative in Ireland. Accordingly, they concluded that the cultural context and the surrounding environment in which small business firms operate, determine the key factors of small business success or failure.

Grounded theory approach to investigate success in small service sector organisations was used in a study conducted by (Simpson,Tuck, and Bellamy, 2004).The impact of education, training, development, prior knowledge and experience on the success of these businesses was investigated. Four substantive categories were developed, but only one category showed clear evidence that education and training had a positive effect on the success of the business. Most businesses relied heavily on prior knowledge and experience.

In their recent study, Wiklund and Shepherd (2005) investigated the Entrepreneurial Orientation of small businesses and found that a main-effects-only analysis provided an incomplete picture of performance. Access to capital and the dynamism of the environment were important to small businesses, and they found that when combined with the Entrepreneurial Orientation a three-way interaction model) the configurationally approach explains variance in performance over and above a contingency model (two-way interactions) and a main-effects-only model.

Population of the Study
Small businesses were required in Ife Central, Ilesa West and Ilesa East Local Governments. Their population consists of traders, service providers and those into production. Considering the finite size of small businesses, two hundred and forty Small Business Owners are adequate for the study.

In selecting the small businesses used in the study, Purposeful Stratified Sampling Technique was employed. The total population of Small Business firms was stratified into those involved in production, service provision and sales activities. Thereafter, the Simple Random Sampling was used in selecting the respondents from each stratum, thus allocating forty (40) slots for those in production, eighty (80) for service provision and one hundred (120) slots to those in sales activities. This is deliberately done due to the fact that most small businesses concentrate on, or are known for service provision and sales than for production.

Data collection
Primary data was collected for this study due to the need to elicit direct responses from those directly involved in the activities of small businesses. In obtaining primary data, questionnaire and personal interviews were the key data collection instrument

Research Instrument
The key research instrument used for the collection of primary data for the study is the questionnaire. Both structured and unstructured questionnaire were used in order to obtain objective and correct responses from the respondents.

Validation of Research Instrument
Due to the importance of primary data to this work, the questionnaire was employed. However, to ensure that the questions to be contained in the questionnaire have the same meaning to the researcher and the respondents, the informal method of validation was used to ascertain the validity of the research instruments.

In doing this, the researcher selected twenty four (24) small business owners in Osogbo Metropolis (Osun state capital) and administered the questionnaire to them. The results were compared to ensure that the questions therein meant the same thing to the twenty four (24) chosen respondents.

Data Presentation and Analysis
In this section, the various responses scooped from the questionnaire administered with reference to the demographic characteristics of respondents, the major causes of small business failures and success are presented

Demographic Characteristics of Respondents

From Table 1.1, the mean age $= \frac{\sum fx}{f}$

$$= \frac{8420}{240} = 35.1$$

Therefore, the mean age of small business owners in the three local governments is 35 years.

The result of 35 years mean age could be explained from various angles. Foremost, this could occur as a result of secondary and higher institution graduates unemployment. Most unemployed graduates i.e. those that are unable to get government job dabble into small businesses in order to make a living. This could be either to start a new business or join their parent(s) on the existing business with the hope of separating from them in the nearest future. Also, the mean age falls within the working age of between 18 – 65years at the federal level and 18 – 55years at the state level. Previous studies have also confirmed that the largest working class age range falls between 20 and 40years. This is evidenced from the table as the group has the highest frequency.

Table 1.1 Demographic Characteristics with reference to Age of Respondents

Range	X	F	f(x)
21-30	25.5	72	1,836
31-40	35.5	106	3,763
41-50	45.5	62	2,821
Total		240	8,420

Source: Field Survey, 2012.

Table 1.2 explains the sex percentage of the respondents in the local governments. There are more female business owners (64%) than males (36%). This is to say that more of females do business than males in these areas. This can be explained to be as a result of fewer males in sales businesses. Block making industry, barbing, vulcanising, motor mechanical services are predominately dominated by males. Other businesses like general sales, hair dressing, soap making, nylon and bottled water packaging, fruit drinks production, tailoring etc, has mixed percentage of the sexes, but there seems to be more females in the occupations.

Table 1.2 Demographic Characteristics with Reference to Sex of Respondents

Gender	Firms	Percentage
Male	86	36
Female	154	64
	240	100

Source: Field Survey, 2012.

From table1.3, it can be deduced that most small business owners in the local governments are literate with only 4% of the total respondents categorised as not acquiring any form of formal education, about 10% and 50% of them acquired primary and secondary/technical education respectively. Besides, about 36% acquired tertiary education (Colleges of education, Polytechnics and University).Those that acquired formal education constitutes 96% as compared to 4% who do not acquire formal education.

This can be interpreted that majority of the small business owners in the Local Governments went into business after their primary/secondary school certificate probably because they could not further their studies or more so for financial inadequacies. Unfortunately, most of those who could not further education for financial reasons also find it difficult to raise money to start a business. Occasionally when they do it is always difficult to expand on the business and in no short time, the business collapses.

The 36% respondents who have tertiary education could have resulted to business probably because of their inadequacy to secure a monthly pay job. As a result of this, they lack avenue to save money to start the business and might have to rely on monies given to them by spouses, parents, family members or if they get money to borrow from banks.

Table 1.3 Demographic Characteristics with Reference to Educational Qualification of Respondents

Qualification	Firms	Percentage
Non-Formal	10	4
Primary	24	10
Secondary/Technical	120	50
Tertiary	86	36
Others	0	0
Total	240	100

Source: Field Survey, 2012.

The major determinants of failures of small businesses in Nigeria

From table 1.4, it can be deduced that the absence and or incompleteness of business records (12%) seems to be one of the major threats to the survival of small businesses in the local governments. This is so because many small business owners do not value record keeping. Mainly, the business starts in an informal way and continues like that for a very long time until they are enlightened about the importance of record keeping. Because the seed money is mainly from personal financial contribution and there is no need to report to anybody on the use of the money, business owners use it as a personal property. Also, because many businesses start on a trial basis, i.e., just dabble into the business without adequate planning in form of market survey. Records of such information like type and quantities of raw materials/ machines production cost, and daily/total sales are not considered as necessary for business growth.

Besides, extreme reliance solely on personal funds for the running of business (16%) and starting with too little capital (8%) rank as another major threat to business survival. It is a general belief among some small business owners that seeking loans from banks is mainly for large businesses. They see themselves as too micro to be reckoned with by the big banks. Therefore, they seize to access loans from banks to expand on their business. This serves as a major hindrance because most of them buy their raw materials in small quantities since they have little fund to trade with and so, cannot afford to buy in bulk. This made their purchases expensive and as a result there would be low sales because of the high price and these will by no measure reduce their profits. As much as this continues, the sustainability of such business cannot be guaranteed.

Small businesses also fail because many small business owners start their business with personal (money) savings that are never enough to maintain and sustain the business. Such money is always all in all for most of them and outside the money small business owners don't normally have extra money to bank on in taking care of their personal responsibilities. Therefore, they always relied on money received from the business sales. In most cases, they don't even consider profit to determine their spending.

Because most small businesses gather their seed money from personal savings or gifts from friends and family members, they most often start their businesses with too little capital (8%). This factor especially hinders the small business owners from exploring major marketing strategic variables in form of location, branding, advertisements, buying raw materials relatively cheap in bulk etc.

There are strategic locations that are suitable for some kind of businesses to survive but because such places are usually expensive to acquire, business owners with little money will have to go for a relatively cheaper location in the interior which attracts very low sales for their products. Even with that, they cannot afford appropriate advertisement to make their products known.

Not only that, most business owners have limitations of adequate capital to buy their raw materials in bulk in order to reduce cost of production. In fact, most small business owners buy their raw materials on credit at a very high price in order to pay back after sales. This shifts their cost of production on the high price and as a result reduces the profit.

Borrowing money from banks without planning how and when to pay back made (10%) from the data gathered. Many small business owners lack adequate planning on how to pay money borrowed back and in most cases they go into liquidation. Planning starts from getting to know how to reduce production cost in order to increase profits so as to be able to pay back money borrowed for production. But because of some of the factors earlier mentioned like lumping business money with personal money, i.e., taking too much of personal responsibilities from returns of business at the early stage of a business may cause business to run down. This could be because they relied solely on the business sales to take care of personal responsibilities, so it does not matter to them if they are spending more than the merger profits they are making.

Moreover, 14% of the business owner respondents attempt to do too much business with too little capital (overtrading). Even with the meagre seed money for most respondents, they still attempt to engage in more than one business. This is with a reason to capture passer bys to at least buy some other items from them apart from their major business. Such business owners sell items like soft drinks, pure water, nylon bags, etc., with major businesses like block making industry, hair dressing saloon, and soap making industry and pastries makers.

The initial seed money for the main business was not adequate and business owners still divert some of the money to engage in other businesses. Some of them give reasons such as no adequate sales from their main business but that passer bys buy some of the items added and this enables them to at least make enough sales to buy food for the day. 30% of the respondents experiences inadequate accessibility of funds from consolidated banks. This could be as a result of the inability of the small business owners of meeting the set up restrictive factors constraining them from assessing microfinance soft loans (at prime rate) such as the non-presentation of business books and or records. From the previous analysis, 12% of the respondents lack record keeping. Also, many business owners lack good business ethics, failure to renew their confidence and redeem their image, and these often made banks to lose confidence in their loan repayments. And therefore, seize releasing of funds for them for expansion on their businesses.

Probably because of the poverty level in the country, sales are generally low as claimed by some respondents during interview. Even necessary foods like food items are bought on credit or part payment. It is claimed that business owners who refuse to sell on credit lose customers on daily basis and has very low chances of getting new ones. This is likely to be so because of the competitive nature of some of the businesses. However, most of the credits sales are not mostly redeemable. Some customers refuse to pay back. Conclusively, it can be deduced from the data presented that the problem with Small businesses lies mainly within the realm of poor adequate financing.

Table 1.4 Analysis of the various determinants of business failure.

Causes of Business Failures	Firms	Responses (%)
Absence of or incomplete records of business account	29	12
Mixture of business funds with personal funds	38	16
Starting with too little capital	19	8
Borrowing money without planning how and when to pay back	24	10
Overtrading: Attempting to do too much business with too little capital	34	14
Inadequate accessibility of funds from banks	72	30
Extending credit too freely	24	10
Total	240	100

Source: Field Survey, 2012.

The major determinants of business success in Nigeria

Table 1.5 Analysis of the various determinants of business success.

Determinants of business success	Firms	Responses (%)
Informality(Non Registration of Small business)	10	4
Institutional Environment (official and unofficial rules & constraints)	20	8
Entrepreneurial characteristics (innovation, courage, direct action etc)	28	12
Accessibility to Financing	132	55
Infrastructure (roads, market structure, etc)	50	21
TOTAL	240	100

Source: Feild survey, 2012

The conceptual framework used to examine the determinants of business success is based on previous studies on determinants of microenterprise performance (Shaw, 2002; Okurut, 2008; Adekunle, 2011; Schiebold, 2011). For the purpose of analysis, the study adapted Adekunle (2011) and Schiebold‟s (2011) framework to analyse the success determinants for small business. Within this framework, several determinants are identified to categorise success, such as, informality, institutional environment, entrepreneurial characteristics, socio-cultural environment, financing, petty corruption and infrastructure.

This framework was developed by Schiebold (2011) as a tool for development projects in finding the suitable setting for small business that can maximize their chances of succeeding. However, for this study, slight modification has been made to accommodate the local context. Only six determinants are selected, that is, informality, institutional environment, entrepreneurial characteristics, social-cultural environment, financing and infrastructure.

Informality referred to the legal status of business owners‟. In many cases, small businesses operated without legal registration and are mostly just referred to as "informal sector". According to Schiebold (2011), unregistered business has an implication on the business success in a number of ways. Due to its informal status or non-registration, they are unable to conduct business with official institutions or large formal businesses. Furthermore, they are excluded from exporting their products and this could give them problem in raising money through official channels. They have no access to judicial system and have limited access to financing mechanism.

Based on the number of respondents interviewed, none of the respondents registered with the Ministry both at the state and national levels, only 48 respondents registered with their local trade union, i.e. less than 20% of the small businesses registered with their local trade union. However, only 2% of the respondents agree that their informality can affect the success of their businesses. This could be because they do not feel that their businesses deserved to be legal because it is small, and of inconsistent demand. This is the real representation of small business in Ife Central, llesa West and East local governments. The small businesses owners argued that they could not formalise their business as they still cannot see how the product can be marketed because of inadequate fund. The status of registration of small business in these local governments will also determine the production strategy that they employed. Majority of the informal business do not produce daily compared to their counterpart in the formal enterprises. The production of most informal business is based on orders.

Institutional environment refers to the official and unofficial rules and constraints that surround an entrepreneur and which shape the business operated (Schiebold, 2011). This institution consists of both written and formal constraints where the former may relate to legal matter while the informal constraints are being associated with norms, conventions and self-imposed codes of conduct (Shirley, 2008) and these constraints will definitely shape the business operation (Schiebold, 2011). Due to its informal status, majority of small business owners resort to the simplest type of marketing strategy compared to those formal enterprise which is employing a more aggressive approach.

Based on the interviews, in terms of marketing, respondents preferred the market to "coming to them" rather than having the "need to get out and sell". The former strategy is highly dependent on customer to "come to them" either making orders through the phone or home visit. Therefore, majority of customers are mainly from the local villagers, schools and a number of government agencies nearby. Connections of friends and relatives are utilized, acting as middle person, to sell their products particularly at local factories.

According to respondents, their informal status has created various legal constraints including the limitation of connections and networking and this has significantly impacted on the marketing strategy. That would explain that those who have limited connections and networking will mainly involve in extremely small business because it may require a low capital investment and a low level of technology (Ghani, 1995).
Also, characteristics of business owners and their implications to the business success is another issue. An entrepreneur is defined as an individual who develops and owns his own business. He/she is a risk taker, is a innovative, motivated, persistent and creative in converting a situation into opportunity. Successful business owners should have a unique set of personal characteristics, including: inspiration, creativity, direct action, courage and fortitude as these characteristics are fundamental to the process of innovation (Martin and Osberg, 2007).

They should also have a certain set of capacities and mindset, (Schiebold, 2011), cognitive ability, motivation and competitive attitude (De Mel, Mckenzie and Woodruff, 2010). Entrepreneurial characteristics have a significant indicator in determining the success of small businesses. Also, cognitive ability can be influenced by the level of education (Ghani, 1995). It is argued that small business owners with an elementary education tend to be less receptive to new technologies compared to those who have college education (Ghani, 1995).

Based on the interview conducted and the response of the respondents to the questionnaire distributed for the study in the local governments involving 240 respondents, the study revealed that this characteristic does not indicate the level of motivation and creativity in bringing their businesses into a higher level as only 12% of the respondents agreed to this. The finding also shows that small business owners do not seem to possess a burning desire or "competitive attitude", considered as one of the important characteristics in generating inspiration and motivation for business expansion. This phenomenon can be explained by several factors.
The low level of motivation could be due to low sales as a result of no or inadequate marketing strategies. This can be traced to inadequate capital. The fear of venturing into a bigger operation due to lack of confidence and technological knowledge as a result of inadequate fund has also implicated on their business production. In this case, level of education is important.

From the educational background of the respondents, majority of them were only primary/secondary schools holders which indicate the low level of technology, communication skill and confidence particularly in dealing with people in the business industry. Previous study has shown that business owners with an elementary school education tend to be less receptive to new technologies and therefore made it difficult to transfer new technology and improve productivity (Ghani, 1995).

Financing mechanism is important for investment and stimulating business productivity which is the main objective for any businesses. This item is used to examine the challenges faced by respondents in getting access to financing. Various studies have documented the difficulties faced by small businesses to get financial assistance from banks which include the lack of knowledge in loan application and high legal documentation (Nurbani et.al, 2010).
One of the challenges of analysing this item is that majority of the respondents are not open in discussing topic related to income and financing. It is not so much about conceding information but they could not give an exact figure because there was no proper documentation of products sold or the amount of capital used for the monthly transactions. A few respondents willingly produced their business log book, documenting the daily orders made but most of the months were left empty. So, data gained is mostly by observing the size of production and the amount sold.

Majority of respondents interviewed are mainly from low-income families. This indicates that many of them do not have much capital, mostly used own saving to start the business and utilizing the equipment they have for the production. After operating for several months, some of them would apply assistance from cooperative societies, esusu, etc. For example, one of the respondents who produces grilled fish (eja kika), started the business by using her skills and her fisherman's husband will supply the fresh fish. Since she does not have money to buy freezer to store the fish as could be provided in large quantity by her husband, she resorted to grilling the fishes in small quantities according to her capacity per day.

This finding has supported Ghani's (1995) suggestion that majority of small scale food processing enterprises use traditional methods of processing such as pickling because of financial constraints and therefore could not afford sophisticated machinery and lack of technical information. Financing mechanism is important for investment and stimulating business productivity which is the main objective for any businesses which has led to the setting up of various funds by the government for start up and business expansion such as micro finance institutions. Although most of the respondents are reluctant to apply for loan due to lack of knowledge, fear of debt in case the business cannot be sustained and lack of confidence to apply.

Conclusion

Infrastructure refers to both physical and non-physical. Physical infrastructure consists of roads, modern energy and non-physical item such as market structure. Location, according to Shaw (2002), which includes reliable power, communication, water and transport services, will facilitate technological innovation and better access to inputs, markets and information. Furthermore, sound infrastructure will provide rural entrepreneurs to have access to urban markets.

In terms of business structures, most of the respondents interviewed do lack assistance from local agencies such as business premises, equipment including machine and packaging. In this case, the significant role of government agencies such as the Local Government is required. Those who do not have workshop in small businesses are usually producing in smaller quantity and will use their houses for the business operation. However, the space of the house is too small that the packaged boxes have to be piled up in the living room and also in their own bedrooms.

Other than land space, another challenge faced by these respondents are their location which is quite far from the urban markets. Although the road systems from these local governments to other areas have improved, according to respondents, the location does not provide a bigger market for their products. They used the network of friends, relatives and agents to sell their products in the rural market days.

The discussion reveals that the physical and business structures do have an impact on the production and marketing of their business products. However, financial constraints and the lack of strong business structures seem to be the main obstacles for most small business owners to expand their businesses. Financial skills are a crucial element in empowering small business owners to manoeuvre their business ventures.

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Industrialization in Kenya and vision 2030

By

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Abstract
Kenya's social and economic development agenda is set out through Vision 2030. Vision 2030 articulates possible long-term alternative development policy scenarios at different points and it is operationalised through five-year development plans, starting with the Fifth National Development Plan (2008-2012) and annual budgets. Vision 2030 recognizes development of policies consistent with sustainable environment and natural resource management principles; access to good quality basic human necessities such as shelter, titled land, health and education facilities and clothing for all; safe and secure social environment, among others, as part of the many fundamental aspirations of Kenyans. However, attainment of these fundamental aspirations requires Kenya to mainstream Sustainable policies and programmes in its social and economic development agenda. This is particularly important because the majority of social and environmental impacts that the globe is facing can be attributed to products and services, fundamentally the unsustainable consumption and production patterns. During the World Summit on Sustainable Development (WSSD) held in Johannesburg in 2002, the Heads of Governments recognized poverty eradication, changing consumption and production patterns, and protecting and managing the natural resource base for economic and social development as overarching objectives of, and essential requirements for sustainable development. The summit called for the implementation of initiatives to accelerate the shift towards sustainable consumption and production patterns, thus de-linking economic growth from environmental degradation.
Keywords; economic development, environment, development, policy, management

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Introduction

The Marrakech Process

The Marrakech Process is a follow-up to the world summit on sustainable development held in Johannesburg in 2002, to initiate the implementation of sustainable consumption and production (SCP) projects and the development of a 10-Year Framework of Programmes on sustainable consumption and production (10YFP). It is a global multi-stakeholder process actioning the Johannesburg Plan of Implementation (JPOI) to support regional and national initiatives on SCP and, it is led by United Nations Environment Programme Division of Technology, Industry and Economics (UNEP-DTIE) and the United Nations Department of Economic and Social Affairs Division of Sustainable Development (UN-DESA DSD), with an active participation of national governments, development agencies, business and industry, civil society and other stakeholders.

One of the outcomes of the Marrakech Process is the creation of the Marrakech Task Forces. The Task forces broadly be categorized into four groups, namely: 1) Region-specific Task Forces; 2) Policy tools and programmes Task Forces; 3) Sector-specific Task Forces, and 4) Social and behavioural issues Task Forces. They comprise experts from developing and developed countries and, are voluntary initiatives led by governments, which in cooperation with other partners, commit themselves to carry out a set of concrete activities, conducted mainly at national or regional level, that promote a shift to sustainable consumption and production patterns.

The African 10 Year Framework Programme on sustainable consumption and production

The African 10-Year Framework Programme on Sustainable Consumption and Production (African-10YFP) has been development with the collaboration of UNEP and UN-DESA in close consultation with the Secretariats of the African Ministerial Conference on Environment (AMCEN) and the Secretariat of the African Roundtable on Sustainable Consumption and Production (ARSCP) which have been established and supported by UNEP. The African- 10YFP was approved in March 2005 by AMCEN and one of the primary activities identified in the context of the regional follow-up on the African-10YFP is to assist African countries and cities to develop their programmes on sustainable consumption and production.

Kenya vision 2030

As provided in the vision 2030 document Kenya is now in the path of rapid industrialization and urbanization. On account of such development there is a likely hood that it may cause adverse impacts on environment and quality of life. For a sustainable growth, a good management system needs to be in place to protect and safeguard environment and related conditions.

By 2030, Kenya aspires to live in a strong and dynamic middle-income industrial nation that provides opportunities for improving the well being of all and have a productive environment and well conserved natural resources base for sustainable socio-economic development. In order to achieve this vision, however, a number of measures need to be instituted so as to address the major environmental challenges the country faces. These challenges include, among others, deforestation, land degradation, water pollution and inadequate sanitation, air pollution and wildlife depletion. Whilst these challenges are often further compounded by insufficient financial, human and technological

resources, the majority of the environmental and social impacts can be attributed to products and services. The unsustainable patterns of consumption and production have resulted into widespread poverty and socio-economic injustices and disparities, and if left unchecked, may thwart our progress towards achieving the Millennium Development Goals (MDGs). According to WBCSD (2010) rapid and continuing rise in the use of fossil fuel-based energy and an accelerating use of natural resources are continuing to affect key ecosystem services, threatening supplies of food, freshwater, wood fiber and fish. The communities around the world are further being impacted by frequent and severe weather disasters, droughts and famines (WBCSD, 2010). There is a strong potential for Sustainable Consumption and Production and Resource Efficiency measures to contribute to progress towards the Millennium Development Goals (MDGs). UNEP (2009) gives examples of contribution of sustainable consumption and production and resource efficiency to achievement of the MDGs. In view of these environmental challenges, particularly in the context of climate change, achieving sustainable (low carbon) and resource efficient patterns of consumption and production becomes a great priority. There is an ever increasing need for humankind to adopt more sustainable lifestyles; using the resources more efficiently, increasing market supply and demand for sustainable products, and improving environmental education and communication on sustainable lifestyles. The Heads of State and Governments during the World Summit on Sustainable Development (WSSD) held in Johannesburg in 2002 recognized that poverty eradication, changing consumption and production patterns, and protecting and managing the natural resource base for economic and social development are overarching objectives of, and essential requirements for sustainable development (WSSD, 2002)

As a newly industrializing country, Kenya faces the challenge of improving its economic Performance and the lives of its citizens without undermining the environment upon which so much of its national earnings and individual people's livelihoods depend. There are a number of salient and emerging issues that need to be considered to achieve the Vision's goals and targets, including how to protect the country's water sources that feed hydropower, support wildlife and tourism destinations, irrigate both export and small holder farms, and nurture grazing areas. It also highlights the importance of planning for weather-related disasters to enable development goals to be achieved. In addition there should be a growing recognition of the importance of incorporating environmental considerations in national development strategies. Will continued growth bring even greater harm to the environment? Or does an increase in income and wealth generate the desire for the amelioration of ecological problems? The answers to these questions are critical to the design of appropriate development strategies for developing countries.

The recently launched national strategy of Vision 2030 that aims at making Kenya a middle level income country is a case in point. The envisioned target growth in gross domestic product (GDP) of 10 per cent over the next three decades will inevitably result in heavy demand for energy, water, solid waste management and the manufacture and use hazardous and toxic substances in the country. This will be compounded by population growth particularly in urban areas, due to rural-urban migration, growing urbanization and rising living standards. The exponential growth in population may stretch the government's ability to answer infrastructure and service needs. Often the supporting

infrastructure for the collection and treatment and disposal of sewerage and solid wastes is inadequate to cope with the amounts generated. This state of affairs raises problems of water and air pollution, public health and urban environmental degradation.

There is a challenge to balance the seemingly conflicting interest between concerns for the environment on one hand and economic growth on the other. The country is faced and grappling with difficult decisions and tradeoffs with regard to energy as it strives to achieve sustainable development. Energy is a prerequisite to economic development. Energy is the vital basis of the development of human society, which is linked with several aspects of the social production and daily life. On one hand expanding energy access to poor people is essential for alleviating poverty. Improving energy access for the alleviation of poverty also means promoting small and medium scaled business, industrial development and better transportation networks in a general effort to improve socio-economic well-being. All of these will require greater energy use. Coupled with the increasing population and living standards, the demand for energy in Kenya will steadily increase. To achieve these goals with minimal adverse effects on the environment is the basic goal of sustainable development.

However, energy use is both directly and indirectly associated with various immediate and long term environmental impacts which appear at various levels. In particular combustion of fossil fuels is known to be one of the major sources of green house gas (GHG) emission a significant contributor to global warming. Therefore, the primary environmental consideration affecting the energy sector is fuel related. Relatively little is known about the likely costs and benefits of implementing the Kenya vision 2030 strategy, but it is clear that energy demand will increase. Emissions of CO_2 caused by human activity are generally viewed as the most important single source of potential future warming. While there are no absolute answers and solutions differ by region, by country, a common thread in reaching solutions is being able to ask and address the right questions.

The **Kenya Vision 2030** is to be implemented in successive five-year Medium-Term Plans, with the first such plan covering the period 2008–2012. At an appropriate stage, another five-year plan should be produced covering the period 2012 to 2017, and so on till 2030. As the country makes progress to middle-income status through these development plans, it is expected to have met its Millennium Development Goals (MDGs) whose deadline is 2015. Some of the goals have already been met. The Vision 2030 spells out action that will be taken to achieve the rest. Water supply, sanitation and environment are sectors addressed under the social pillar. Through this strategy Kenya aims to build a just and cohesive society with social equity in a clean and secure environment. However these areas are of great concern due to the following phenomenon.

Environmental Goals for 2012

The Government of Kenya understands and appreciates the important function that the environment plays in underpinning development. It is cognizant that achieving Vision 2030 depends on maintaining the natural systems that support agriculture, energy supplies, livelihood strategies, and tourism. To support the social pillar, Kenya aims to provide its citizens with a clean, secure, and sustainable environment by the year 2030. To achieve this, the nation has set goals such as increasing forest cover from less than three per cent of its land base at present

to four per cent by 2012 and to lessen by half all environment related diseases by the same time (GoK 2007). Among the strategies for achieving these goals are the following: promoting environmental conservation to help achieve the Millennium Development Goals (MDGs); improving pollution and waste management through the design and application of economic incentives; and commissioning public-private partnerships for improved efficiency in water and sanitation delivery. Kenya will enhance disaster preparedness in all disaster-prone areas and improve the capacity for adaptation to the impacts of global climate change. In addition, the country will harmonize environment-related laws for better environmental planning and governance (GoK 2007)

Environmental crisis

It is all the more critical that increased water use by humans does not only reduce the amount of water available for industrial and agricultural development but has a profound effect on aquatic ecosystems and their dependent species. Environmental balances are disturbed and cannot play their regulating role anymore. Water resource issues and problems in the world's developing countries, or lesser developed countries, present special management challenges. These issues and problems include inadequate drinking-water supply and sanitation facilities, water pollution, floods, the siltation of river systems, and the management of rivers and large dams. These problems are more severe and widespread in the developing countries than in the world's wealthier, industrialized ones. Barriers to addressing water problems in developing nations include poverty, illiteracy, rapid population growth, and ineffective institutions and policies for developing, distributing, pricing, and conserving water resources.

Water and Sanitation

The Vision for the water and sanitation sector is "to ensure water and improved sanitation availability and access to all by 2030". Kenya is a water-scarce country with renewable fresh water per capita at 647 M^3 against the United Nations recommended minimum of 1,000M^3.This compares unfavorably with the neighboring countries of Uganda and Tanzania, which have per capita levels of 2,940 M^3 and 2,696M^3 respectively. Kenyans' access to water and sanitation is relatively poor compared to countries such as Malaysia. It is critical to note that Kenya's fresh water per capita has been declining and is projected to reach 235 M^3 by 2025 unless effective measures to address the challenges are implemented. Additional supply and more efficient management of Kenya's scarce water resources, for household and commercial enterprises, will therefore be necessary to achieve the economic, social and political priority projects suggested by Vision 2030. Thus, all the flagship projects -- tourism, agriculture, industry etc. – will consume additional water. So will the measures envisioned under education, health, urban development and housing in the social sector. Better conflict resolution under the political pillar also has a water dimension since many conflicts in rural Kenya tend to be resource-based with a bias towards shared water sources. Efficient water management will, therefore, not only contribute to sustainable long-term economic growth, but also to poverty reduction, health and security. The poor will gain directly from improved access to water and sanitation through improved health, reduced health costs and time saved. An improved water source together with better sanitation (which includes disposal of effluents and excreta) is one of the most important contributors to better human health. It is estimated that 80 per cent of all communicable diseases are water related and hence constitute a

major portion of health care expenditure. Benefits of improved water services and sanitation therefore include averted health related costs, which is a gain to the economy as a whole.

The main consumers of water in Kenya have been industries, agriculture (horticulture and livestock), energy production and domestic consumption, in that order. It is projected that the use and demand for water will increase at an unprecedented level with the expected 10 percent annual growth rate, high levels of urbanization and population growth. In the water sector, Kenya has considerable ground to cover in order to meet these future demands.

Challenges and opportunities

The focus of Vision 2030 in the water sector involves addressing the following challenges:

Addressing water scarcity: Addressing Kenya's limited and uneven water sources is apriority challenge. Presently, our renewable fresh water capita stands at 647 m3 and is projected to fall to 235 m3 by 2025 if supply does not keep up with population increase. There are also regional imbalances in water availability and utilization that must also be addressed. Highland areas, the Coast and the Lake Region have better water access than the ASAL districts.

Improving water security: Kenya needs a consistent and reliable supply of water regardless of changes in climate. Inadequate water harvesting has resulted in parts of the country having a lot of water during rainy seasons and little or no water during dry periods. Extreme climatic changes that cause flooding have an immense negative impact on both the social and economic fronts. Improved storage infrastructure will therefore be undertaken in exploiting the proposed irrigation potential in the country and in providing more water supplies to businesses and households. Improved water harvesting will also provide opportunities for the ASAL communities to achieve food security. Construction of dams in parts of the country that have continually experienced disasters caused by drought and floods (e.g. in Kano Plains, Budalangi and ASAL areas) will therefore be undertaken to reduce water insecurity and vulnerability of families inhabiting those areas. This challenge is dealt with under the environment.

Catchments management: Although this is already being addressed by the Government, degradation of water sources has been caused by poor land management (mostly destruction of natural vegetation in the catchment areas through activities such as farming, encroachment and illegal logging of forests). Deforestation in the past was also caused by forest excision for farm settlement and illegal tree felling for fuel use and timber. This caused increased runoff, flash flooding, reduced infiltration, soil erosion, and siltation in the dams and other water reservoirs.

Increased demand as a result of population growth and economic development: The growing population (expected to reach more than 60 million by 2030) and increasing economic activities will increase demand for water for domestic use, food security, and industrial

development. It will, therefore, be necessary to have a corresponding increase in the development of water resources to meet the demands of an increasing population and a growing economy.

Better water quality*:* Improvement of quantity must be matched by that of quality. Increased commercial farming activities, coupled with rapid industrialisation and laxity in law enforcement, have led to increased effluent discharge into water bodies and disposal of farm chemicals and waste into rivers. All these have resulted in the degradation of our water resources

Increasing the amount of irrigated land:
The level of development of irrigation in Kenya is low compared to its potential. Kenya's irrigation potential in 2006 was estimated at 539,000 hectares, but only 105,800 hectares (about 20 per cent of irrigable land) have been exploited for agricultural production. However, with the construction of water storage facilities, the available irrigated land could be increased to 1.3 million hectares. This could be achieved through enhanced water storage capacity, thereby increasing agricultural production. This would also help control floods, which mainly affect poor communities, Under Vision 2030, productivity in the proposed irrigated areas will therefore have benefits on the future of Kenya's economy and society that go beyond increasing agricultural production and value addition, as proposed in the economic pillar.

Low level of infrastructure development: Kenya's water and sewerage infrastructure coverage will have to rise in order to meet standards associated with middle income countries. In 2005, clean water sources were available to an estimated 60 per cent of the urban population and 40 per cent of rural homes, while improved sanitation coverage was 55 per cent for urban areas and 50 per cent in the countryside. As stated earlier, water coverage will be increased through investment in infrastructure, rehabilitation and construction of new water supplies and more efficient management of available water. This will result in the reduction in levels of unaccounted-forwater, which is currently estimated to be 60 per cent. Poor physical planning in our urban areas, coupled with the proliferation of unplanned settlements, is also a major challenge to the provision of clean water to all urban homes. This problem will be addressed under the urbanisation and housing strategies of this document

Water resources monitoring*:* In order to increase water supply and to use water resources more efficiently, Kenya needs to upgrade its capacity for monitoring trends in water flows and abstraction. Currently water resource monitoring covers only 30 per cent of total estimated available supply through various sources. This is primarily due to inadequate staff and insufficient hydro-meteorological stations. This challenge will need to be addressed as a priority since to be really effective, all new planning and distribution of water and sanitation services will need to be based on reliable data.

Vision for the water sector

The Vision in this sector is to "ensure water and sanitation availability and access for all". By 2030, no Kenyan should be without access to an improved water source and sanitation. Like in other sections of this Vision, this objective will be realized in blocks of five-year development plans. The outline for the first five-year block will be the following:

Water pollution by industrial effluents

This economic growth - coupled with industrialization and urbanization - will result in an increasing demand for water and will have serious consequences on the environment through water pollution from industrial effluents from various types of industries. Among these industries include manufacturing industries, pharmaceutical industries,

Sources of industrial effluents

i) Soap and detergents

As consumer needs and life styles change, and as new manufacturing processes become available, the soap and detergents industry responds with new products. Most household cleaning products are formulated to be used with water and "go down the drain" into waste waters treatment systems (municipal sewage treatment plants, or septic tank systems). To assure that products are safe for the environment manufactures should evaluate the impacts of the products and ingredients in the waste waters treatment system, streams, rivers, lakes and estuaries. Environmental risk assessment should consider the exposure concentrations and effects of individual ingredients. For more than a quarter of century there has been a constantly growing awareness of an interest in the effects of the detergents industry by nature and use of its products on the environmental risk in terms of sociological issues. Both organic and inorganic ingredients have impact on aquatic environment. Considering sodium tripolyphosphate a major inorganic compound of detergents. Which have to date has critical review of technical, sociological, legislative and environmental aspects of these products on world-wide. Sodium per borate has been used over the years and its boron content has caused problems in specific areas.

ii) Paper pulp industry

Wastewaters are discharged at a rate of 20-250 cubic meters per metric ton (m^3/t) of air-driedpulp. They are high in biochemical oxygen demand, total suspended solids and chlorinated organic compounds which may include dioxins, furans, and other adsorbable halides

Wastewater discharges for a pulp and paper mill certain solids, nutrients and dissolved organic matter, and unless at low levels are also classified as pollutants. Nutrients such as Nitrogen and Phosphorous are also released into the wastewaters. The main source of these nutrients is the raw materials such as wood. The nutrients exacerbate eutrophication of water measured by Biological Oxygen Demand (BOD). Changes ecological characteristics and in worse case scenarios leads to death of all higher living in the woods, pollute the wastes, through chlorine bleaching pulp produces larger amounts.

Pulping and bleaching operations are energy intensive and typically consume huge volumes of fresh water and large quantities of chemicals such as sodium hydroxide, sodium carbonate, sodium carbonate, sodium sulfide, elemental chlorine or chlorine dioxide, calcium oxide, hydrochloric acid among others. Significant solid waste from pulp and paper mills include bark, reject fibres, wastewater treatment plant sludge, scrubber sludge, lime mud, green liquor dregs, and boiler and furnace ash.
Two common operational problems encountered during the treatment of pulp and paper wastewaters in activated sludge plants are:
Limiting concentrations of nitrogen and phosphorus that are vital for maintance of active microbial population in an activated sludge plant

Growth of filamentous organism or formation of pinpoints flocs that negatively impact the sludge settling rates, thereby reducing the effluent quality

Solvent extractives that include fatty acids and resigns

Low-molecular weight organic acids causing detrimental effects on biological systems

Conventional bleaching using elemental chlorine and releases into the environment large amounts of the chlorinated are chlorinated organic compounds, including chlorinated dioxins,(dioxins are recognized as a persistent environmental pollutant, regulated internationally by the Stockholm convention on the persistent organic pollutant) dioxins are highly toxic, and health effects on human include reproductive, developmental, immune and hormonal problems. They are known to be carcinogenic. Over 90% of human exposure is through food primarily meat, dairy, fish and shellfish as a dioxins accumulate in the food chains in the fatty tissue of the animals.
There are three main issues with the environment impact of printing inks is the use of volatile organic compound, heavy metals, and non-renewable oils. Standard for the amounts of heavy metals in ink have been set by some regularly bodies. There is a trend toward using vegetables oils rather petroleum oils in recent years due to demand for better sustainability. Pulping liquors and bleaching agents include chlorinated dioxins furans, chloroform and other chlorinated compounds**.**

The effluents generated by the mills are associated with the following major problems:
Dark brown coloration of the receiving water bodies result in reduced penetration of light, thereby affecting benthic growth and habitat. The color responsible for causing aesthetic problems is attributable to lignin and its degradation products

High content of organic matter, which contributes to the biological oxygen demand and depletion of dissolved oxygen in the receiving ecosystems

Presence of persistent, bio-accumulative and toxic pollutants

Contribution to absorbable organic halide load in the receiving ecosystems

Measurable long-distance transport (>100km) of organic halides such as chloroguaiacols, thereby contaminating remote parts of seas and lakes

Cross-media pollutant transfer through volatilization of compounds and absorption of chlorinated organic to wastewaters particulates and sludge

Sulfur production may lead to generation of sulfur trioxide gas which reacts with water to produce sulphuric acid.

$S0_{3\,(g)} + H_2O_{\,(l)} \rightarrow H_2SO_{4\,(l)}$

This reaction occurs both rapidly, exothermically and violently. Sulfur trioxide causes serious burns on inhalation and ingestion since it is high corrosive and hygroscopic in nature.

The wastewaters generated from pulping process consists various wooden compounds such as lignin, carbohydrate and extractives and the treatment of these wastes by biologically is difficult. Addition of them some toxic compounds such as resin acids, unsaturated fatty acids, diterpene alcohols, juvaniones, chlorinated resin acids and others can exist in the wastewaters subjecting to the process .(pokhrel $ viraraghavan, 2004). The most important reaction in the bleaching steps is chlorinated organic compounds. (sumathi $Hury,2006)

iii) Textile Mill Effluent

Textile industry effluents are extremely variable in composition and constitute on environmental risk of the major concern. The industry uses water as the principal medium for removing impurities, applying dyes and finishing agents and for the generation of the stream. The main concern is therefore the quantity and quality of the water supplied and discharged and the chemical load and pollutants it carries. The final effluent from the textile wastewaters treatment plants always exhibit a certain degree of color intensity and often is out of compliance with the current legislative constraints. These effluents are extremely variable in composition.(heavy metals have been associated with the textile effluents). A high content of organic compounds with complex structures which often contain aromatic systems resistant to biodegration is a reason for unstable performance of textile wastewaters treatment facilities. As a consequence increased pollution parameters are usually found in water bodies and contaminants have often been accumulated over time in bottom sediments. At present textile industry is facing a number of complex and unique environmental problems, such as reduction of the emissions of colorants, organic matter and heavy metals and sustainable wastewaters management.

The industry is distinguished by the raw materials used and this determines the volume of water required for production as well as the waste generated. The nature of processing exerts a strong influence on the potential impacts associated with textile manufacturing operations due to the different characteristics associated with these effluents.

Effluent characteristics from textile industry

Process	Effluent	Nature
Sizing	Starch, waxes, carboxymethyl cellulose (CMC), polyvinyl alcohol (PVA), wetting agents.	High in BOD, COD
Desizing	Starch, CMC, PVA, fats, waxes, pectins	High BOD, COD, SS, DS.
Bleaching	Sodium hypochlorite, Fe, Cl_2, NaOH, N_2O_2, Acids, surfacts, $NaSi0_3$, Sodium Phosphate, short cotton fibre.	High alkalinity, SS
Mercerizing	NAOH, cotton wax, dyestuffs, urea, reducing $ oxidizing agents, acetic acid, detergents,	High $P^{H,}$ low BOD, High DS
Dyeing	Dye stuff, urea, reducing agents, acetic acid, detergents	Strong colored, BOD, DS, Low SS, heavy metal
Printing	Pastes, urea, starches, gums, oils, reducing agents	Highly colored, BOD,

iv) Chemical Industry

Many chemical industries are concentrated within urban areas and cities of Kenya. Effluents are released at least from the nearby sources and contain a range of substances from the plant nutrients to persistent organochlorides (Naturvardsverket, 1992). Some of the effluents have been shown to be acutely toxic. In catchment areas, industries particularly those involved in extraction, manufacturing and processing may be important risk assessment of chemicals of since they can be a source of significant contamination.

Mineral production is an important component of the economy for many countries and in some cases major source international revenue. However, mining and mineral production operations those are not well managed can contaminate ground water and surface water, adversely affecting the health of nearby communities that rely on this source for drinking water or agriculture. Mostly the water is contaminated by mineral processing chemicals, acid mine drainage and waste disposal. These risks be considered and assessed to determine whether such as water sources are safe to be used as water supply.

Manufacturing and processing industries are also potential source of chemicals in drinking water. Although difficult to identify all industrial sources in a catchment area because there may be many small-scale industrial sources The types of manufacturing and processing industries

important for drinking water contamination include waste disposal from exploration camps, exposure of high content of heavy metals and toxic substances and spills and leaks from fuel storage tanks. It is no longer adequate to consider only the direct immediate local effects of manufacturing activity , but also necessary to take into account environmental effects possibly extended widely in space and time arising both from effluents streams and mans' use of the product of these activities. Expenence with discharge of mercury in effluents for chloro-alkali plants and use of sodium polyphosphate in detergents illustrate the complex environmental problems which can arise from the manufactures and use of even relatively simple inorganic chemicals.

V) Electroplating industry

Electroplating involves the deposition of a thin protective layer (usually metallic) on to prepared surface of metals using electrochemical processes. The process involves pre-treatment, plaiting, rinsing, passivating and drying. The cleaning and pretreatment stages involves a variety of solvents (often chlorinated hydrocarbons whose use is discouraged) and surface stripping agents molecule caustic soda and range of strong acids, depending on the metal surface to be plaited. In the plaiting process the object to be plaited is usually used as the cathode in a electrolytic bath. There are three main types of plaiting solutions acid, alkaline solutions and may contain complexing agents such as cyanides.

Wastewaters characteristics of electroplating effluents

Any or all of the substances used in electroplating such as acidic solution, toxic metals, solvent and cyanide can be found in wastewaters. The mixing of and acid wastewaters can generate lethal hydrogen cyanide gas and this must be avoided. Cleaning or changing of the process tanks and the treatment of the wastewaters can generate substantial quantities of wet sludge's containing high level of toxic organic and or metals.

For liquid effluents, individual design is necessary to address the characteristics of specific plant but there are a number of common treatment steps. For small facilities the possibility of sharing of common wastewaters treatment plant should be considered cyanide destruction must be carried out upstream of the other treatment processes

v) Beverage Plant Effluent

The term soft- drink refers to those non-alcoholic beverages which are generally sweetened, flavored, colored and acidified sometimes containing added minerals and artificially impregnated with carbon dioxide.

Nowadays soft drink and its product development are conducted frequently. In concurrence with demands on the variety of such sterilization and contains filling are also diversely improved. However, each effluents from each process mainly consists of an element based on organic matter-carbohydrates, bio treatability method is considered a suitable means of processing such by products. The concentration of polluted effluents is variously produced by the used materials and processes

Industrialization, like any other human activity that has impact on the environment often results into pollution and degradation. It comes inevitable cost and problems in terms of pollution of water resources and general degradation of the natural environment.
Turbidity and transparency are intimately related t hydrological regime of water body. When there is increase in turbidity, transparency is reduced. Turbidity of water increases with increase in concentration of suspended matter in the water as a result effluent inflow.
Direct discharges increases turbidity and reduce the dissolved oxygen level. Exogenous substances of organic materials are known to increase water colour, turbidity and suspended and dissolved solids and thus reduce turbidity. (chikere and Okpokwasili, 2001)

vi) Palm Oil Manufacturing Effluents

Palm oil is the hidden ingredient in thousands of everyday products driving to rainforest destruction and massive environmental pollution. The complexity of the palm oil issue and vast range of the uses for the products means that a consumer boycott would be all impossible and potentially irresponsible. Thus left to few to expose how yet another product line is associated with social and environmental catastrophes. But with the best campaign efforts we might be able to handful of manufactures and retailers to do the bare minimum to address palm oil issue.
POME is highly voluminous liquid waste which has unpleasant smell and very polluting. Therefore need to find compromising suitable way to balance between the environmental protection and suitable reuse of water in the POME.

A range of waste products is generated by the production of palm oil fruit processing which takes place in hundreds of mills throughout East Asia is responsible of the most pollution. POME is notorious for contaminating rivers and kills aquatic life for some distance downstream. Responsible mills store POME as wastes in basins in the hope of detoxifying it, but the basins often overflow during bouts of heavy rain or intensive production. However this half hearted attempt to control the waste contamination is ignored by many companies which still release the effluent directly into the rivers.

Generally palm oil effluent treatment plant is operated in two-phase, anaerobic digestion process followed by extended aeration process. This two-phase anaerobic process gives excellent pollutant destruction efficiency of above 95%. The production of palm oil generated wastes that are of great concern to the aquatic environment. The process of palm oil mill production consumer's large amount of water and 50% of it end up as POME. POME is highly colloidal suspension of water, oil, total solids, including suspended.

Recommendations

Urban Environment

The high rate of urbanization and industrialization in Kenya is contributing to high levels of energy use, increased production of waste products, pollution, and land use changes, while the pressure to find sustainable arrangements for future growth grows. The government should expand the notion of environmental planning and management, by mainstreaming environmental assessment into local an municipal government policies and programmes, linking environment with poverty reduction and basic service provision, and developing sustainable human settlements. New policy and programme initiatives should be developed to promote global-local linkages, recognize economic-environmental trade-offs, set priorities and develop strategies for ecological conservation, and encourage responsible use of resources.

Institutional Framework

Efficient functioning of the Ministry of Environment and Natural Resources is negatively affected by a low level of resources available for a wide remit of responsibilities while high recurrent costs further limit its functioning. The Ministry currently receives only 0.2% of the Government's annual budget. Therefore both prioritisation of actions and clarification of the ministry's role vis-à-vis its parastatals are urgently needed. Furthermore, weak incentives for staff, inadequate levels of human capacity and an absence of long-term institutional development and operational strategies within the Ministry and its semi-autonomous agencies exist. Morale in many of the key environment departments is low after years of neglect and low remuneration. Effective incentives must be instituted if staff performance is to improve.

Policy development capacity in the Ministry remains weak, and an overarching environmental policy framework is missing. The Government recognises in the Annual Progress Report of the IP-ERS, that environmental governance frameworks are crucial to achieving the benefits of the poverty alleviation and economic growth associated with sustainable environmental management. However, mechanisms for integrating environmental considerations into Government's macroeconomic frameworks and financial sector reforms are not well articulated. A large number of policies are currently undergoing review.

The Environment Division within the Ministry has low capacity and is not able to coordinate the Ministry's policy agenda. Relationships between the main environmental policy organisations, the Environment Division, the National Environmental Action Plan Committee and the National Environment Council are unclear. Although EMCA is now operational, conflicting and overlapping legislation and institutional mandates are still evident, which is impeding progress towards sustainable environmental management. This calls for an urgent review of the conflicting laws.

There is an urgent need to review the current National Environmental Action Plan under the leadership of the Ministry of Planning and National Development. Related to this need is the revamping and regularizing of the inter ministerial committee on the environment and natural resources or a similar mechanism to enhance consultations and coordination of environment issues across sectors and across the country.

The government should be support private sector participation and community management of services backed by measures to strengthen local industries in implementing and sustaining water and environmental policies

The government should develop an environmental frame work that will provide an analysis of the practical consequences of choices emerging from Kenya vision 2030 and the environment

There should be a model in place for the total energy consumption and total carbon dioxide emissions so as to predict the energy consumption and carbon dioxide emissions up to year 2030

There should be policy considerations, providing legal, administrative and technical measures so as to eliminate industrial pollution. This can be controlled by standards imposed by authorities levies can be imposed to cover the cost of treatment and disposal to ensure that all industrial waste are treated before being released into the environment.

The government should be omitted to the achievement of the MDGs by fulfilling its share of the resource requirements.

Conclusion

Sound environmental management is vitally important for Kenya's economic development and reduction of poverty. Improved environmental management will be realised through the development of results-based strategies and work plans by line ministries and parastatals responsible for environment and natural resources management. An effective national enabling environment is essential. While there are innumerable individual success stories, as isolated measures they are not enough. There need to be supportive national policies, finances and programmes to ensure that the successes can be sustained and replicated. Pragmatic Government participation and leadership in policy, legislation and review of the current environmental policies and laws is vital. The Government should ensure that appropriate consultative processes are put in place so that the country may realize vision 2030 with no adverse effects on the environment.

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Investor's Participation in Nigerian Stock Market Operations in Northern Nigeria

By
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Abstract

This is a study of Investor's Participation in Stock Market Operations in Northern Nigeria aimed at assessing the stock market participation and pinpointing some recommendations on how to increase the participation. Questionnaires were administered to the market participants, that is, investors, stockbrokers and the officials of the Nigerian Stock Exchange across the country. Six hypotheses were developed and tested using Chi-Square Method. The findings show that the participation of Northern Nigerians in the stock market is being influenced by their level of awareness, financial literacy, the borrowing constraints, market frictions (costs), risk preferences, and liquidity constraints (lack of income). To increase participation, the study recommends that Nigerian Stock Exchange (NSE) should increasingly play an educational role and embark on vigorous campaign to market itself and educate potential investors about the opportunities available in the market and how to effectively exploit them. That, the stock market costs should be reviewed as the markets will always operate more efficiently if the costs of participating in those markets can be reduced. Also, modernization of the trading system to improve liquidity and attracting more investors is necessary. The study suggested also that the people of Northern Nigeria should have more sources of income not relying on one or very few source of income, by so doing, they can consume and invest. Borrowing from the financial institution should be encouraged among the people of the state.

Keywords: Stock Market, participation, liquidity, financial institution, modernization

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Introduction

The stock market has become an essential market, playing a vital role in economic prosperity that fosters capital formation and sustains economic growth. Stock markets are more than a place to trade securities; they operate as facilitators between savers and users of capital by means of pooling of funds, sharing risk, and transferring wealth. Stock markets are essential for economic growth as they ensure the flow of resources to the most productive investment opportunities. Capital or Stock Market is a network of specialized financial institutions that in various ways brings together suppliers and users of long/medium term capital (Alile, 2004).

The fact that a large portion of people does not participate in the stock market is empirically well established (King and Leape 1984, Mankiw and Zeldes 1991, Bertaut and Starr-McCluer 2002). A significant number of people choose not to participate in the stock market. Campbell, (2006) states that, Limited [stock market] participation among people poses a significant challenge to financial theory and is one of the stylized facts of household finance. See also Heaton and Lucas, 2000; Vissing-Jorgensen, 2003; Polkovnichenko, 2005; and Calvet, Campbell and Sodini, 2007).

Individual stock market participation is much lower than would be predicted by the Consumption Capital Asset Pricing Model (CCAPM) and other models, given the risk-adjusted expected returns from holding stock. This is often referred to as the Stock Market Participation Puzzle, which has been linked to the equity premium puzzle. This indicates that there are certain factors that could account for the lower-than-expected stock market participation rates. (Bogan, 2006)

Over four decades, stockownership in Nigeria has been quite below expectations. Few people invested in equities and most of their financial wealth was held in the form of risk-free low-return assets. Participation in the stock market has been limited to a small part of the population, those in the very upper tail of the wealth distribution and relatively well educated people, (NSE, 2007). This study therefore, tries to explore reasons why people of the northern part Nigeria choose not to participate in the Nigerian Stock Market.

Literature Review

The Nigerian Stock Market

The Nigerian Stock Exchange was established in 1960 as the Lagos Stock Exchange (LSE). In December 1977 it became The Nigerian Stock Exchange, with branches established in some of the major commercial cities of the country. As at 2004, there are eight (8) branches of The Nigerian Stock Exchange. Each branch has a trading floor. The branch in Lagos was opened in 1961; Kaduna, 1978; Port Harcourt, 1980; Kano, 1989; Onitsha, February 1990; and Ibadan August 1990; Abuja, October 1999 and Yola, April 2002. Lagos is the Head Office of The Exchange. The Exchange started operations in 1961 with 19 securities listed for trading. In 2004 there were 262 securities listed on The

Exchange, made up of 11 Government Stocks, 49 Industrial Loan (Debenture/Preference) Stocks and 194 Equity / Ordinary Shares of Companies, all with a total market capitalization of approximately N1.8 trillion (US$13.7 billion). (Oyejide and Soyibo, 2004)

In 2007, the stock exchange, trading with ten (10) floors at Kano, Ibadan, Onitsha, Abuja, yola Lagos, Kaduna and Port Harcourt. Each floor or branch on the exchange has a director and a secretary. The national secretariat has a director-general and consists of three departments: the quotation department, the administration and the public elation department. The main function of the exchange is to regulate the trading in stock and shares. (Odife, 2006)

Overview of Shareholding in Nigeria

The Nigerian Stock Exchange (NSE) has been in existence for about 46 years. According to the NSE, 2005, it has over 260 listed securities including 10 Government Stock, 55 industrial loans (Debenture/Preferences) stocks and 195 equity/ordinary shares of companies with a total capitalization of about 875.2 billion naira. Shareholding in Nigeria has grown from a few thousands in the early 70s to an estimated 10 million. The privatization programme in Nigeria has had tremendous impact on share ownership. According to Tanko, (2004) in the first phase of the programme, privatized companies offered over 1.3 billion shares for sale to the public. Over 800,000 shareholders, many of them first time buyers, purchased the shares. Between 1989 and 2005, forty government-owned companies were privatized.

According to Nmehielle and Nwachue (2004), Nigeria is not characterised by one typology of company. Based on an historical analysis of shareholding structure in Nigeria, it is concluded that shareholding in Nigeria is generally diffused with few exceptions to the general rule. The diffusion of shareholding is traced back to the indigenization programme of the government in the 70's. Under the programme, Nigerians bought into companies erstwhile owned by foreigners. However while the Nigerian shareholding was fragmented, the foreign shareholding was intact, making foreign shareholders dominant partners. In this regard, although local shareholders in many instances might be owners of a company because of cumulative larger shareholding, foreigners remained in control, especially because of the weighted voting share scheme which gave more votes to foreign shareholders. This shareholding structure persisted even after the indigenization scheme and the weighted voting scheme were abolished. It was further pointed out that by the listing requirement of the Nigerian Stock Exchange, public companies on the First Tier Securities Market are required to have at least 300 shareholders while those on the Second Tier Securities Market are required to have at least 150 shareholders thus further fragmenting the shareholding structure in Nigeria.

The privatization and commercialization programme in Nigeria to some extent also contributed to the fragmented share ownership in Nigeria as the enabling statute prohibited the acquisition of more than 0.1% especially where the shares are oversubscribed. The exceptions to this general trend are private firms and foreign and local institutional shareholding (which are few) (Limbs and Fort, 2000; Oyejide and Soyibo, 2001). Furthermore, as Nmehielle and Nwachue (2004) rightly pointed out, the shift by the body charged with the privatization programme in Nigeria which actively sought core strategic investors holding 51% or more shares in some privatized companies has led to dominant

shareholding in such firms. As Tanko (2004) observed, the Nigerian investors are so dispersed and the individual holdings generally small that they have no means of exerting any influence on the management of companies post privatization. According to Maassen and Brown (2006:29), 'with widely dispersed share ownership, minimum standards for formal communication and disclosure must be regulated through corporate law and self-regulation such as voluntary corporate governance codes'. They importantly noted that 'such communication, disclosure, and governance mechanisms will be of value only if the shareholders are empowered to act on such information.' It is globally acknowledged that capital market activities are a potent barometer for measuring the state of being or future of an economy. It is therefore rational to draw an inference that the Nigerian economy will holds a lot of positive prospects in coming years if the performance of the Nigerian Stock Market is boosted.

Stock Market Participation

A large body of empirical research documents that many individuals do not invest in stocks and other financial assets. Limited financial market participation has important implications for individual welfare and the explanation of the equity premium puzzle, and is one of the most active areas of research in the field of finance (Campbell, 2006)). Understanding the reasons for financial market participation is important in a number of ways. Cocco, Gomes and Maenhout (2005) show that the U.S welfare loss from non-participation in the stock market is between 1.5 and 2 percent of consumption in calibrated life-cycle models. Limited participation and changes in participation over time are relevant for studying the equity premium puzzle (Mankiw and Zeldes 1991; Attanasio, Banks and Tanner, 2002), the distribution of wealth (Guvenen, 2006), people choices regarding individual retirement accounts (Bernheim and Garrett, 2003), and wealth effects on consumption (Dynan and Maki, 2001). It is puzzling why so many people choose not to participate in the stock market. In fact, in a standard portfolio model with no trading costs and constant relative risk aversion, all investors hold the same portfolio of risky assets (the "market portfolio") which includes all the risky assets in the economy. Indeed, people portfolios will only differ due to the investor's risk aversion and the correlation of non-financial income with the return on the portfolio of risky assets (Viceira, 2001; and Massa and Simonov, 2006). Empirically, however, it turns out that stock market participation is strongly correlated with income, wealth, and the level of education of the investor (Mankiw and Zeldes, 1991; Haliassos and Bertaut, 1995; Bertaut, 1998; Guiso, Haliassos, and Jappelli, 2003; and Vissing-Jørgensen, 2004). Specifically, investors with a university degree have a higher propensity to invest in stocks compared to less educated investors. The explanation most often proposed is that"education reduces the fixed costs of participating, by making it easier for would-be investors to understand the market's risk-reward trade-offs, execute trades etc." (Hong, Kubik and Stein 2004, pp. 138)

Fixed entry costs have been the main thesis in the literature to resolve the stock market participation puzzle. With entry costs, investors benefit from stock market participation only if the (certainty equivalent) expected excess return from participation exceeds the fixed cost. Since the gain increases with wealth, entry costs make strong predictions about the relation between wealth and the probability of investing in stocks. In particular, investors with wealth below a certain threshold do not enter the stock market, those above it do.

Empirical evidence in Guiso, Haliassos and Jappelli (2003) documents a strong positive correlation between stock market participation and people financial wealth in many industrialized countries, supporting the entry costs thesis. But there is also the international evidence that many affluent people do not invest in stocks which suggests that other forces than entry costs alone may be at work. Furthermore, the entry cost literature does not explain the origin and nature of these costs. Yet understanding what inhibits stock market participation is crucial for policies aimed at encouraging portfolio diversification and spreading the "equity culture".

Stock Market Participation Puzzle

The stock market participation puzzle (SMPP) is the fact that even though stocks have a high mean return, many people have historically been reluctant to allocate any money to them .The SMPP can also be re-stated: if one can expect to earn more by holding stocks rather than riskless financial assets (such as bank deposits), what is that keeps the majority of people out of the stock market? However, the crucial point is that participation is quite low even among wealthy people. (Mankiw and Zeldes, 1991; Haliassos and Bertaut, 1995)

Haliassos (2002:18) remarks that, "resolving the stock market participation puzzle… can suggest important profit opportunities for financial institutions, practitioners, and even governments. If we understand what keeps people out of the stock market, we can expand the customer base by designing financial products that appeal to the average household."

Bonaparte (2006) assert that, limited participation of people in the stock market is considered an outstanding issue in asset pricing literature since the historical average annual return of the overall US stock market has been approximately 7 percent higher than return on safer assets (such as short-maturity US government bonds).

Effect of Market Frictions on the Stock Market Participation

One subset of the literature considers market frictions, such as entry and/or participation costs, as a possible explanation of stock market participation (Haliassos and Bertaut 1995, Bertaut 1998, Haliassos and Michaelides 2003, Paiella 2001, Vissing-Jorgensen 2002, Guiso, Haliassos and Jappelli 2003). The costs comprise a broad set of categories including real costs – brokerage commissions, sign-up fees as well as costs of gathering information – and perceived costs related to overcoming investor inertia. The leading explanations to the stock market participation puzzle revolve around costs. Direct costs such as opening a brokerage account, paying for the fixed components of trading costs, and obtaining information may prevent diversification with low wealth. There may also be indirect costs associated with learning about the stock markets. Consistent with the transaction cost hypothesis, wealth and income (Mankiw and Zeldes, 1991, Bernheim and Garrett, 2003) as well as education (Bernheim and Garrett, 2003, Christiansen, Jensen, and Rangvid, 2006) explain participation. Entry cost deters people from participating in the stock market. In the presence of entry costs, stockholding is concentrated at the upper end of the wealth distribution. Such costs discourage small savers by making stock holding not worthwhile for them (Alan, 2005).

It has been observed that, as participation costs go down, the fraction of households participating in the stock market go up and vice versa. Over the 1990's there was a substantial increase in stock market participation (Poterba 2001). At the same time the spread of a "equity culture" coincided with a number of developments that contributed to a lowering of participation costs (Guiso et al. 2003). The observed coincidence of strong participation growth and a reduction in the stock market participation costs is in line with the cost perspective.

Health Status and Stock Market Participation

While the elderly are unlikely to face significant income risk, except for the inflation risk associated with annuities, they typically face a much higher health risk. There are several channels through which health risk might negatively affect the decision to hold stocks. Edwards (2005) shows that uninsurable morbidity risk induces investors to become effectively more risk averse, thereby reducing the asset share allocated to stocks. He documents this correlation using the Health and Retirement Study (HRS) and the survey on Assets and Health Dynamics Among the Oldest Old and finds that current health status and expectations about future health affect negatively the share of risky assets.

Qiu (2004) and Goldman and Maestas (2005) argue that health risks increase the variability of future medical expenditures. As with other background risks, health risks cannot be easily avoided or diversified, and so investors will tend to reduce exposure to avoidable risks, such as financial risk. This suggests that there is a negative correlation between health risk and stockownership. These studies measure health risk by whether individuals have supplemental insurance and show that the effect of the reduced health risk through insurance is both statistically and economically significant.

A further reason for health to affect stockownership is that health status is correlated with individual resources, along the lines suggested by Smith (1999). Poor health is then associated with low wealth and therefore with less investment in stocks. Rosen and Wu (2004) use the HRS and estimate the relation between health status, asset ownership and asset share invested in risky assets, and find that poor health tends to be negatively related to ownership and investment in risky assets. They are also able to show that the negative association is not due to the omission of variables that simultaneously affect health and financial decisions, such as planning horizon, risk aversion and health insurance status.

The Effect of Demographic Factors on Direct Stockholding

Various studies suggest that demographic characteristics of households, such as age, marital status, race, and education attainment, play a critical role in stockholding behavior. King & Leape (1987) examined the asset holdings of 6,010 U.S. households and found a pronounced life-cycle pattern to both the number and value of assets held by U.S. households. Bodie & Samuelson (1989) developed a model showing the negative relationship between risky asset holding and the age of investors. Their research claimed since the young are more flexible in labor supply than the old, the young can tolerate more risk in their investment portfolios; hence, younger investors are more likely to invest in their money in risky assets. Bertaut (1998), however, asserts that the effect of age on stockholding could be mixed. Specifically, people are more

likely to participate in equity markets as they aged due to their increased exposure to information. Also, older people can be deterred from stockholding by the shorter investment horizons they may face. It is hypothesized that the effect of the age of the household head on stockholding is mixed. The same effect is expected for both types of households characterized by their life-stage or retirement status.

The marital status of households also affects the likelihood of stockholding behavior. Married couples, compared with those who are non-married (divorced, widowed, singled, or never married), are more likely to become stockholders since there is a chance that their spouses that they will be married could be stockholders. Guiso, Haliassos & Jappeli (2002) examined the household stockholding in six European countries (France, Germany, Italy, the Netherlands, Sweden, and the U.K.) and U.S. Using the Probit Regression Model, their research provided empirical evidence that married households are more likely to directly participate in equity markets. It is hypothesized that married couples are more likely to directly own stocks. The same effect is expected for both types of households characterized by their life-stage or retirement status.

King & Leape (1987:17) reported that about 40% of non-stockholders in the Survey of Consumer Financial Decisions stated that "they did not know enough about the stock market". Appropriate allocation of household resources requires the knowledge of the characteristics of various financial assets, especially for risky assets like equity, futures contracts, or derivatives. Investors with higher education attainment are usually considered more capable of making suitable investment decisions that meet the financial goals of people. Haliassos and Bertaut (1995), Bertaut (1998), Guiso, Haliassons, & Jappeli (2002) found that households headed by people who have higher education attainment are more likely to be stockholders because higher education leads to greater financial capability to acquire and process information necessary for market participation. In addition, well-educated people tend to have higher long-run income. It is hypothesized that households with college education, college degree, or graduate degree are more likely to direct own stocks, compared to households with less school education. The same effect is expected for both types of households characterized by their life-stage or retirement status.

Model of Stock Market Participation Decision by Bonaparte (2006)

Individuals are increasingly making complex financial decisions. The shift from defined benefit to defined contribution pension plans, as well as the growth in importance of private retirement accounts, requires individuals to choose the amount they save, as well as the mix of assets in which to invest. (Cole and Shastry 2007)

According to (Bonaparte 2006) in his model of stock market participation decision, using data from surveys of US residents, people conduct a cost benefit analysis when they decide to participate in the stock market. Stock market participation costs are composed of search effort costs, reservation return, and other transaction costs. The benefit is the risk premium, which is the return on stocks minus the return on risk free assets. Let denote R^s_h and R^f the return on stocks and the return on risk free assets for people h, respectively.

People would participate in the stock market only if:

$$E\{R_h^s|I\} \geq R^f + C_h$$

here $E\{R_h^s|I\}$ is the expected return on stocks conditional on the available information set I , and C_h denotes the cost of stock market participations and is specified as follows:

$$C_h(\ell_h, m_h, \eta_h|x) = \eta_h + \gamma_1 \ell_h + \gamma_2 m_h + u_h$$

The index C_h summarizes the pecuniary and non-monetary costs and is unobservable to an econometrician. The pecuniary cost measures, the informal and professional search costs and fixed-cost fees; the non-monetary cost measures an investor's specific reservation return fixed-effect to participate in the stock market, η_h . The cost equation, C_h (.) , specifies the search cost for investor *h* as a function of observable search effort measures, l – informal search and m – professional search, and an independent random shock U_h , which is known to the potential investor prior to participation, but not to the econometrician. The return on stocks R^s_h is a function of search effort and the financial risk that an investor is willing to bear.

The model follows the methodology developed by Heckman (1979), Lee (1978), and Willis and Rosen (1979) and estimates a reduced form model of saving and participation and then obtains the inverse Mills ratio to correct for selection bias. To properly identify the model, two instruments is needed. One instrument affects the savings equation but does not affect stock market participation or the amount of stock holdings. The other instrument affects the search cost (and thereafter participation in the stock market) but not the amount of stock holdings.
The results of the estimation of the structural model show that wealth, age, and education variables have significantly fewer impacts on stock market participation when we account for savings selection. These differences are statistically significant, which demonstrates that for an infinitesimal change in wealth or education attainments, the change in the probability of participation in the stock market is smaller when we account for selectivity than when we do not.

From the above result, we have learnt that many studies associate non participations for households with the level of risk aversion, and also connect the level of risk aversion to households' characteristics such as wealth or education. Based on the results, He finds that these key investors' characteristics have smaller impact on stock market participation. If these characteristics have less impact on explaining the participation decision, then so will the risk aversion (it might have a lower weight in explaining participation). That paves the way for other features to explain the limited participation in the stock market such as liquidity constraints.

Effects of Increased Stock Market Participation

Increased stock market participation has several potential effects on the behavior of new entrants and on the characteristics of stock markets and the economy as a whole. Among the most important is that a larger subset of the population obtains access to financial instruments

bearing higher expected returns and enhances its ability to build diversified portfolios. This greater equality of financial opportunities can be expected to contribute to a reduction in wealth inequality. Indeed, Guvenen (2002) shows that introducing limited stock market participation in an otherwise frictionless economy can have so powerful effects as to replicate the wealth inequality observed in the developed countries. In other words, heterogeneity in access to the stock market is likely to be a powerful reason for observed wealth inequality.

The behaviour of new entrants is likely to be affected by access to stocks for a given equity premium. However, there are very important concerns regarding likely general equilibrium consequences of the wider stockholder base on stock market volatility and on the size of equity premia themselves. General equilibrium consequences of increased stock market participation have only recently started to be discussed and conclusions from this literature can only be tentative. One effect of the enlargement in the pool of stockholders is to increase market liquidity by bringing previously untapped funds into the stock market. In equilibrium, higher liquidity implies that sellers who are short of cash can more easily trade with buyers in excess of cash. This tends to reduce market volatility, attracting more investors with welfare enhancing consequences (Pagano, 1989; Allen and Gale, 1994). Still, uniqueness of participation equilibrium is not always guaranteed. For example, as shown by Allen and Gale (1994), multiple equilibria exist when asset market volatility declines with household participation in the stock market: the expectation of high (low) volatility discourages (encourages) participation, confirming the expectation.

There is some empirical evidence that stock market volatility has increased alongside market participation. Indeed, the recent United State turmoil in the stock markets suggests that positive effects of the increase in overall liquidity may be tempered or reversed by differences in characteristics of new entrants relative to long-time investors. Herrera (2001) advances the hypothesis that new stockholders are more risk averse than previous stockholders, because of this higher risk aversion, their stock demand is less responsive to current stock prices, and this can lead to higher price volatility.

Peress (2002) offers a different mechanism whereby increased participation can lead to greater volatility. He distinguishes between fixed costs paid to trade the asset, and information costs paid in order to purchase private informative signals about the payoff. When new investors enter the market, they unload some of the risk from existing investors and enhance risk sharing. Although enhanced risk sharing by itself tends to lower volatility, it also reduces incentives to acquire costly information, which exerts upward pressure on volatility. The net effect ultimately depends on the number of shareholders. For widely held shares, new traders choose not to collect information, and they may also discourage some incumbents from doing so. Thus, the information content of prices is reduced and volatility rises. Interestingly, if there is an exogenously generated reduction in the entry cost to the market for widely held stocks, then new entrants do not purchase information and reduce the incentives of incumbents to purchase information making them also uninformed. Stock prices, noise, and volatility soar in this case that is most relevant for our discussion. In all cases, the average risk premium declines with the number of shareholders. Peress (2002)

Increased participation can lower the equity premium in some models (e.g, in the Peress model), but this is not always true. For one thing, the effect on the premium might be tempered if stock supply itself increases with stockownership, as is typically the case with privatizations. Furthermore, new entrants are likely to differ from incumbents in terms of risk aversion and wealth. If marginal stockholders are on average more risk averse than incumbents, then this heterogeneity by itself tends to raise the equity premium. Because of higher risk aversion, more limited wealth and related factors, marginal stockholders tend to invest less in stocks than incumbents. To the extent that they invest little, they are unlikely to have big effects on the equity premium. Polkovnichenko, (2000)

Indeed, there is a class of general equilibrium models that compare steady states with limited participation against those with full participation in the stock market and have shown that asset returns are not likely to change much in response to more extensive participation. These include Allen and Gale (1994), Saito (1995), Basak and Cuoco (1998), Heaton and Lucas (1999), and Polkovnichenko (2000). They typically specify exogenously fixed asset supplies and a fixed percentage of people who are assumed to have no access to stocks, and then they either impose that the rest hold stocks or they give them the option to hold stocks. The overall conclusion from this class of models is that changes in stock market participation are not the key to matching the historically observed equity premium or to explaining the recent behavior of stock prices.

A study by Calvet, Campbell, Sodini, Heaton and Lucas, (2001) focuses on the likely effects of financial innovation on participation in risky assets, the riskless interest rate, and the equity premium. Financial innovation encourages households to participate in the risky asset market for hedging and diversification purposes. At the same time, the existence of new assets reduces the precautionary motive of market participants, thus raising the riskless interest rate. This increase in the riskless rate militates against increased participation in risky assets, but it is often dominated by the hedging effect and participation rises. Under some conditions on the cross-sectional distribution of risks, new financial instruments encourage participation and reduce the covariance between stock returns and mean consumption of participants, lowering the equity premium.

Overall, this study seems to imply that the effect of increased participation on the equity premium may be negative, but is unlikely to be sizeable given the limited investment of new entrants.

Methodology

This study, aimed at finding out why people of Northern Nigeria are not actively participating in the Nigerian Stock Market. Essentially, the design seeks to find out the relationship between the dependents variable (stock market participation) and the independent variables (Barriers to the stock market participation – market Frictions, financial literacy, liquidity constraints, risk preferences, awareness and borrowing constraints).

Thus, $Y = f(mf + fl + lc + rf + ma + bc)$

Where:
Y = Stock Market Participation, mf = Market Frictions, fl = Financial Literacy, lc = Liquidity Constraints, rf = Risk Preferences, ma = Market Awareness, bc = Borrowing Constraints

In an attempt to find whether these variables have any influence on the Stock Market Participation, the following hypotheses have been developed;

i. Awareness of the existence of the Stock market, its products and operations, does not influence investment decision.
ii. Stock market participation in Northern Nigeria is not affected by the financial literacy.
iii. Borrowing constraints do not justify zero stock holding.
iv. Risk preferences do not influence people's decision to invest in the stock market
v. Market Frictions do not influence decisions to invest in the stock market
vi. Liquidity Constraints do not affect Stock Market Participation

Both primary and secondary sources of data collection would be adopted for the study. The instrument to be employed in gathering the first hand and fresh data (primary data) is questionnaire technique. The secondary sources include records and publications from the stockbroking firms operating in the selected states and the Investment House in each state selected. Others sources include journals, magazines textbooks, the internet and other related publications.

In conducting the study, The sample for the study would be drawn from the three (3) highly populated State selected. Thus, Kano with total population of **9,401,288**, Bauchi with the total population of **4,653,066**, and Benue State with the total population of **4,253,641.** The total population of the three states is **18,307,995**

Using table for determining random sample size from a given population developed by Kreicie & Morgan, 2006, the total sample of **384** investor would be included in the sample Thus:

Kano = **9,401,288 x 384** = **197** **18,307,995**

Bauchi = **4,653,066 x 384** = **98** **18,307,995**

Benue = **4,253,641 x 384** = **89** **18,307,995** **384**

This study employed Chi-square to test the hypotheses, chi-square as a quantitative measure used to determine whether a relationship exists between two or more categorical variables, would be used. The formulated hypotheses above are tested using chi-square method.

Discussion of the Finding

The research is aimed at exploring the factors that influence the investment behavior of the people of Northern Nigeria. That is, what limit their participation in the Nigerian Stock Market, as earlier noted, in an attempt to find that, six (6) hypotheses were developed.

The dependent variable is the stock market participation while the independents or test variables are: Market Awareness, Financial Literacy, Borrowing constraints, Risks Preferences, Market Frictions and Lack of Income

Chi-square tests were conducted to examine the impact (if any) of these variable on the participation of the people of Northern Nigeria in the Nigerian Stock Market.

As noted earlier, 384 respondents were randomly selected from the three local government area of the state, thus, Kano, Bauchi, and Benue and the target of reaching these respondents has been achieved having gotten the required number of the respondents for the distribution of the questionnaire.

Chi-square computed, confirmed that the independent variables are highly affecting the participation of the people of the state when we look at the gap between the p-value (0.05) and the probability of the computed chi-square value mostly 0.0005.

All the null hypotheses that were developed with the aim of rejecting them in mind have been therefore rejected and the alternates have been accepted. Therefore:

i. Awareness of the existence of the Stock market, its products and operations, influence Stock Market Participation.

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	86.725	10	.000
Likelihood Ratio	21.198	10	.020
Linear-by-Linear Association	73.219	1	.000
N of Valid Cases	384		
Source: Computed Using SPSS Version 16			

ii. Limited stock market participation in Northern Nigeria is due to lack of financial literacy.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	48.264	10	.000
Likelihood Ratio	20.934	10	.022
Linear-by-Linear Association	35.283	1	.000
N of Valid Cases	384		
Source: Computed Using SPSS Version 16			

iii. Borrowing constraints justify zero stock holding.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	43.277	10	.000
Likelihood Ratio	9.109	10	.522
Linear-by-Linear Association	40.987	1	.000
N of Valid Cases	384		
Source: Computed Using SPSS Version 16			

iv. Risk preferences influence people's decision to invest in the stock market

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	62.183	10	.000
Likelihood Ratio	25.277	10	.005
Linear-by-Linear Association	46.402	1	.000
N of Valid Cases	384		
Source: Computed Using SPSS Version 16			

v. Market frictions influence Stock market Participation

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	35.640	10	.000
Likelihood Ratio	25.297	10	.005
Linear-by-Linear Association	17.781	1	.000
N of Valid Cases	384		
Source: Computed Using SPSS Version 16			

vi. Liquidity constraints affect Stock Market Participation

Table 4.75: Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)

Pearson Chi-Square	27.179	10	.002
Likelihood Ratio	10.467	10	.401
Linear-by-Linear Association	23.710	1	.000
N of Valid Cases	384		
Source: Computed Using SPSS Version 16			

Conclusion

The study identifies the factors that influence the people of Northern Nigeria on investing into the stock market. To describes an intuitive mechanisms that keep some individuals out of the market when the equity premium is high.

After careful analysis of the data and exploring the result of the chi-square tests, the following conclusions were drawn. That:

1) Lack of awareness can help explain limited participation in financial markets. Ignorance of investment opportunities is a specific impediment to stockholding. The results indicated that a major factor is general lack of awareness and information on the role, functions and operations of the stock exchange.
2) The Financial literacy (education) variables raise strongly the probability of investing in stocks. Education appears to improve the efficiency with which households make their financial decisions and increases the welfare benefits of participation.
3) It has also been discovered that, borrowing constraints have an important influence on investment behaviour of the investors and that the presence of borrowing constraints is one explanation for why people of Northern Nigeria chose to be out of the market.
4) The results clearly show that risk preferences are influencing factors to households' stock market participation and portfolio choice. After the recent financial turmoil, a lot Medias, politicians and business commentators argued that investors were deserting the stock market because they had lost their trust in Nigerian Stock Market.
5) Market frictions can affect the investment opportunity set available to investors, reduce investors' utility, and prompt investors to change their behaviour (that is, trade less). Since frictions affect the investment opportunity set of investors, investors and stock market that do not take frictions into account in their decisions can do even worse.
6) Liquidity constraints defined as the lack of income or inability to make a purchase due to lack of cash, was also taken into account in explaining why people do not participate in the stock market and it was discovered that it has significant and strong relationship with the behaviour of the investors in the market.

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Isolation and identification of staphylococcus aureus in yoghurts samples sold in Kaura Namoda metropolis

By

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Abstract

Food-borne diseases are of major concern worldwide. Bacteria are the causative agents of two thirds of food-borne disease outbreaks. Among the predominant bacteria involved in these diseases, Staphylococcus aureus is a leading cause of gastroenteritis resulting from the consumption of contaminated food. Staphylococcal food poisoning is due to the absorption of staphylococcal enterotoxins preformed in the food, Fifty (50) samples, representing different batches of five yoghurt brands sold in Kaura-namoda town, in Northern Nigeria, were examined for microbial contamination. Sixteen percent (16%) of the samples were contaminated with bacteria including Micrococcus, *Staphylococcus aureus, Listeria, E.coli*, Streptococci and coaglase-negative staphylococci. Growth of *S. aureus* in yoghurt was influenced by pH and temperature. Results from this study show that consumer products such as yoghurt may occasionally become contaminated with potentially pathogenic bacteria, thereby posing a health risk to consumers. However, more stringent production practices and maintenance of appropriate storage conditions may help to reduce the risk to consumers.

Key words: food-borne disease, Food poisoning, Enterotoxins, Yoghurt, PH, Micrococcus

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Introduction

Food-borne diseases (FBD) are defined by the World Health Organization as "diseases of infectious or toxic nature caused by, or thought to be caused by the consumption of food or water". More than 250 FBDs have been described. Symptoms vary widely, depending on the etiological agents. Diarrhea and vomiting are the most common. Among FBDs, food-borne infections are caused by many different disease-causing pathogens that can contaminate foods, while food-borne poisoning is caused by poisonous chemicals, or other harmful substances that are present in food. Staphylococcal food borne intoxication is one of the most common forms of bacterial food borne disease in many countries *(Balaban and Rasooly, 2000*). This type of food borne intoxication, which major symptoms are vomiting and diarrhea, occurs within 30 min to 8 h after ingestion of heat-stable staphylococcal enterotoxins (SEs) preformed in food by enterotoxigenic strains of coagulase-positive staphylococci (CPS), mainly *S. aureus (Mead et al., 1999; Haeghebaert et al., 2002; Holeckova et al., 2002; Le Loir et al., 2003). S. aureus* are Gram-positive, facultative anaerobic, cocci that are ubiquitous in nature, existing in dust, sewage, water, environmental surfaces, humans and animals and may contaminate foods through raw materials or handling during the preparation or manufacturing process. Not all strains of *S. aureus* produce enterotoxins and in order to cause food borne intoxication, a strain must be able to grow and produce enterotoxin. Once the enterotoxins are produced, they are normally not or only slightly inactivated during further processing, storage and distribution. The staphylococcal cell wall is resistant to lysozyme and sensitive to lysostaphin, which specifically cleaves the pentaglycin bridges of *Staphylococcus* spp. Some strains are able to produce staphylococcal enterotoxins (SEs) and are the causative agents of staphylococcal food poisonings. Unlike *C. perfringens, C. botulinum*, and *B. cereus, S. aureus* does not form spores. Thus, its contamination can be readily avoided by heat treatment of food .*Staphylococcus aureus* is indeed found in the nostrils and on the skin and hair of warm-blooded animals. Up to 30-50% of the human population is carriers. *They are* able to grow in a wide range of temperatures (7° to 48.5°C with an optimum of 30 to 37°C; *Schmitt et al., 1990*), pH (4.2 to 9.3, with an optimum of 7 to 7.5; *Bergdoll, 1989*) and sodium chloride concentrations (up to 15% NaCl). These characteristics enable *them* to grow in a wide variety of foods. This, plus their ecological niche, can easily explain their incidence in foodstuffs that require manipulation during processing, including fermented food products, such as cheeses. Sensitivity of these routine tests is around 10^2 cfu/g for solid foodstuffs and 10 cfu/g for liquid samples. The different media used for the detection and quantification of *S. aureus* have been reviewed by *(Baird and Lee 1995*). In many countries, low degree contaminations are tolerated in most foodstuffs (up to 10^3 cfu/g in raw milk cheeses, in France), as they are not considered a risk for public health. Therefore, if enterotoxigenic staphylococci are able to grow in food to high numbers (more than 10^5 to 10^6 cfu/g or ml) before they are killed; there is still a risk for intoxication with consumption *(European Commission Health and Consumer Protection Directorate, 2003).* The SEs belonge to a family of the so-called pyrogenic toxins originating from staphylococcus and streptococcus species. Pyrogenic toxins include SEs, TSST, exfoliatins A and B and streptococcus pyrogenic toxins. These toxins share some structure, function and sequence similarities. They have phylogenetic relationships as well (*Balaban and Rasooly, 2000)*. Until recently, SEs were discovered in studies of *S. aureus* strains implicated in FBD outbreaks, and they were classified in distinct serological types. Thus, SEA to E and SEH have been clearly demonstrated as being capable of more or less potent emetic activity. More recently, increasing data resulting from partial or complete genome sequence analyses have allowed the identification of several new SE types. These new SEs were first identified on the basis of sequence and structural

similarities with existing SEs. There is experimental evidence for their super antigenic *in vitro* and/or *in vivo* activities, but rarely their emetic activity. Although pyrogenic toxins are involved in distinct pathologies, they have common biological activities; they are pyrogenic, and they cause immunosuppression and nonspecific T-cell proliferation. These activities are referred to as super antigen activity. Besides these common features, some toxins are able to cause other symptoms. Among super antigens, only SEs has emetic activity. Super antigen and emetic activity of the SEs are two separate functions localized on separate domains of the protein *(Hovde et al., 1994; Dinges et al., 2000*). Nevertheless, a high correlation exists between these activities since, in most cases, genetic mutations resulting in a loss of super antigen activity result also in a loss of emetic activity *(Harris et al., 1993*). Super antigen activity results from direct interaction of SEs with T-cell antigen receptors (TCR) and the major histocompatibility complex (MHC) of antigen-presenting cells (APC). A normal antigen is presented to TCR in the form of peptides bound to MHC class I or II, after processing in APC. MHC is protein complexes displayed on the surface of the APC. T-cell antigen receptors are glycosylated heterodimers composed either of □ and □, or of □ and □ chains. This recognition of the antigen is a primary step in the cellular immune response and is a key to the high specificity of the immune response. Only a few T-cells can recognize a specific antigen presented in the MHC of an APC *(McCormick et al., 2001*). Super antigen toxins interact with many T-cells by the recognition of specific V□ chains of the TCR. They are able to cross-link the TCR and the MHC class II of APC, thus causing activation. It seems that an interaction between SE and MHC is first required for binding to the V□ chain of the APC. This cross-link results in the nonspecific activation and proliferation of T-cells and a massive secretion of interleukins that may be involved in the mechanism of SE toxicity. Through this interaction, SEs activates T-cells at orders of magnitude above antigen-specific activation. This dramatic activation causes toxic shock syndrome *(McCormick et al., 2001*). The domains of SE involved in these interactions are well characterized through genetic and crystallographic studies. SEB has been particularly well studied due to its potent superantigen activity. SEB-producing strains are considered as potential microbiological weapons of warfare and terrorism *(Greenfield et al., 2002).*

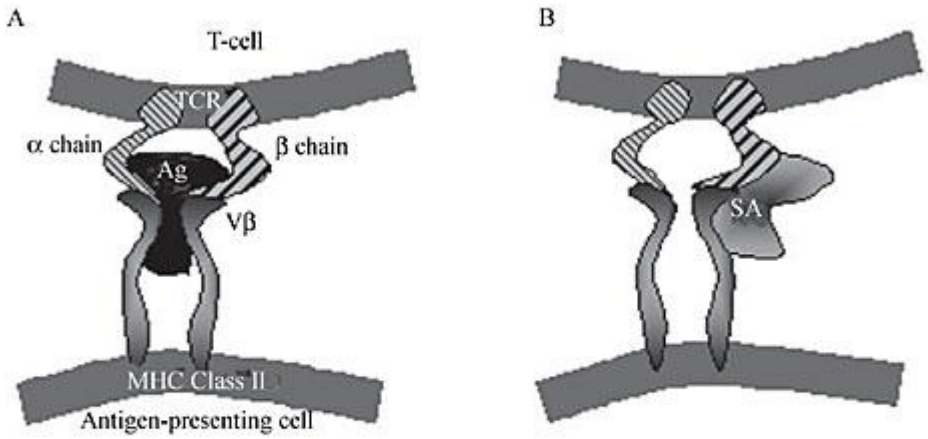

Figure 1. Specific and nonspecific activation of a T-cell. **A**, T-cell activation by conventional antigens. After processing by the antigen-presenting cell, the antigen peptide (Ag) is displayed in the major histocompatibility complex (MHC) class II. This complex attracts T-cells bearing T-cell receptors (TCR) with variable (Vb) chains specific to the Ag presented. **B**, Nonspecific T-cell activation by superantigen. The superantigen binds directly the outside of the MHC class II and cross-links it to the Vb chain. This event initiates nonspecific T-cell activation. SA stands for superantigen. After Balaban and Rasooly, 2000.

The emetic activity of SEs is not as well characterized as super antigen activity. The enterotoxin activity is uniquely characterized by the SE ability to cause emetic responses when administered orally to monkeys, whereas other super antigens are not emetic *(Dinges et al., 2000*). Little is known about how SEs causes symptoms of food poisoning; they may have a direct effect on intestinal epithelium and on the vagus nerve, causing stimulation of the emetic center and of gut transit *(Bergdoll, 1983; Arbuthnott et al., 1990).* The infective dose required to induce staphylococcal food poisoning in humans is estimated to be around 0.1 µg and it may vary with patient sensitivity *(Evenson et al., 1988*). Although there is considerable data on the structure-function relationships of SE super antigen activity, emetic activity has not been precisely localized. One common feature of SEs is a cystine loop, thought to be important for emetic activity based on mutant analyses *(Hovde et al., 1994; Dinges et al., 2000*). However, SEI lacks the cystine loop structure and is both super antigenic and emetic; this emetic activity is nevertheless significantly lower than that of other SEs (*Munson et al., 1998*). Sequence analysis of two other recently identified SEs, SEK and SEL, also indicated absence of the cystine loop *(Orwin et al., 2001; Fitzgerald et al., 2001).* These latter SEs have not been tested yet for their emetic activity. SEs possesses two distinct activities. How these activities are linked remains unclear. A working hypothesis is that enterotoxin activity may facilitate transcytosis, thus enabling the toxin to enter the bloodstream and interact with T-cells, leading to super antigen activity (*Hamad et al., 1997; Balaban and Rasooly, 2000*). Data and statistics are available from countries in Europe, North America, South America and Asia. However, there is a lack of information on food poisoning outbreaks in general and staphylococcal food poisoning in particular, in African countries, including Nigeria. In Nigeria, fast-food consumption is gaining increasing popularity. Many

of these foods are often prepared in the home early in the morning and then hawked on the streets throughout the day, without reheating or refrigeration. This practice often exposes the foods to conditions, which may permit growth of contaminating organisms and possible toxin production by toxin producers. Yoghurt is commonly hawked and drinks on many Nigerian streets. This study was undertaken determine the microbiological quality of some yoghurt products sold in Kaura-Namoda , in Northern Nigeria.

Materials and Methods

A total of 50 samples, from 5 brands of yoghurt were purchased from hawkers, garages and shops in Kaura- Namoda. However, the brands names were coded k1, k2, k3, k4, k5.

Each sample was analyzed within one hour of collection; the product label was examined for information on whether the product was pasteurized or unpasteurized, as well as product composition. The pH of each sample was measured with a digital pH meter (Hanna Instruments) The samples were thereafter examined for bacterial organisms by culturing on different bacteriological media.

Isolation and identification of organisms

Loopfuls of each yoghurt sample were inoculated unto sterile plates of Nutrient (Oxoid, Hampshire, England), MacConkey (BIOTEC Laboratories, Suffolk, United Kingdom) and Blood agar (Oxoid) and incubated at 37°C for 24 to 72 h. Following incubation the plates were examined for bacterial colonies. Plates yielding no colonies after 24 h incubation were re-incubated for an additional 24 h, up to 3 days (72 h). Resulting colonies were evaluated and identified according to standard microbiological procedures (*Cheesbrough, 2004*).

Staphylococcus aureus isolates were stored in Nutrient agar slants for further tests.

Culture for enterotoxin production

Brands k3 were used to detect the presence of enterotoxin production as it does not contain any contaminants. Cultures for enterotoxin production were initially prepared using nutrient broth. Ten milliliter aliquots of sterile nutrient broth, in sterile Bijou bottles, were inoculated each with cells of *S. aureus*, to a final concentration of 10^5 cells per ml and incubated at 37°C for 48 h. Subsequently, the *S. aureus* strains were cultured in 10 ml of yoghurt, pasteurized by heating to 80°C for 30 min and cultures were incubated as with nutrient broth cultures. Following 48 h incubation of the nutrient broth and yoghurt cultures, cell free culture supernatants were collected by centrifugation at 5000 rpm, followed by filtration through 0.22□m Millex syringe filters (Millipore Corporation, Bedford, MA, USA). The cell free filtrates were then used as crude toxin preparation.

Effect of pH

To determine the effect of pH on enterotoxin production, 10 ml samples of yoghurt were adjusted to different pH values (pH 3.8, pH 4.8, pH 7.2 and pH 8.4), with sodium hydroxide or acetic acid and supplemented with 6.8% sodium chloride (NaCl) before pasteurizing and inoculating with organisms. The cultures were then incubated at 37°C for 48 h.

Effects of temperature and NaCl concentration

The effects of temperature and NaCl concentration on enterotoxin production were evaluated at pH 4.8. The yoghurt sample was adjusted to pH 4.8. Ten millilitre aliquots were supplemented with (wt/vol) 7%, 9% and 12% NaCl, respectively. Samples were then incubated for 48 h at 4^oC, 28^oC and 37^oC.

Effect of pH and temperature on growth

The effects of pH and temperature on growth were determined with 6.5% NaCl supplementation. Yoghurt samples, pasteurized and adjusted to different pH values as previously described, were inoculated with 10^5 cells /ml and incubated for 7 days at different temperatures (4^oC, 28^oC and 37^oC). Viable cell numbers were determined at 24 h intervals during the incubation period.

Results/Discussion

50 samples of yoghurt was examined, 16 (32%) were found to have bacterial contamination. Some of the yoghurt brands had contamination in some samples but not in others. Only one brand (k3) was confirmed to be free from microbes. Organisms isolated lnclude; *Escherichia coli, Staphylococcus aureus, Micrococcus, Yeast, Streptococci, Listeria spp. Table (i*).

Effect of pH on enterotoxin production

Enterotoxin production was influenced by pH particularly at pH 5.0 to 9.0.However, no growth was observed at ph 4.0 (fig 1).

Effects of pH and temperature

Growth occurred from pH 3.8 to 8.4 at 37oC, although pH 7.2 appeared to be the optimum pH for growth. There were significant increases in viable cell numbers at all pH values, for the first 48 h, Increase in viable cell numbers was recorded at pH 7.2 until the sixth day of incubation. At 27^oC, significant growth was recorded only at pH 7.2 and pH 8.4. At pH 3.8 and pH 4.8, there were slight increases in cell numbers between 24 and 48 h. No growth was recorded at 4^oC at all pH value. However, when culture plates showing no growth at 4^oC for up to 72 h were allowed to incubate at room temperature, colonies quickly developed, indicating the presence of viable cells. According to this report, even if contamination should occur just before or during starter addition, *S. aureus* cannot multiply independent of temperature of storage. Isolation of *S. aureus* from yoghurt samples in this study therefore shows that the production of these products is questionable. The procedures, as the use of starter cultures, and at what point from manufacture to distribution were the contaminants introduced. Furthermore, the mere presence of *S. aureus* in food products is usually not a major cause for alarm since not all *S. aureus* strains produce enterotoxins. Among the *S. aureus* strains isolated from food samples, the percentage of enterotoxigenic strains is estimated to be around 25% to 39% *(Bergdoll, 1989; Rosec et al., 1997; Tsen et al., 1998; Holeckova et al., 2002).* Moreover, in order to cause food intoxication, the organism must be able both to grow and produce enterotoxins *(European Commission Health and Consumer Protection Directorate, 2003).* Thus the hazard exists mainly when food is exposed to conditions, which permit growth of the enterotoxigenic *S. aureus*, with consequent

enterotoxin production. These facts are especially relevant in the Nigerian situation, where street-hawking, and epileptic electricity supply may expose food products like yoghurt, which should ordinarily be maintained at refrigeration temperature, to temperatures and other conditions that may permit the growth of *S. aureus.* It has been reported that while raw milk, cheeses and other dairy products may be associated with intoxication, cultured dairy products such as yoghurt have not been known to cause staphylococcal poisoning. This is attributed to production processes, which involve heating of the milk to 90 – 95oC for at least 5 min and subsequent inoculation of the heated milk with high inocula of starter culture bacteria, which effectively inhibit growth of *S. aureus (European Commission Health and Consumer Protection Directorate, 2003*). Our examination of the samples showed that the pH of the samples varied over a relatively wide range, from about pH 3.2 to pH 5.9, even for samples of the same yoghurt brand. Generally, staphylococcal strains are reported to grow at temperature ranges between 7oC and 48Oc (optimum = 30 – 37oC), pH values between pH 4 and pH 10 (optimum = pH 7 – 7.5) and a wide range of NaCl concentrations, up to 20% NaCl concentration (*Bergdoll, 1989; Schmitt et al., 1990; Le Loir et al., 2003).* Studies have also shown that the effect of temperature on growth may be dependent on other factors such as the type of medium and thermal stability of the enterotoxin may be influenced by the nature of food, pH, presence of NaCl and the type of toxin. For instance, SEA is said to be relatively more stable to heat at pH 6.0 or higher, than at pH 4.5 – 5.5, while SED is relatively more stable at pH 4.5 – 5.5 than at pH 6.0 or higher *(Schmitt et al., 1990)*. A study also shows that, temperature, pH and NaCl concentration influenced growth and enterotoxin production to varying degrees.

Tab 1: lsolates from Yoghurt samples

S/N	Sample(s)	No Examined	Percentage(s)	Org.lsolated
1	K1	10	40	Staphylococcus aureus, E.coli
2	K2	10	30	Listeria, Yeast, Staphylococcus aureus
3	K3	10	0	----------
4	K4	10	70	Staphylococcus aureus, Yeast, Streptococci, Listeria
5	K5	10	20	Micrococcus, Yeast

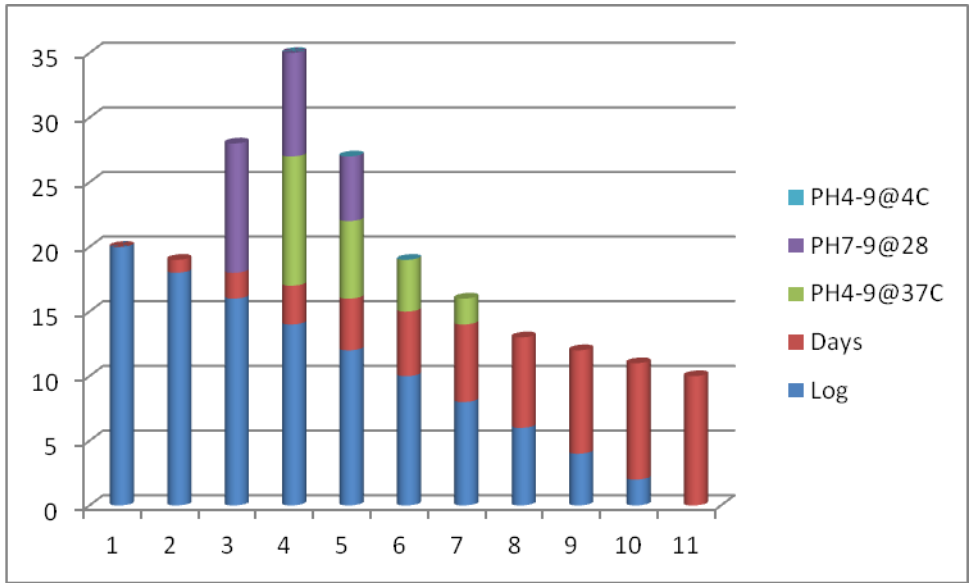

Fig 1: Growth of *Staphylococcus aureus* at different pH and at different temperature.

Conclusion

Staphylococcal food poisoning is of major concern in public health programs worldwide, in most countries; microbial risk assessment for *S. aureus* relies on the identification and the quantification of coagulase positive isolates in end products. It is therefore critical to maintain low temperatures (4oC and below) during processing and storage of these products in order to avert the health risk posed by the presence of enterotoxigenic strains in these products, these results call for a re-examination of yoghurt production methods in Nigeria and some of these products marketed as yoghurt. But most of all, increased efforts must be directed towards monitoring food manufacturing and distribution practices in Nigeria by regulatory bodies

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Procurement Specifications as a Catalyst for Economic Development; A Case Study of Kenya Power Company

By

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Abstract

Specification is one of the most strategic areas in the supply chain. Research has supported the argument that a firm is as good as its products, to support this notion an organization without a competent specification, its competitive edge in the supply chain is hampered significantly (Lysons and Farrington, 2006). This abstract provides a preview of a paper which documents the assessment of the impact of specifications on procurement performance and show cases why procurement can act as a catalyst for economic development. Information about this is obtained from books, magazines and journals that report on impact of specification on procurement and most important on a case study of Kenya Power Company (KP). The later was chosen due to its high volumes of purchases for both goods and services. Kenya Power limited procurement department has been using various specifications so as to be able to source the right materials. Use of appropriate specifications has led to some improvements in procurement performance but they have not yet realized the full impact of specification on procurement performance. The key findings are presented based on respondents in two categories, category A and Category B. Category A been those directly involved in procurement. In regard to the impacts of specifications on procurement performance, 87% and 90%, of respondents in category A and B respectively advocated that performance specification led to quality improvement, supplier innovations, additional value adding services and short lead times hence improvement of procurement performance while 91% and 93% of respondents in category A and B respectively advocated that conformance specification discourages innovations, increases cost and causes difficulties in preparing specification documents thus affecting procurement performance negatively. Both categories concurred that hybrid specifications have a positive impact on procurement performance while brand specification has negative impact on the same.

Keywords: Specifications, performance specification, conformance specification, hybrid specification, brand name specification

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Introduction

Kenya Power limited procurement department has been using various specifications so as to be able to source the right materials. Use of appropriate specifications has led to some improvements in procurement performance but they have not yet realized the full impact of specification on procurement performance. Specification is one of the most strategic areas in the supply chain. Research has supported the argument that a firm is as good as its products, to support this notion an organization without a competent specification, its competitive edge in the supply chain is hampered significantly (Lysons and Farrington, 2006). One strategic decision of a firm's supply chain is how the specification is done, and the parties involved. For purposes of this research, specification is defined as a statement of attributes of a product, process or services. (Lysons, 2000)

Firms that buy capital items and non standardized goods often find themselves with difficulties in outlining the attributes of the products and services they want from suppliers, which later causes conflict between procurement department, suppliers and user. As firms grow the number of capital assets and services demanded may increase, thus causing a major challenge in the specifications (Ronald and Ballou, 2004).

The process of describing the need is called specification (Lysons, 2000). Effective procurement management and development begins with a determination of the need and then clearly describing need so that all parties understand what is required of them, It involves coming up with and adopting the appropriate method of specifications. The ideal performance measurement system should: Reveal how effectively customers' needs and expectations are satisfied, Support the firms operating goals and objectives, provide a simple set of measures as possible; Support organizational learning and continuous improvement; and Provide congruence of measures across organizational levels (Burt and Dobbler 2004).

Statement of the Problem

The purpose of this study was to assess the impact of specifications on procurement performance. Measures have been taken to enhance procurement efficiency and effectiveness as different scholars have shown how specifications have a link to improved procurement performance (Lysons and Farrington 2006). This study aims at investigating this phenomenon and assess the impact of specifications to a firm such as Kenya power limited.

Objectives

General objective

The general objective of this study was to assess the impacts of specifications on procurement performance.

Specific objectives

(1) To determine the impact of Performance specification on procurement performance at Kenya power.
(2) To examine the impact of conformance specification on procurement performance at Kenya power.
(3) To establish the impact of hybrid specification on procurement performance at Kenya power.
(4**)** To find out the impact of brand name specification on procurement performance at Kenya power.

Research questions

(1) What is the impact of performance specification on procurement performance?
(2) What is the impact of conformance specification on procurement performance?
(3) What is the impact of hybrid specification on procurement performance?
(4) What is the impact of brand name specification on procurement performance?

Justification

The findings of this research will be applied entirely in the procurement functions of both private and public companies in aid of achieving short and long term objectives in line with the impact of specifications on procurement performance. Since the overriding philosophy in specification is to clearly and unambiguously outline the attributes of product, process or services (describing the need) and hence the improvement of procurement performance, the study is mirrored in a way that would bring forth a clear understanding of the impact of specifications on procurement performance and by relation the financial performance of the organizations hence the economic state of the nation within which the organizations operate.

Literature Review

Performance/functional/output specifications

Performance specifications provide the specific performance that is required but not the method of achieving that performance (Lysons and Farrington, 2006). This means that suppliers are free to choose the materials they intend to use and the manufacturing process or delivery process if it is a service that is being bought. Giving freedom to supplier's results to lower costs which is eventually passed to final customers at a lower price (Lysons and Farrington, 2006)

Conformance /Design/ Input specification

This specification gives precise details of how a product is to be made or a service delivered. It provides in-depth detail for both functional and non-functional requirements and covers assumptions, constraints, performance, dimensions, weights and reliability. If the cost of the

standard item is unacceptably high or if there is a supply risk because the product is protected by a patent, it may be worthwhile developing your own specification in order to increase the potential supply base (Lysons and Farrington, 2006)

Hybrid specifications

Combine the design and performance specifications, that is giving precise details on how the product is to be made or a service delivered as well as giving suppliers some freedom so as to encourage innovation. Hybrid specification supplement the disadvantage of conformance specifications with the advantages of performance specifications and so it ends up yielding better results (Lysons and Farrington, 2006)

Some of the advantages of hybrid specifications are Suppliers have greater opportunity for innovation, as they are free to offer solutions that in their view best meets the specification, The specification documentation requires less effort to produce, There is more opportunity to pass risk onto the supplier as they have responsibility for the way the specification is met, The contracting authority can specify outputs that can easily be monitored, There is likely to be a wider choice of suppliers (Lysons and Farrington, 2006)

Brand name specifications

Involves identifying the specific make and the model of the item to be procured; this type specification should only be used when no other type of specification can satisfy the Government's needs (Lysons and Farrington, 2006). A specific make and model specification restricts competition and must be accompanied by a justification (Kenya Gazette Supplement No.77, (2005).

Conceptual Framework

The key variables which were measured in regard to the study were both the independent and dependent variables. These variables were measured in regard to the ratings on the percentage number of respondents. Measurement of the distinct variables were based on an ordinal scale whereby the findings of each variable were to be evaluated according to the percentage number of respondents hence this approach gave the researcher a basis to quantify and justify the authenticity of the data that would support the empirical findings of the study. In order to harness and have a formidable understanding of the subject under the study, the researcher used a conceptual model indicated below to assess intensively and extensively the impacts of specifications on procurement performance.

Dependent variable

The dependent variable is often referred to as the outcome or criterion variable. It is the change or difference in this variable that the researcher investigated. For this study, the dependent variable which is procurement performance was affected immensely by the independent variables, which are specifications methods.

Research Methodology

Research design

Descriptive research best describes the way things are (Kumar 2005).The researcher used descriptive research design which primarily shows the state of affairs as it exists at the present (Kothari 2004). The design is appropriate because it allow the researcher to describe record, analyze and report conditions that exist or existed. Descriptive research attempts to describe a situation, Problem, phenomenon systematically, or describes attitudes towards an issue. It often involves collecting information through interviews, observation, data review, or surveys. Data was collected, edited, summarized and reduced to basic representative values that helped the researcher present his findings of the study in frequencies, charts and presentation in tables and graphs. This form of research design enabled the researcher to illustrate perfectly the diverse findings of the study.

Sampling frame

A sampling frame is the list of all the elements or all the people within a population who can be sampled, and may include individuals, firms or households (Copper and Schindler (2003). A unit of population is a relative term. If all the workers in a firm make a population, a single worker is a unit of the population the sampling frame contains all the units of the population. It is to be defined clearly as to which units are to be included in the frame. The frame provides a base for the selection of the sample.

Sample and Sampling technique

According to Copper and Schindler (2003), sample size must be large enough to be representative of the universe population. Sampling is defined as the process of selecting a number of individuals for a study in such as way that they represent the larger group from which they are selected (Mugenda & Mugenda, 2003).

The researcher used stratified sampling which provides a greater precision geared to bring forth proportionate stratification whereby each stratum has the same sampling fraction (Kothari, 2004). To constitute a structured sample, the researcher used the stratified method since the population to be sampled was heterogeneous. Using this technique the population was stratified into a number of strata and a sample item was selected from each stratum. The researcher used a sample of ninety (90) employees which constituted 30% of the whole population under the study which is three hundred (300) employees (Mugenda and Mugenda 1999). The decision to use this sample was also based on time and cost because they as well determine the sample size. Hence time and resources constraint of the researcher contributed to this delimitation. (Mugenda and Mugenda 1999)

Therefore a sample size of fifteen (15) employees from either of the six departments were from procurement, operations, stores, legal , finance and marketing in Electricity house ,Stima plaza, and industrial area branches. Simple random sampling was used to collect the sample size.

Research Findings and Discussion

Overall rate of response

The research study targeted ninety (90) employees from six distinct departments of the company (Kenya Power). Ninety (90) questionnaires were administered to the various departments and they were collected after two weeks. The following table shows the response rate from the various respondents. Table 4.1 shows the degree of responses.

Table 4.1 Rate of response

Departments	Given	Collected	Fully answered	Percentage (%)
Procurement	15	15	15	100%
Operations	15	15	14	93.33%
Stores	15	14	12	80%
Finance	15	13	13	86.67%
Legal	15	15	15	100%
Marketing	15	15	15	100%
Total	90	87	84	93.33%

The researcher obtained feedback from eighty four respondents out of the targeted ninety respondents across all the departments of the company (Kenya Power), which represented 93.33% of the administered questionnaires and which the researcher based his discussion and recommendations on. Procurement, legal and marketing department registered 100% response respectively, while operations department registered 93.33% response. Stores and finance departments registered 80% and 86.67% respectively.

Data analysis and discussion

Data was collected, edited, summarized and reduced to basic representative values that helped the researcher present his findings of the study in frequencies, percentages and presentation in tables. Also the researcher arranged the data according to some common characteristics possessed by the items constituting the data. Then the last step was tabulation, which involved the arrangement of data in columns and rows which created absolute clarity of the data presented.

Comparative analysis based on a review of the impacts of specifications on procurement performance.

Most of the respondents had a relatively positive response. The analysis was therefore categorized into two categories, those that directly deal with the specifications and those that indirectly deal with the specification; these was data got from procurement, operation and stores departments in the first category and those from the marketing, finance and legal departments in the second category respectively. According to the data collected and analyzed, forty-two (42) of the respondents which represented 100% fell under category A and they represented procurement, operations and stores department. The rest of the respondents who were 100% and represented forty-two (42) respondents fell under category B and represented finance, marketing and legal departments. This findings show that the company has a balanced number of respondents who deal with specifications directly and indirectly

1) Impact of performance specifications on procurement performance

The researcher reviewed the impacts of performance specifications on procurement performance activities such as improved quality of goods, supplier innovations, additional value added service within the bids, and long lead times were used. Table 1.2 illustrates this phenomenon.

Table 1.2 Impact of performance specifications on procurement performance

	Agree		Disagree	
	No of Respondents	Percentage%	No of Respondents	Percentage%
Category A	37	87%	5	13%
Category B	38	90%	4	10%

Analysis of 90% of the category B revealed that the respondents were positive (strongly agreed or agreed) that performance specifications has a positive impact on procurement performance they argued that performance specifications results to quality improvement, supplier innovations, additional value added service within the bids, 10% of the respondents were of the opinion that performance specifications do not necessarily result to long lead times. 87% of category A was of the opinion that performance specifications has an impact on procurement performance and that quantity improvements and additional value added services within bids had a positive impact on procurement performance 13% of the respondents concurred that supplier innovations would not necessarily impact on procurement performance but added that it would be better to emphasize on short lead time since this would ensure improved procurement performance.

1) **The impacts of conformance specifications on procurement performance:** The researcher reviewed the impacts of conformance specifications on procurement performance. The activities reviewed entailed; discouraged innovations, increased cost, and lead to difficulties in preparation of specification documents. The table 4.7 shows the impacts of conformance specifications on procurement performance.

Table 1.3 Impacts of conformance specifications on procurement performance:

	Agree		Disagree	
	No of Respondents	Percentage%	No of Respondents	Percentage%
Category A	38	91%	4	9%
Category B	39	93%	3	7%

The two categories concurred that using conformance specification would impact on procurement performance. 91% of the respondent in category A concurred that using conformance specifications would discourage suppliers innovations, increases cost, and lead to difficulties in preparation of specification documents. 93% of Category B respondent concurred that using conformance specification would impact on procurement performance but negatively since suppliers will be left with little freedom thus discouraging innovations. It also resulted to increased cost due to rework as a result of strict specifications as well as difficulties in the preparation of specification documents due to the need to adhere to those specifications.

2) **The impact of hybrid specifications on procurement performance:** The distinct activities that were reviewed by the researcher include activities such as; easy sourcing, increased customer satisfaction, increased profitability, and less waste. Table 4.8 indicates the impact of hybrid specification on procurement performance

Table 1.4 Impact of hybrid specifications on procurement performance

	Agree		Disagree	
	No of Respondents	Percentage%	No of Respondents	Percentage%
Category A	42	100%	0	0%
Category B	42	100%	0	0%

All the respondents that is 100% in category A and B respectively concurred that using hybrid specifications had an impact on procurement performance. Both concurred that hybrid specifications have a positive impact on procurement performance and resulted to easy sourcing, increased customer satisfaction, increased profitability, and less waste they agreed that a mixture of two specifications always resulted to satisfied and happy customers/users.

3) **Impacts of brand names specifications on procurement performance:** In order to obtain explicit details based on the impacts of brand names specification on procurement performance, the researcher measured the following distinct activities restricted competition, less competitive prices, difficult sourcing, reduced inspection cost. The table 4.9 indicates the impacts of brand names specification on procurement performance.

Table 1.5 Impacts of brand names specifications on procurement performance

	Agree		Disagree	
	No of Respondents	Percentage%	No of Respondents	Percentage%

Category A	34	80%	8	20%
Category B	42	100%	0	0%

34 of the respondent in category A which represented 80 % were of the opinion that using brand names specifications restrict competition due to their limited choice and this would result to less competitive prices and difficulty in sourcing, 20 % were of the opinion that brand name specifications has little to do with inspection cost and they agreed that inspection is a must regardless of the brand.

Forty two (42) of the respondent in Category B which represented 100% were of the opinion that using brand name specifications impacted on procurement performance negatively since it hindered competition thus escalating the prices, it also lead to difficult in sourcing but reduced inspection cost.

General challenges faced by a firm during specification in the improvement of procurement performance.

From the findings indicated in the table 4.10, 85.71% of the respondents indicated that lack of clear unambiguous communication is an impediment in specification. Lack of user involvement and early supplier involvement represented 80.95% and 89.29% respectively. Lastly, lack of early buyer involvement represented 66.67% of respondents while less training forums represented 50% of the respondents.

Recommendations for improving specifications and their impacts on procurement performance

Recommendations based on effective communication across all the stakeholders, early user, buyer and supplier involvement in the specifications, provision of training forums, provision of clear policies, and strengthening of buyer-supplier relationship were immensely highlighted by the respondents interviewed.

Table 1.6 Recommendations to improve specifications and their impacts on procurement performance

Recommendations	**Frequency**	**Percentage**
Effective communication	75	89.29%
Early user, buyer and supplier involvement	70	83.33%

Provision of training forums	66	78.57%
Provision of clear policies	68	80.95%
Strengthening of buyer-supplier relationship	64	76.19%

From the basis of the findings in the table 4.11, seventy five (75) of the respondents who represented 89.29 % were of the opinion that effective communication between all the stakeholders in procurement should be prioritized. Early user, buyer and supplier involvement, Provision of clear policies, Provision of training forums, represented 83.33%, 80.95% and 78.97% respectively while strengthening of buyer-supplier relationship represented 76.19%. This therefore should represented the order of priorities for improvement of procurement performance through specifications.

Conclusions

Though a lot of strides have been made in regard to specifications so as to enhance procurement performance at Kenya Power, still there are a couple of challenges which have hampered the full impacts of specifications on procurement performance to be felt. The noticeable challenges include; Lack of clear and unambiguous communication; Lack of user involvement, lack of early supplier involvement, and lack of early buyer involvement as well as lack of adequate training. When procurement performance is enhanced, there is greater efficiency in the organization resulting to more productivity hence greater contribution to the nations revenue. In short, procurement specifications act as a catalyst for Economic development.

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Public budgeting, a challenge for development in Africa; Evidence from Kenya

By
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Abstract
In this paper public budgeting in Kenya as evidence of challenges for development in Sub-Saharan Africa (SSA) is examined. Tracing the efforts made by the Kenya government since independence in 1963 to 2012, successes, failures, and challenges to successful public budgeting regime in the country are outlined. Key challenges in service delivery and leakages of public resources are identified. These challenges are attributed to problems related to allocation of funds, monitoring of public expenditure, identification and ranking of development priorities, inflexible budgetary procedures, and lack of a legal framework for stakeholder participation in planning and implementation of public budgeting. Furthermore, using data from the World Bank database, country policy and institutional assessment (CPIA) index for quality of budgetary and financial management for 10 SSA countries including Burkina Faso, Ghana, Kenya, Malawi, Mozambique, Nigeria, Rwanda, Tanzania, Uganda, and Zimbabwe are compared. These statistics show no significant improvement in indicators of public financial management in the 10 SSA countries for the period 2005 through 2011 despite the high and significant association between CPIA and annual GDP growth percentage, a development proxy. The paper suggests that structural initiatives such as those recently adopted in Kenya and currently being implemented may remedy this situation. These include; implementation of Vision 2030 and the new constitution, the CDF initiative, and the recent establishment of key institutions like Kenya Revenue Authority, Office of Fiscal Analysis, and legislative framework in the Financial Management Act No.5.
Keywords: Public budgeting; Sub-Saharan Africa; Kenya; Development; Challenges; Fiscal

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Introduction

Public budgeting, the deliberate making and implementing of public decisions regarding resource harnessing and acquisition, allocation, and utilization, is central to the operations of every government. But even in the best case scenario, this key governmental function poses considerable political, economic, and administrative challenge. This is more so in a developing society such as Sub-Saharan Africa (SSA) where the governments are challenged to utilize public budgeting as an instrument for development and for raising the overall quality of life. The problem has become a lot more acute and complex because of the rapidly increasing population, declining resource capacity, and a growing public demand for integrity in public governance.

SSA is one region that has persistently treated public budgeting as a development tool, from its pursuit of a command economy in the 1960s where governments had the sole responsibility for acquiring, allocating, and utilizing national resources supposedly for the public good to the current somewhat liberal era where governments aim to limit their role to the creation of "an enabling environment" for the national economy to grow and flourish. Over the course of about fifty years, public budgeting has grown and expanded and governments at different periods have experimented with both centralized as well as decentralized forms of budgeting, built multiple budget institutions and structures, and applied modern budgetary practices and processes in a bid to achieve socio-economic development and political progress.

However, while on one hand the region presents itself as an emerging democracy, on the other hand issues of quality of life and public integrity remain matters of public concern with the human development index falling steadily since 2000. I take a critical, realistic, and integrative approach in analyzing public budgeting in Kenya as a development tool. I argue that a composite budgeting format that integrates and synchronizes national priorities with local community needs and sentiments has a better prospect of addressing development in a comprehensive way. In the context of SSA, this translates to mean that national, sub-national, and civil society institutions ought to be more meaningfully involved in public budgeting. In this sense, a balanced budget is more than just balancing revenue and expenditure; it should also draw from and reflect values and priorities across the full spectrum of social and political life.

Public Budgeting in Kenya as a Development Tool, a Historical perspective

Kenya is one SSA country with a relatively peaceful political and economic history since independence. Like elsewhere in SSA, the harnessing, distribution, and management of the national resources have not only generated much public interest and debate, but also they have been at the center of much political controversy and economic argument. The Kenyan approach to public budgeting has basically followed the path of most SSA countries, initially adopting a command and control state-led development for much of its post-independence history before shifting gears to a more liberalized economy with less state intervention. But in either case, the question has remained, as Harold Lasswell theorized, "who gets what, when, and how?" Kenya still faces the challenge of figuring out a fair, equitable, and legitimate framework of harnessing, distributing, and managing its resources as elaborated later in this paper.

As a financial, political, economic, social, and legal document, Kenyan public budgeting highlights not only where the government acquires and invests the national resources through allocations, but also pin-points its priorities and preferences. The allocations give evidence of the actual as opposed to acclaimed priorities. The acclaimed priorities are outlined in the national development policy guidelines while the actual priorities come out in the public budget. Figure 1 shows how the three aspects of the public budget; development agenda, government priorities, and budget allocations are ideally related. For meaningful results, there must be an environment of certainty in revenue flows, fiscal discipline, and monitoring tools to ensure compliance. This relationship is the subject of this paper. By using this relationship, the public budget as a development tool, can be appraised, and similarly the government's commitment to the national development agenda.

In 1963 the government of Kenya identified four main problems to be addressed for achievement of national development (Kiringai & Manda, 2002). These were illiteracy, disease, ignorance, and poverty. Economic indicators showed some improvement in these areas during the first three post-independence decades. However during the fourth decade, there was a declining trend in attainments in education, health, and poverty. Corroborating these findings Government of Kenya (GoK, 2003) observes that the Kenyan economy performed poorly over the 1980s and 1990s leading to deterioration of the quality of life of Kenyans. Some of the reasons behind this decline were poor implementation of economic policies, mismanagement of resources, and weak institutional governance. Reforms undertaken in the 1980s and 1990s to deal with structural problems met with limited success in stimulating economic growth. Kiringai and Manda (2002) further report that a welfare monitoring survey (WMS) showed that the poor constituted 46.3%, 43.8%, and 53.3% of the population in 1992, 1994, and 1997 respectively.

In the early 2000s, the Kenyan economy however experienced a strong growth achieving a rate of 6% in 2006/07 fiscal year (Bird & Kirira, 2009). This led to a reduction in poverty levels from

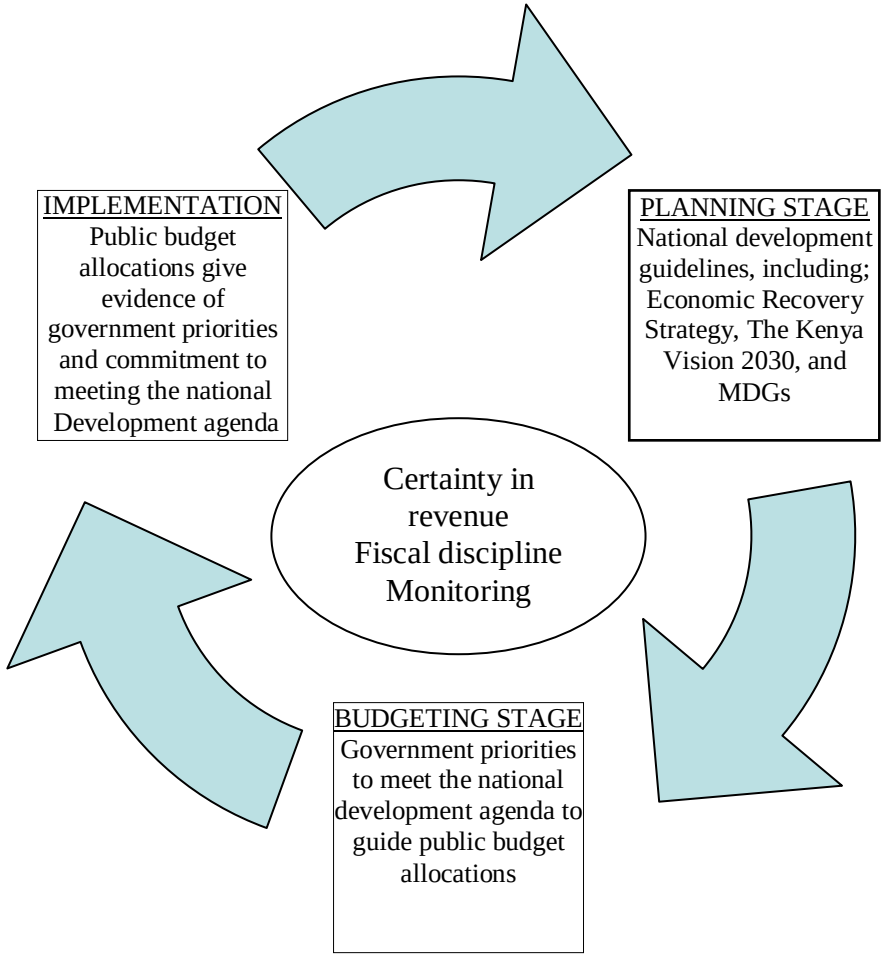


Figure 1: National budgeting, planning, and development agenda

56% in 2002 to 46% in 2006. Like many other African countries, Kenya engaged in detailed planning after independence. However notwithstanding that budget is considered the main instrument for resource allocation, little attention was paid to budget systems (Kiringai &

West, 2002). Achoba, Ogola, Ndeng'e, and Ndugwa (n.d) further observe that for many years after independence, there was more emphasis on macroeconomic issues at the expense of human development issues like poverty, education, and health. Continuing high rates of economic growth underpin the government's latest development strategy, Vision 2030, with its goals of security growth rate of 10% per annum, from 2012 on average over the period to year 2030. This will however largely depend on the implementation of good policies and the building of strong and effective national institutions (Bird & Kirira, 2009). Furthermore, Ramakrishnan (1998) asserts that the full benefits of economic liberalization cannot be realized unless there are sustained improvements in the management of public resources.

Budgeting and public expenditure in developing countries

Civil society has a critical role to play during the development, implementation, and evaluation of that national budget. Active engagement of civil society during the budget-making process creates a forum for open, participatory discussion with the governments as it makes critical financial decisions (HERAF). In most developing countries, central government budget allocations are used as indicators of supply of public services (Nafula et al. 2004). Furthermore, Nafula et al. (2004) adds that public expenditure tracking surveys can be used to assess the leakage of public funds or resources prior to reaching the intended users. Omohelinwa and Roe (1989) report that budgeting process in poor countries around the world have been known to be characterized by repetitive budgeting. Theory and practice seem to support the hypothesis that repetitive budgeting dominates boom and bust cycles. Furthermore Peterson (1994) argues that improving budgeting in developing countries is difficult due to their limited and uncertain reserves and the politicized process of resource allocation. Peterson (1994) adds that budgeting requires a modicum of certainty which is not there in developing countries.

Masya and Njiraini (2004) point that the budget is an important instrument that every government uses to define the direction of its national policy, cost implications of its programmes, and possible sources of revenues during a fiscal year. The budget may be seen to serve some key but basic functions. A few of these functions are collection and allocation of scarce resources to priority sectors, provision of public goods and services, and redistribution of incomes. Furthermore the budget strives to ensure economic stabilization, social order, and harmony. The budget may also be used to measure government performance in provision of goods and services and focus to its priorities, fiscal discipline, and accountability. The concept of a budget as an indicator of performance is steadily gaining ground in many developing countries, with increasing demand for transparency and accountability in government action plans. In addition, the budget process is the primary vehicle through which the legislature exercises the oversight function on behalf of the electorate, of the executives' actions in policy making and implementation through its power of the purse and other means (Folscher, 2006). According to the World Vision Kenya (WVK, n.d) the pillars of fiscal transparency which include; existence of a legal framework, clarity of responsibilities, public availability of information and open budget preparation, execution and reporting are important for a successful budget and financial management system.

Fozzard, Holmes, Klugman, and Withers (2001) find that in many countries, practice of public expenditure management is an obstacle to achievement of poverty reduction objectives. They argue that achieving poverty reduction goals requires adapting domestic budgeting and

financial management systems to the needs of the poverty reduction strategy (PRS). This position seems to be in line with what Pretorius & Pretorius (2009) observe in heavily indebted countries that public sector internal audit using the traditional 'policing' approach does not work.

Attempts to reform public sectors are sweeping across Africa (Therkildsen, 2011). As opposed to reforms immediately after independence which were focused on shaping public administration to spearhead national development, the current wave of reforms are aimed at reducing public sector costs and focusing more to improving the quality of lives of the citizens. This has been the case in Kenya too.

A major challenge faced by many African countries is to enhance credibility of the budget by reducing the gap between planned and actual spending as reported by Collaborative Africa Budget Reform Initiative (CABRI, 2008). CABRI (2008) further find that emphasis on top-down budgeting arose from the observation that when budgets are formulated using a 'bottom-up' approach, where line ministries submit unconstrained budget requests which are then aggregated, often led to overspending and unsustainable fiscal deficits. This could however protect fiscal discipline CABRI posit. Furthermore, the formation of an independent and autonomous tax authority outside the normal civil service with better terms and conditions of service could also assist in overcoming tax evasion, a major problem in many SSA countries (Ramakrishnan, 1998).

Developments in budgeting and public expenditure in Kenya

A closer look at developments in budgeting in Kenya reveals two distinct yet interrelated perspectives; budgeting methods perspective and the budgeting systems perspective. From a budget methods perspective, three developments have taken place since independence. At independence, line item budgeting method was used. Line item budgeting was associated with an input-oriented budget preparation process without detailed ex ante controls and well defined appropriation rules (GoK, 2011). Budgets were incremental, adjusted using arithmetic factors regardless of outcomes and provided little explanation of why money would be spent, and what would be achieved. Budgets had little opportunity for flexibility. In the late 1970s, zero based budgeting method was introduced as an attempt to improve upon the drawbacks of purely incremental budgeting. All programs were to be subjected to evaluation each year for justification. Due to difficulties encountered in implementation of ZBB in an annual budgeting environment, program based budgeting (PBB) method was introduced. UNICEF (2007) observe that until 2000 Kenya's budget process was largely incremental where annual ministry budgets were based on spending levels during the previous years. Kiringai and West (2002) point out some of the characteristics of this budgeting process more poignantly; weak in defining priorities, weak in achieving fiscal discipline, and weak in creating desired results from public expenditures.

From a budgeting systems perspective, many reforms have been implemented in Kenya with different degrees of success. The budget system adopted at independence was such that the government prepared two budget estimates, one for recurrent operations and another for capital (development) operations (Khasiani, 2007). Several budgetary reforms have been made since then (GoK, 2011) and key to these reforms has

been not only improvement in the budget process but imposition of greater fiscal discipline on the government (Masya & Njiraini, 2004). These reforms are now considered.

The reforms of 1970s had two main aspects, project planning and financial management (Roe, 1986) and were introduced to improve budgeting (Peterson, 1994). Kiringai and West (2002) indicate that budget reforms have been attempted in Kenya as early as 1970s but results have not been encouraging.
A major budget reform adopted in 1972 and which had implications on the way project funds were planned, budgeted, and controlled at the district level was the district focus for rural development (Roe, 1986). Roe (1986) indicates that district focus for rural development was a broad decentralization program meant to make the national budgeting process become continuous and eventually led to the yearly budget sequence of forward budget revised estimates, draft annual estimates, and ceilings.

The program review and forward budget (PRFB) was the next budgetary reform. PRFB focused on changing the budget process from an annual process to a five year forward plan. This initiative was however faced with a host of challenges. Programs longer than one year still depended on annual appropriations and therefore not assured of resource allocation to completion, there was uncertainty in the revenue inflows, ceilings were not adhered to, and there was no prioritization of programs and activities. Furthermore, future recurrent costs generated by capital outlays were not considered and did not have linkage to the development plan. Moreover, two offices were involved in the process; the ministry of planning developed the plans and the ministry of finance coordinated the budget creating coordination problems. PRFB did not emphasize expected outcomes or the overall objectives of the development plan (Khasiani, 2007).
The next reform was the introduction of budget rationalization program (BRP). BRP was focused on ensuring there was improvement in allocation of available resources and linkage between resource availability and economic growth priorities (Khasiani, 2007). Peterson, 1994 observes that BRP was the principal reform whose first phase began in 1985 and focused on program review and forward budgeting. Khasiani (2007) however reports that BRP was confronted with the same problems that PRFB faced and increasing levels of nondiscretionary expenditures due to huge capital expenditures.

The second phase of BRP began in 1990/91 fiscal year and introduced the public investment program (PIP), another reform, in 1991. PIP was meant to strengthen PRFB (Khasiani, 2007). Furthermore, PIP was an attempt to rationalize the overcrowded and poorly documented development portfolio of the Kenya government and concentrate scarce budgeting resources on selected critical investments (Cohen & Wheeler, 1994). At the time of PIP adoption, government expenditures were a high percentage of the GDP compared to ordinary revenues. For example in 1993 government expenditures were 32% of GDP compared to 23% ordinary revenues as a percentage of GDP (Cohen & Wheeler, 1994). PIP like its predecessors faced several challenges; large number of stalled projects largely due to thin spread of resources, high levels of pending bills, and lack of comprehensive stakeholder involvement (Khasiani, 2007).

The government of Kenya's (GoK) budgetary process in the mid-1980s exhibited clear features of repetitive budgeting with treasury's heavy reliance on budget cutting, setting ceilings, and repeated attempts at expenditure control counterpoised by the frequent efforts of the operating ministries to do otherwise (Omohelinwa & Roe, 1989). Omohelinwa and Roe, 1989 also report that repetitive budgeting characterized the boom and bust cycle experienced by the government just prior to that period. The result of this was that overall budget trebled from K£331 million in 1975/76 to K£829 million in 1981/82. Furthermore, several government projects and activities started during that period were later considered uneconomical and largely unfeasible. There was loss of control during the boom, e.g. when ceilings became inflated and infeasible projects were approved while expenditure control was augmented but never fully realized during the bust, Omohelinwa and Roe add.

Meanwhile a World Bank report in 1994 found the Kenyan budget schedule too crowded and advised a reduction of the number of different budgets. It was argued that this would allow time for monitoring and evaluation of budget implementation. The report as Peterson (1994) continues to underscore, also found the budget process lacking mechanisms for promoting budget and financial management. Furthermore, Peterson observes that Kenya's budget system lacked some key features of good budgeting including; funding priorities, unit cost determination, balanced composition in expenditures among others. To assist in fixing some of these problems, microcomputers were introduced to ministries of agriculture and finance and planning to improve budgeting and financial management (Hanna, 1991).

By the 1980s it was clear that one of the actions that Kenya government needed to take was to maintain strict control in the rate of growth in public expenditures. This was in particular the case for government funded development projects and programs largely financed through internal borrowings. The development portfolios of ministries, agencies, and state corporations in 1980s had been steadily expanding financed through external loans and grants as well as government allocations. Substantial budget allocations were required to complete on-going projects and programs in these portfolios (Cohen & Wheeler, 1994). Reduction of these high development expenditure and restructuring government investments to directly promote economic growth was an uphill task for the government. In this regard, Kenya started the implementation of parastatal reform project in 1994 (World Bank, 2001) to enhance efficiency of public investments, reduce public enterprise financial burden on public sector budget, and operation of public enterprises on market principles.

A declining trend in educational attainments, health indicators, and poverty state of Kenyans in the 1990s necessitated the preparation of poverty reduction strategy paper (PRSP), an IMF and World Bank approved approach in reduction of poverty in low income countries in 1999 (Kiringai & Manda, 2002). The specific objectives of PRSP were linking policy, planning and budgeting, identifying national development objectives and priorities, improving quality expenditures leading to efficiency gains, harmonization of the financing framework and monitoring and evaluation (Kiringai & Manda, 2002). It was also expected to enhance broad participation in planning at all levels across all stakeholders (Kiringai & Manda, 2002). Following this paper, GoK launched the PRSP consultation process in 2000 to fix the weaknesses

identified in priorities, fiscal discipline, and expected growth achievement. This process led to the adoption of another major reform in the budget system.

In 1999, there was a shift from the annual budget to medium term expenditure framework (MTEF) approach (Kiringai & West, 2002)). MTEF was first implemented in the June 2000 budget. The MTEF was a broad approach to integrate policy, planning, and budgeting (Khasiani, 2007). Kiringai and West (2002) argue that the situation at this time was such that budgeting had become too complex to manage public expenditure and the expanded role of state in economic affairs in addition to highly increasing population. For this reason too, (Ministry of Finance, 2011) indicates that the budget and public financial management initiatives of the 1990s were meant to enhance accountability and transparency in public finance systems.

The MTEF was intended to address three major weaknesses of the budget planning process; fiscal discipline, allocation efficiency, and operational efficiency (Kiringai & Manda, 2002). A review of sector priorities found that MTEF adopted a two tier approach to budgeting (Gender responsive budgeting, 2009), a top-down macro process and a bottom-up sectoral level aggregation.

Notwithstanding MTEF implementation, by 2006 there was still a big disparity between the national budget and the economic recovery for wealth and employment creation (ERS) priorities. The ERS was the government's economic policy blue print whose main priorities were development and pro-poor spending. In addition to the MTEF being one measure in developing and implementing the poverty reduction strategy, it was aimed at improving expenditure analysis and broad participation in budgeting process (Fozzard et al. 2001). Major challenges that faced MTEF program at its inception however were among others; wavering revenue base, itemized input based budgeting, inadequate monitoring framework, and low transparency and accountability mechanism (Khasiani, 2007).

Despite the reforms to this point in time, several key challenges continued to dog Kenya budgetary system; big variances between actual and budgeted public expenditures, inadequate accountability and monitoring of public expenditure, poor budgetary controls, and lack of compliance to projections. In response to this situation, an action plan to guide government's economic policies for five years between 2003 and 2007 was adopted in the form of ERS (Government of Kenya, 2003). ERS was meant to sustain economic growth, create wealth, reduce poverty, and improve the quality of life.

There have also been other initiatives through the years to enhance the achievement of better budgeting and reduce poverty. Most of these started in between 2000 and 2010 are still in progress. Some of these have been operational initiatives, process improvements while others have been institutional restructuring as outlined in the following paragraphs.

The constituency development fund (CDF) initiative was put in place in 2003, to tackle the ever elusive development agenda. This was an outside budget process where constituencies would get a fund allocated to them through standing legislation and managed separately from the budget (Folsher, 2006). CDF had three primary objectives; to fund projects with immediate social and economic impact to uplift peoples' quality of life, alleviate poverty, and fight poverty at the constituency level (IEA, 2003). CDF and other devolved funds namely local authority transfer fund (LATF) established in 1996, the youth enterprise development fund (YEDF) women enterprise fund (WEF) established in 2006 and 2007 respectively have been reported to have positive impact on development around the country.

Kenya Producers Coalition (KEPCO) (2010) report that following a decline in budgetary allocations of 10% of total government budget in the 1960s to an average of 7.5% in 1980s, and a low of 3% in the 1990s, the government committed itself through the Maputo Declaration of 2003 to raise the allocations to at least 10%. By 2008 the allocations had been raised to 7.8%.

In 2005, the government of Kenya in collaboration with UNICEF introduced the social budgeting initiative to ensure a balance between macroeconomic goals and social development objectives Achoba et al. (n.d). It was however not a nationwide program and only focused on children and women especially in vulnerable and marginalized areas of Isiolo, Kwale, and Turkana districts.
Attempts to improve fiscal discipline were enhanced in 2007 with the creation of a legislative Office of Fiscal Analysis (OFA). CABRI, 2008 points that this was meant to be an independent analytic budget unit within the legislature to simplify the complexity, promote transparency, and enhance credibility in the budget process. Such a non-partisan budget office would provide the legislature a source of information and make fiscal and policy issues more easily understood (Straussman & Renoni, 2011). Though operationalizing of this office was adversely affected by political wrangling, it was eventually finalized in 2009 when fiscal management Act No. 5 was passed. This restored parliament's involvement in the national budget process establishing a budget process that would combine political accountability and fiscal prudence and promote greater transparency in the management of public finance (WVK, n.d). In line with this thread of reform, another major public financial management initiative was the adoption of a semi-autonomous revenue agency, Kenya Revenue Authority (KRA) in 1995 as a response to low revenue collection, perception of corruption, and political interference (Pretorius & Pretorius, 2009).

Current situation

Budget allocations in Kenya have been influenced by the government's adoption of various policies from time to time in a more or less chronological sequence. Until year 2000, the government used to prepare on an annual basis, two budgets, a recurrent and development budget. Overall, the total allocations from government to the education, health, physical infrastructure, water, culture and social services, agriculture and rural development increased from Ksh 22 billion in 1990 to over Ksh 267 billion in 2008, an increase of 1,114%. According to WVK (n.d) the problem concerns intra-sectoral allocations.

The 2007 Public Expenditure Reviews (PERs) and 2006/07 annual progress report of the investment program for the ERS noted substantial progress made in the allocation of more resources to the priority areas including agriculture, and rural development sector. It also noted progress towards implementation of the macro framework set out in the ERS through Budget Outlook Paper (BOPA), Budgetary Strategy Paper (BSP), and the annual budgets, (Ministry of Finance, 2008). According to this report, there was some progress made in alignment between policy, and government development strategy.

According to a Ministry of Finance (2011) report, the national budget is now more aligned to government expenditure priorities. For example, development programs were allocated more (from 12% in 2003) to 25% in 2008) while recurrent expenditure dropped from 85% in 2003 to 75% of the budget in 2008. Furthermore, the report indicates, budgets are more accurate as evidenced by general reduction in variances between actual and budgeted expenditures, the MTEF has deepened, and there is increased public engagement in the budget process.

Overall, Khasiani (2007) observes that the budgetary systems in Kenya have evolved over the last 49 years on an incremental basis with no radical transformation despite the consistent attempts to make it in line with requirements of good public financial management. Though for a long time Kenya has not had an organic budget law or legislation that entrenched public finance in the constitution, the new constitution promulgated in 2010 has now changed that. The new constitution includes a public finance framework based on stated principles of openness, accountability and public participation in financial matters, and equitable allocation of national resources among others. This was emphasized by the minister of finance (Githae, 2012) while presenting the budget estimates for 2012/13 fiscal year when he said,

> ". . . be a transitional budget, one with expenditure pattern that forms the basis for equitable division of revenues before an equitable allocation based on a new formula is phased in. To achieve the aspirations of the Kenyan people of a better Kenya as envisaged under the constitution calls for greater transparency and high quality management of public finances . . ."

The implementation of various anti-poverty interventions under ERS resulted in a significant decline in the overall incidence of poverty from 56.8% in 2000 to 46% in 2006. Vision 2030 is supposed to build on this progress to achieve a durable prosperity with Kenyans enjoying equitable social development. The social pillar of Vision 2030 focuses on 8 key social factors while ensuring efficient utilization of resources; education and training, health, water and sanitation, environment, housing and urbanization, gender, youth, and vulnerable groups. The economic pillar focuses on economic growth while the political pillar focuses on accountability in a democratic political system (Ministry of Finance, 2008).

Kenya's experience would seem to confirm Fozzard et al. (2001) who posit that in many countries, practice of public expenditure management is an obstacle to achievement of poverty reduction objectives. Notwithstanding this quagmire however, a CEO survey carried out by PricewaterhouseCoopers (PWC) found that CEOs in Kenya agreed with the government priorities (infrastructure and poverty reduction) as articulated through the budget (PWC, 2011).

On a positive note however, WVK (n.d) reports that project completions rates have greatly improved with the MTEF as completion of ongoing projects is prioritized to starting new ones. Furthermore, WVK adds use of off-budget devolved funds like CDF, local authority transfer funds (LATF) established in 1999, youth enterprise development fund (YEDF) started in 2006, and women development fund (WEF) established in 2007, have had a positive impact on development mainly due their community involvement in planning, implementation and monitoring of projects.

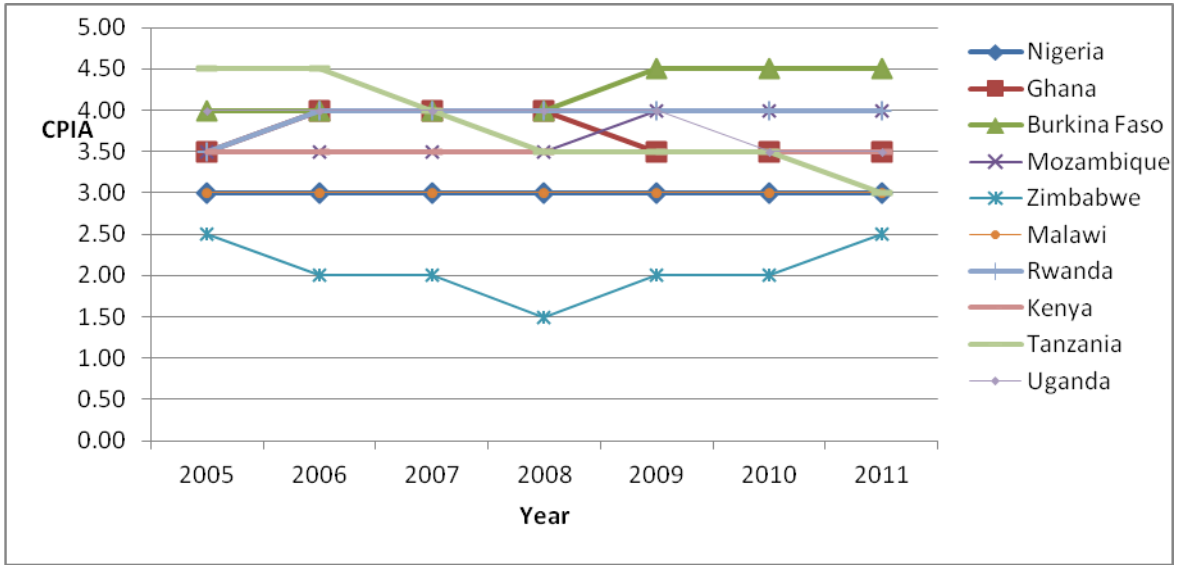
Prevailing challenges

There still remain constraints in service delivery and leakages of public resources (Nafula et al. 2004). Nafula et al. (2004) observe that though there has been rising allocations in public spending on social services, the quality and quantity of expected outcomes has been low. Furthermore despite introduction of PERs and MTEF, numerous bottlenecks impede the implementation of strategies and priorities of PRSP. Nafula et al. (2004) further identify some of these as allocated funds not reaching intended beneficiaries, lack in monitoring of public expenditure in the budget system, an important accountability tool, and mismatch between identification and ranking of priorities at sectoral level. This is partly explained by the fact that negotiations for sectoral resource bidding are limited to decision makers and senior level managers in government and hence amounts allocated to specific sectors depend on how sensitive these officials are to the sector issues (Gender Responsive Budgeting, 2009). Moreover, there have been inequitable allocations of resources resulting in some regions being marginalized, poor, and underdeveloped with severe consequences on the quality and standard of life especially of the child (WVK, n.d).

On the whole it comes out clear that the problems that existed in the 1970s namely, fiscal discipline, poverty, efficiency in allocations, and inadequate budgetary monitoring and control mechanisms continue to exist in Kenya today. This is despite the many attempts to improve budgeting methods, process, and systems and creation of enabling structures both at the legislature and executive levels. Mukui (2005) offers some overarching reasons which have prevented success of these development initiatives focused on poverty reduction being among others poor prioritization, inflexible budgetary procedures, and lack of a legal framework for stakeholder participation in planning and implementation.

Regional comparative statistics

Comparing the reported country policy and institutional assessment (CPIA) index on quality of budgetary and financial management from the world I find that in general other countries in Sub-Saharan Africa are not different from Kenya. On a range of 1 (low) to 6 (high) the mean CPIA for the 10 countries compared in this paper range from a minimum of about 2.0 for Zimbabwe to a maximum of 4.2 for Burkina Faso for the period 2005 through 2011. The statistics show that there has been relatively no improvement in CPIA index in all these countries over this period with exception of Burkina Faso. Though country specific reasons may differ the common denominator is that public budgeting which is the driver for budgetary and financial management is not doing well as would be expected.



CPIA = World Bank index for quality of budgetary and financial management rating (1 = low to 6= high)
Data source: http://web.worldbank.org
Figure 2: Plot of CPIA for 10 Sub-Saharan countries for period 2005 to 2011

Analysis of variance shows significant country effects [F (0.095, 9, 50) = 22.81, p-value < 0.0001] and significant year*country interaction effects [F (0.95, 10, 50) = 8.06, p-value < 0.0001] in CPIA for the period 2005 through 2011 (Table 1). This means that there have been significant changes in CPIA index in different countries in different years. In case of Kenya this may be explained probably by the periodic changes in budgetary strategy. It would be interesting to find out the reasons behind such interaction in other countries given that there has been no evidence of significant improvements in the index over the period.

Table 1: ANOVA table for CPIA for 10 Sub-Saharan countries for 2005 through 2011

Source	DF	Type III SS	Mean Square	F Value	Pr > F
Country	9	7.074	0.786	22.81	<.0001
Year*Country	10	2.777	0.2777	8.06	<.0001
Error	50	1.723	0.034		
Corrected Total	69	29.218			

Furthermore, I find significant pairwise differences in the CPIA index from country to country. CPIA index for Burkina Faso is significantly higher than that of all other countries compared. Rwanda, Uganda, Tanzania, Ghana, Mozambique, and Kenya all lie in one group given that their mean CPIA indices are not significantly different at 95% confidence level. Nigeria and Malawi are in Group 3 as their mean CPIA indices are significantly lower than those for Group 2 countries but higher than that of Group 4 which comprises of only Zimbabwe (Table 2). I find a significantly high correlation between average CPIA index and the average annual GDP growth % (Pearson's correlation = 0.789, p-value =0.0066) at 95% confidence level (Table 2). This result provides empirical evidence to support my argument in this paper that public budgeting continues to be a big challenge to development in the Sub-Saharan region.

Table 2: CPIA Lsmeans and multiple pairwise differences for 2005 through 2011

#	Country	CPIA LSMEAN*	Groups of pairwise differences**	Average annual GDP growth %
1	Burkina Faso	4.214	Group 1	5.709
2	Rwanda	3.929	Group 2	8.303
3	Uganda	3.857		7.724
4	Tanzania	3.786		6.887
5	Ghana	3.714		7.653
6	Mozambique	3.714		7.049
7	Kenya	3.500		4.806
8	Nigeria	3.000	Group 3	6.617
9	Malawi	3.000		6.093
10	Zimbabwe	2.071	Group 4	-0.787

* CPIA LSMEAN = Least square mean at 95% confidence level (1=low to 6=high); **Multiple pairwise CPIA differences adjusted for Bonferroni at 95% confidence level.

Data sources: CPIA from http://web.worldbank.org; Annual GDP growth % from http://data.worldbank.org/

Conclusion

In this paper the public budgeting initiatives in Kenya since independence have been traced along with the successes, failures, and challenges in alleviation of poverty and fostering meaningful development. Statistical comparisons of 10 countries across SSA using World Bank data shows that the Kenyan experience is replicated in these countries. Furthermore the CPIA index correlates positively and highly with GDP % annual growth providing support that prevailing challenges public budgeting continues to hamper improvement in national development. If the Kenyan case is anything to go by, the major challenges resulting to this situation are lack of fiscal discipline, lack of prioritization of projects, leakage of allocated resources to target projects , and proper implementation monitoring. One still hopes that given the ongoing initiatives to correct the above challenges namely Vision 2030, implementation of the new constitution, and the CDF initiative, and the

already established enabling institutions like the KRA, OFA, and the Financial Management Act No.5 will eventually achieve the ever so elusive goal of poverty reduction and sustainable economic development in Kenya.

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Public, Private Partnership: Is It Pro-Poor?

By

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Abstract

Tanzania Government through Public, Private Partnership (PPP) has allowed the private sector to provide public goods and services to communities. PPP is a corporative venture built on the expertise of the private sector because the government contracts a private entity to provide public goods and services. Previously, there existed a clear legal division between the government and the private sector, where the provision of public goods and services was the duty of the central government alone, while the private sector dealt with private goods and services only. The government needed PPP as a means to effectively address constraints of financing, management and maintenance of the provision of public goods and services. Through PPP, the government expected to effectively deliver socio-economic goods and services by ensuring efficiency, effectiveness, accountability, quality and outreach services in order to attain the noble goal of economic growth and reduction of poverty. Tanzania National Development Vision 2025 requires the government to support and stimulate various sectors participating in economic growth, by encouraging the private sector to undertake investments in socio-economic goods and services through PPP. However, the implementation of PPP can metaphorically be cited as a channel through which diminishing returns of the private sector is taking place. PPP has brought about problems of corruption, substandard goods and services as well as more prominence for profits in the part of the private sector. The economic growth has not been accompanied with poverty reduction signifying the partnership is not people-centred thus no longer Pro-Poor Public, Private Partnership (PPPPP) and the attainment of economic growth with poverty reduction is off the mark.

Keywords: Pro poor, Public, Private Partnership (PPP) Pro Poor Public Private Partnership (PPPPP), PETS, PSDA.

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Introduction

Since the mid-1980 until 1990, Tanzania embraced market oriented economic policy reforms, including liberalization of external and internal trade, privatization of state-owned enterprises and various sector policy reforms. By 1990, the country moved in the direction of poverty reduction strategies and also adopted the internationally agreed millennium development goals (MDGs) in 2000. The Millennium Development Goals were endorsed by 189 nations as part of the internationally agreed development goals in September, 2000 at the United Nations General Assembly. In a bid to attain the targets in Vision 2025, Tanzania mainstreamed the MDGs into medium term programmes that implemented Vision 2025. These programmes include the first generation Poverty Reduction Strategy Paper (PRSP) implemented 2000/01-2003/04 and into second generation National Strategy for Growth and Reduction of Poverty (NSGRPI) 2005/06 – 20009/10 and the NSGRP II being implemented currently 2010/11-2014/15 (URT, 2005; 2010). Significant measures have been taken to liberalize the economy along market lines and encourage both foreign and domestic private investment to participate along with the government in providing goods and services. Removal of economic controls has actually encouraged more active participation of the private sector.

The other policies adopted included the noticeable Private Public Partnership (PPP), which is a corporative venture built on the expertise because the government contracts a private entity to provide services previously performed solely by government because of the nature of the good or service. Formerly there was a clear division in the provision of goods and services between the government and the private sector, according to their motives- mere service provision for the government and profit motive for the private sector, where the provision of public goods and services was the duty of the central government alone, while the private sector dealt with private goods and services. The government needed PPP as a means to effectively address constraints of financing, management, maintenance and the provision of public goods and services. Through enactment of the Public, Private Partnership Act. No. 18 of 2010 and regulations passed in 2011, both are meant to ensure that the two sectors join forces to contribute towards equitable economic growth. The government expected to effectively deliver socio-economic goods and services by ensuring efficiency, effectiveness, accountability, quality and outreach services in order to attain the noble goal of economic growth and elimination of poverty.

Tanzania National Development Vision 2025, since its inception, required the government to support and stimulate various sectors participating in economic growth, by encouraging the private sector to undertake investments in socio-economic goods and services through PPP. The government has been more specific with the private sector by showing them where and how to join in Public Service Provision through the PPP. However, the challenge is to bring the poor into the inclusive growth process so that they can be both contributors to growth and beneficiaries at the same time.

The challenges of the Tanzania economy include the need for the Government to increase economic growth and raise household income in order to reduce poverty and increase welfare of the people. Under Vision 2025, the Government has chartered out poverty reduction initiatives by spelling out guidelines on economic and social development efforts towards combating mass poverty up to 2025 (URT, 1997). At the same time the urge extends to sectors like education where the challenges which have emanated due to rapid expansion of secondary

and tertiary education have to be dealt with as well. As regards health, the challenge is to improve peoples' health by building stronger capabilities to prevent and cure disease as well as further increase access to health care, scale up efforts to reduce child and maternal mortality and eliminate malnutrition. Homesteads need clean and portable water while the country needs to be connected with efficient modes of transport and communication networks. There is also the overall challenge which cuts across all the sectors, that is, to achieve good governance and fight corruption consistently.

For the government, the way forward is towards increasing economic growth and productivity that will result eventually into creation of wealth as a way out of poverty. The government emphasis is to call upon the public sector, private sector, communities and individual citizens to work together in order to attain growth and reduction of poverty (URT, 2010:ix). The government has also deployed such tools as medium term programmes, calling for more active participation and scaling up the role and participation of the private sector in areas of growth and poverty reduction. There are national policies, sector polices and strategies in place that were created in order to provide enabling environment and build capacity for poverty eradication. Now that the private sector involvement, with its profit motive behavior, is being accommodated through PPP, will it actually turn towards pro-poor? PPP offers significant opportunities for improved service delivery, but at the same time it entails an array of risks; one major risk is letting greed triumph over the intentions of economic growth and poverty reduction.

On the outset, it seems the issue of the private sector involvement in providing public goods and services through the implementation of PPP can metaphorically be cited as a channel through which diminishing returns of the private sector is taking place. PPP has brought about problems of corruption, substandard goods and services as well as more prominence for profits in the part of the private sector. The resulting economic growth has not been accompanied with poverty reduction, signifying the partnership is not people-centred, thus no longer Pro-Poor Public, Private Partnership (PPPPP) and the attainment of economic growth with poverty reduction seem off the mark.

The setup of this paper is as follows, it consists of four parts. After this introduction where background and motivation for the paper are presented, section two deals with government policy responses for justification of accepting PPP into the development framework. Section three is concerned with experiences of PPP, evaluates the performance of PPP, pointing out why it is not scaling up to its expectations and metaphorically linking it to the phenomenon of diminishing returns to development, while section four draws conclusions about PPP practice and offers suggestions as to how these challenges can be overcome.

Public Private Partnership

Definition

Since the 1990s Public Private Partnership has been adopted by governments as a key tool of management and Public policy across the world (Osborne, 2000:1). Such a partnership is intended to achieve an array of aims including delivery of public goods and services, deregulation and poverty alleviation. Public-Private Partnership is cooperation between public and private sector with durable character, risks and benefits where the private sector provides goods and services. It is a novel mode of delivering goods and services to the citizens. According to Van Ham and Koppenjan (2001:598) PPP is cooperation of some sort of durability between public and private actors in which they jointly develop products and services and share risks, costs and resources which are connected with these products.

In a generic sense, PPP refers to the ways in which the government and private actors work together in pursuit of societal goals. PPP is a corporative venture built on the expertise of each partner. The Tanzania government contracts private entity to provide services previously performed by the government where the entity provides capital, managerial skills and technology. To the government, PPP is a means to effectively address constraints of financing, managing and maintaining public goods and services. The enactment of the Public Private partnership Act No. 18 of 2010 is meant to ensure that the two sectors join forces to contribute towards equitable economic growth in a need to attain poverty reduction. PPP enables the government to effectively deliver socio-economic goods and services by assuming the private sector to provide efficiency, effectiveness, accountability, quality and outreach services so as to attain the noble goal of economic growth and elimination of poverty to be achieved. Furthermore, this strategy reduces pressure on government development budgets because of using private finances for infrastructure (URT, 2010:39) and also for providing value for money in provision of public goods and services. Definitely it is assumed as a significant method of promoting development (Agere, 2000:68). There are three major variants of PPP

i) That of design-build-finance-operate (DBFO) modalities of PPP, which include where the Private sector designs, builds, owns, develops, operates and manages an asset with obligation to transfer ownership to the government;

ii) That where the private sector buys or leases an existing asset from the government, renovates, modernizes, expands and operates with no obligation to transfer ownership back to the government and

iii) Where the private sector designs and builds an asset, operates it and then transfers it to the government when the operating contract ends or at some other pre-specified time. The private partner may subsequently rent or lease the asset from the government.

The most common system in Tanzania is a bastard form of (ii) where the PPP is in the form of Buy, Own and Operate with no obligation to transfer ownership back to the government. The private sector in Tanzania has been playing a significant role in capital formation in Manufacturing, Agriculture, Education, Health, Hotels, Restaurants and Construction by buy, own and operates with no obligation to transfer ownership back to the government. The share of private sector increased from 67 per cent to 74 per cent during 2005 – 2008 and still is expanding (Mbelle et. al..; 2010:27).

The definition of pro-poor growth is that it considers the incomes of poor people. Pro-Poor growth is, how fast on average the incomes of the poor are raising. Pro-poor growth is closely related to the speed at which absolute poverty is reduced: if the rate of pro-poor growth accelerates, then all standard measures of income poverty fall faster (Eastwood and Lipton, 2001). In other words, if the incomes of poor people were to grow faster, this would lead to a more rapid reduction of both the extent of poverty (as measured, for example, by the proportion of people living on less than $1 a day) and of the depth of poverty (how far most poor people are below the poverty line).
The pro-poor growth compares changes in the incomes of the poor with changes in the incomes of people who are not poor. Growth is 'pro-poor' if the incomes of poor people grow faster than those of the population as a whole. In other words, for growth to be pro-poor on this definition, poverty falls more than it would have if all incomes had grown at the same rate (Baulch and McCullock, 2000; Kakwani and Pernia, 2000), as well as there should be changes in inequality during the growth process; meaning that income inequality must also fall. Roughly speaking, pro-poor growth by this definition requires that the incomes of the poor grow at a higher rate than those of the non-poor.

The growth process is said to be "pro-poor" if and only if poor people benefit in absolute terms, as reflected in an appropriate measure of poverty (Ravallion and Chen, 2003).
The extent to which growth is pro-poor by this definition depends solely on the rate of change in
Poverty. Naturally this will depend in part on what happens to distribution, but only in part — it
will also depend on what happens to average living standards. According to UN, pro-poor growth is that which leads to significant reduction in poverty. Pro-poor growth includes diversification and productivity growth in the rural economy, growth in human capital in form of health and education, employment creation of decent jobs. Pro-Poor spending in Tanzania seems to be rare even in Government plans (Mbelle et. al.., 2010:8).
Governance, by definition, comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their difference. Governance has three basic aspects, economic, political and administrative. Economic governance includes decision making process that affects the economic activities and its relationship with other economics. Political governance is the process of decision making to formulate policy (UNDP, 1997:98). Both political and economic aspects of governance emphasize decision making process which affect the economic activities, its relationship with other interested groups as well as the policy formulation process. All stakeholders to participate in policy design and decision making is a panacea towards successful policy outcomes. In PPP the stakeholders have excluded the communities that are the direct beneficiaries of the goods and services rendered.

The Current Situation

Private investment is essential for growth; it creates jobs, increases capacity, raises productivity, and lays the foundations for higher future income. The level of investment in a country depends on its 'investment climate'. Whether investors are large or small, urban or rural, domestic or foreign, they will not invest if doing business is too costly or risky, or if they fear that they would not get to keep the profits of a

successful investment. The costs and risks of doing business are increased, for example, by unreliable power, transport and telecommunications networks, and by conflict, crime, corruption and arbitrary or unanticipated taxation. Governments can play a critical role in encouraging productive investment by providing stability and security, economic and political. Even if the president or party in power changes, potential investors need to know that the overall conditions for investment will remain stable.

Sound macroeconomic policy is essential. Microeconomic policies must be consistent, predictable and transparent. They should promote competition in markets and minimize the red tape cost of any necessary regulations. The government should also promote essential infrastructure services and a well-functioning financial sector, ensure effective enforcement of property rights and fight corruption.

The Tanzania government has redefined as well as limited the role of the state to that of policy making, maintenance of law and order, provider of basic social and economic infrastructure and facilitator of economic growth. The government has thus liberalized its economy and facilitated the private sector and other economic agents to actively and efficiently invest in productive and commercial activities in order to accelerate economic growth and development.
The appeal of the PPP approach lies in that it is expected to introduce capital and management skills, to increase income as well as to move the communities from ill-being (non-income poverty) to well being. To the Government, PPP is also expected to ease pressure on government budget (URT, 2010:39).

It is important to note that in Tanzania, there is a generous corporate climate which has been provided to foreign private investors but it is full of abuses that have been going on unabated. Investors have stayed in the country for years without paying significant taxes and even their corporate responsibility record is hazy. At least two things need to be carried out immediately. First, there should be proper regulation in place and secondly there should follow strict supervision by Tanzania Investment Centre (TIC) in the Mainland and Zanzibar Investment Promotion Authority (ZIPA) in the Isle. The establishment of the Public Procurement Regulatory Authority (PPRA) is currently of no help at all because its mandate does not extend and cover the private sector. Otherwise, most scrupulous investors will continue playing around with the country and its resources as they are currently continuing to exploit mercilessly. It is therefore not surprising, for example, that investors have been changing company names with impunity every five years and thus continuing enjoying tax holidays. The same facility *"Sheraton"*, had changed name to "*Royal Palm"* and later named "*Movenpick"*. The communication sector had also its share of cheating being practiced where the maiden name "*Mobitel"*, was then changed to "*Buzz"* and later to "*Tigo"*! In the process each company re-invents itself and save a lot in terms of taxes. Recently, one facility started with the baptised name of "*Holiday Inn"* and now it has converted itself to a new creed and it is called "*Southern Sun"*. Who knows, in five years it might be the "*Northern Moon"* and continue enjoying tax holidays. This is daylight deceit which should be stopped forthwith.

When all this is happening, the public watch hopelessly without doing anything. To some extent, the public cannot be blamed because currently the role of the Governments is that of coordination and MDA elites are monopolizing contractual agreements with private moguls. At the same time they keep all these transactions confidential and they are supposed to enforce these contractual agreements with these private moguls. What a contradiction to entrust these scrupulous elites within public offices to care for such common resources!!

The MDAs play a lead role in policy formulation, management of public resource, implementation and monitoring of progress made while at the same time allowing more participation of non-state actors in policy discussions, budget processes, implementation and monitoring. In addition MDAs are committed to improving these processes in order to promote transparency and accountability. The private sector has been tasked to lead the growth (wealth creation) process, working closely with the Business Councils and Chambers of Commerce at national and sub-national levels. The government creates enabling business environment for the private sector to thrive (profit making, retained earnings after paying taxes) and contributing significantly to the wealth creation process. Also, public-private sector partnership links with private businesses outside Tanzania.

In the natural resources sector, private sector players are important in providing substantial capital investment and technology needed for exploration and development of minerals and natural gas resources. The Government promotes and facilitates private sector participation through PPP and other arrangement in natural gas value chain activities as part of their overall corporate social responsibilities.

CSOs, including Faith-based Organizations (FBOs) and Community-Based Organizations (CBOs) participate in policy and planning, budget discussions, implementation and monitoring processes. In order to have more space and enabling environment for CSOs to scale up their contribution, the government-CSOs partnership has been strengthened and nurtured through capacity development.

Why PPP is not pro poor

The main stakeholders for PPP include MDAs, LGAs, Members of Parliament, and private sector, NGOs, CSOs, CBOs, Media and DPs. This framework provides an avenue for public awareness on development, progress, challenges, policy actions, achievements, prospects and expectations in the short, medium and long terms. There is a notable omission of the communities in which the operations of PPP take place. This is what has been noticed during implementation of MKUKUTA I leading to the comment that there is a need for a change in paradigm from growth to inclusive growth. Despite relative high growth as indicated by GDP increasing from 1.6% in 1992 to 7% in 2007, there has been very slow improvements in human development. Poverty reduction has been very slow and unevenly shared (URT, 2011:32).

Community members are not adequately involved in what PPP is doing. It might be because they are inadequately informed on how to hold the PPP service providers to account and most of them are not even interested. The root cause, if traced, leads to policy itself where there is no mention of communities. The policy assumption is that communities will be represented by CBOs. Community engagement and participation in pro poor development is not interference but rather it is their right, responsibility and duty. Through the engagement of communities PPP can be turned into PPPPP. The dimensions of human development include among others, life, health, reproduction and security, knowledge, work and play relationships, spirituality, participation and harmony with the world (Alkire, 2002).

PPP is currently not successful in its aims and targets. PPP has been ushered in and has been allowed to be practiced because it would introduce capital and skills to move the communities from ill being (non income poverty) to well being. This expectation has not been fulfilled because we still face violence instead of peace and equality; our people in the communities are powerless due to conspicuous lack of grass root democracy; the people in the communities where PPP is being practiced are infected with weaknesses instead of having ability to take action and people are living bare subsistence life instead of living in prosperity and security and we still have corruption signified by lack of honesty and justice. In such a situation, has PPP been helpful? Will PPP ever be pro-poor and deliver? While much progress seem to have been made in development and service delivery, yet PPP has resulted into negative rather than people-centred pro-poor PPP. The PPP has been insufficient towards fulfilling the noble goal of providing capital that would lead towards poverty reduction. The challenge for PPP policy is to combine growth-promoting reforms with the right policies to assure that the poor can participate fully in the opportunities unleashed, and so contribute to that growth. Currently the findings are unambiguous when it comes to the impact of macroeconomic policies on poverty reduction. Macroeconomic success (growth) does not lead to corresponding poverty reduction. What this means is that the growth process has not been pro-poor. By getting the combination of policies right, both growth and poverty reduction can be rapid. Get it wrong, both may well be stalled, as what has happened now. Currently it seems the combination of policies is wrong because while there is ample growth, it is not accompanied with poverty reduction (Mbelle, 2007:i). No wonder, there is a call of shifting paradigm from growth to inclusive growth URT (2011:32).

PPP operations are associated with rampant corruption URT (2011:103). Corruption which has been ushered in by PPP is a hindrance to shared growth and poverty reduction. Government elites in MDAs are monopolizing contractual agreements with Private moguls in the sector, leading definitely to the mushrooming corruption (URT, 2011:103). There is collusion to steer public funds to private interests through the use of financial power (witness the recent collapse of a high rise building in Dar es Salaam). Counterfeit goods are another malady associated with PPP. Counterfeit HIV and AIDS drugs have been circulating in the country to the extent of infuriating some HIV positive victims to abandon the routine of taking their drugs. This is how PPP is distancing itself from being actually pro-poor. What drives the private sector is profit motive to the extent of providing substandard goods and services at the same prices and sometimes at the expense of providing counterfeit goods. PPP is accused of letting greed triumph over service delivery and as a result, jeopardizing the attainment of the noble goal of inclusive economic growth and poverty reduction. Due to such things, PPP has never; neither will it ever attain the characteristics of Pro Poor. PPP is neither leveraging returns for enhancing growth and benefits neither to the country at large, nor to the communities in particular (URT, 2010:36). Some people think PPP is a “smart privatization” which has actually failed. One need not go far because the failures have been in the water sector, telecommunications, national airline, Songo Songo gas, and railways where there is absence of progress that has been registered in these organizations.

How to make it pro-poor

Most poor people can benefit from sustained growth, either directly – through participation in the productive chain of activities from which they get income – or indirectly, when the government spends prudently the increased tax receipts on basic services such as water, sanitation, health and education. Prudency here means increased tax receipts should improve prices of agriculture inputs and improve agriculture productivity as well as process the agriculture outputs before export. This prudency will increase off-farm activities. But poor people benefit more from growth if there is broad access to assets and markets, which allows more of them to be involved in the growth process. This raises the pro-poor growth rate in two ways: by distributing the benefits of growth more widely, and by achieving faster overall growth through harnessing the labour and initiative of a larger proportion of the country's population. The assets to which people need access are human, physical, financial, natural and social. Governments can broaden access to all these assets, both across social groups and across geographical areas. Widespread schooling of good quality and access to primary health care increase the poor's human assets, and therefore the return on their labour. Reform of land ownership and tenure can also be valuable – including by enabling people who own land to use it as collateral and thus to get access to credit. Accessible financial services, too, make it easier to get credit and build up capital.

Poor people need access to a wide range of markets, but particularly to markets for goods – in which they can sell their outputs and buy inputs and consumables – and to markets for labour, in which they can get employment and thus earn an income from their human assets. Governments can lower the two main sorts of barrier that reduce (and often deny) poor people access to markets. One is distance, which can be overcome by diffusion of transport and communications services such as rural roads. The other is policy, institutional and social obstructions to entry, which can be reduced by breaking monopolies, liberalizing internal trade and attacking discrimination, for example against women, old people, the disabled and ethnic or religious minorities.

We find that there is no trade-off between pro-poor growth and overall growth, because the only way to sustain faster growth is to give more people the opportunity to participate and contribute. For example, more emphasis on raising agricultural productivity may lead to faster pro-poor growth, even though investment in urban sectors could lead to faster overall growth. Nor is it always obvious which government expenditures are most pro-poor. For example, investment in port facilities may boost exports, growth and consequently poverty reduction more than investment in expansion of education. PPP has not heeded the call of shifting paradigm from growth to an inclusive growth (URT, 2011:32). During 2007/08 and 2008/09, out of 23 activities in the Ministries of Agriculture, food security and Cooperatives and the Ministry of Livestock Development and Fisheries, only two (2) activities out of twenty three (23) were pro-poor activities, increasing farmer income in agriculture in rural areas (URT, 2010:8).

Success in achieving favourable conditions depends on the governance and especially political commitment to general improvement of living standards and by competent and effective public administration. Meeting the conditions highlighted in this note is not easy, especially for a poor country with weak governance, but it is possible with political leadership and persistence.

Therefore what should be done for PPP to attain PPPPP? Attaining Pro Poorness, value for money as well as controlling corruption is the current challenge in Tanzania. As long as the PPP does not work very closely with the communities that they are purported to serve and as long as policies do not include these communities as both participants and beneficiaries, PPP will never attain the twin noble goals of providing services and reducing poverty. The collusion to steer public funds to private interests through the use of financial power, which is currently rampant, could be minimized if the beneficiary communities could be involved. Therefore there is a need to look beyond service provision to make the partnership to be pro poor, thus turning the acronym into PPPPP. The communities should have a way to monitor, evaluate and control the PPP operations and there should be prior project appraisal, all these to be embedded in the PPP policy and schedules. There is a need for increased influence of the communities in the design and implementation of development policies and projects. These tools and mechanisms include prior appraisals before implementation, Monitoring and Evaluation (M&E), Public Expenditure Tracking Survey (PETS) and Public Service Delivery Assessment (PSDA). These should be mainstreamed into the PPP practices which will enhance PPP to move towards PPPPP where it will now be able to respond to the community needs as well as stamp corruption. Adoption of mandatory pre-appraisal before implementation and monitoring after implementation of a programme as a strategy will definitely help make PPP pro poor. Any programme that is supposed to be implemented through PPP, let it be mandatory to be pre appraised and then monitored and evaluated systematically.

There is also a need to adopt Public Expenditure Surveys (PETS) that traces the flow of resources from origin to destination and determines the location and scale of an anomaly in the leakage. While PETS highlights the use and abuse of public money, there are also accompanied Quantitative Surveys which customarily go together with PETS. There are three types of surveys, those that seek to quantify specific variables of interest, those that analyse qualitative perceptions and priorities of population and lastly those that monitor welfare. The most preferred Qualitative survey is the Public Service Delivery Assessment Survey which gives insights on the perception of consumers on service delivery so as to give the insights of captive, cost effectiveness, cost efficiency and accountability. PSDA is a survey analyzing qualitative perceptions and priorities of the population at household level with regards to nature and causes of these problems and best means for their resolution. Through Public Service Delivery Assessment (PSDA), the stakeholders are involved. Such tools will definitely ensure that PPP contributes to the economic empowerment of all citizens. Adoption of PSDA will put in place enabling environment for PPP to be an instrument of economic empowerment thus supporting the noble goal of economic growth and poverty reduction. One significant feature of PSDA is to record satisfaction levels with the whole array of alternatives. These will be checks and balances against MDA elites who collude to divert resources towards private uses. To attain pro-poor status, much remains to be done. One aspect on which more research is particularly needed is the development of better mechanisms to promote the mainstreaming of PETS and PSDA at the appropriate level—community. If this is done then the PPP practitioners will be edging the citizens towards capability to hold the state as well as PPP operators accountable and responsive to their needs.

This method is of a Survey nature and uses the Citizen Report Card (CRC) to elicit feedback through sample surveys on specific aspects of service quality that users know best, and enable public agencies to identify their strengths and weaknesses in their work. The CRC provides an empirical bottom-up assessment of the reach and benefit of pro-poor services. It as well serves to identify the key constraints that citizens – especially the poor and underserved- face in accessing public services, benchmark the quality and adequacy of these services as well as the effectiveness of the staff providing the services. These insights help generate recommendations on sector policies, programme strategy and management of service delivery, to address these constraints as well as improve service delivery.

Conclusion

The challenge for PPP policy is to combine growth-promoting reforms with the right policies to assure that the poor can participate fully in the opportunities unleashed, and so contribute to growth. Get the combination of policies right, both growth and poverty reduction can be rapid. Get it wrong, both may well be stalled. Currently it seems the combination of policies is wrong because while there is ample growth, it is not accompanied with poverty reduction. The findings are unambiguous when it comes to the impact of macroeconomic policies on poverty reduction. Macroeconomic success (growth) did not lead to corresponding poverty reduction. What this means is that the growth process is not pro-poor.

PETS trace the flow of resources from origin to destination and determine the location and scale of anomaly in the leakage. While PETS highlights the use and abuse of public money, there are also accompanied Quantitative Surveys which customarily go together with PETS. There are three types of surveys, those that seek to quantify specific variables of interest, those that analyse qualitative perceptions and priorities of population and lastly those that monitor welfare. The most preferred Qualitative survey is the Public Service Delivery Assessment Survey which gives insights on the perception of consumers on service delivery so as to give the insights of captive, cost effectiveness, cost efficiency and accountability. Also PSDA apart from being used to examine specific local characteristics of poverty, social exclusion and the population preferences, if used regularly over time, can be used to monitor social development at sub-national levels where PPP operate. It is advisable to repeatedly carry out PSDA while the Controller and Auditor General (CAG), on behalf of the government, adopt PETS.

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Temporal trend in agglomeration economies amongst firms in the Lagos region, Nigeria

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Abstract

This paper examined the temporal trend in agglomeration economies amongst firms, using the Lagos region as a study case. The primary data were collected in two different stages; the reconnaissance survey and questionnaire administration. All the 103 firms recognized in the twelve industrial estates during the reconnaissance survey were covered in the questionnaire administration. Secondary data such as the number of industrial estates and number of firms in each industrial estate were collected from Lagos state Ministry of Commerce and Industry and Lagos state Ministry of Economic Planning. The paper has revealed a tremendous agglomeration benefits between 2005 and 2009 , in form of ; Transportation economies, Collaboration in Research and Development (R&D), Labour economies, Raw material Purchase/Supply economies, Water Supply economies, Power economies, Security economies, Joint Ports and Shipping, Waste Treatment economies, Telecommunication economies and Access to Financial Institution. It also reveals that agglomeration economies were highest in 2009. The paper concluded that agglomeration policy could be a potent tool of economic revival, through its multiplier effect on the economy of a region. It is however recommended that agglomeration of firms should be encouraged and strengthened through active participation of government in the industrial sector, giving tax holiday to younger investors, making the location factors to be liberal, relaxing the laws governing the importation of some raw materials, as this will have positive impact on productions. Financial aids should be given to these industries in form of loan, while the collateral securities should be made affordable for the investors. Agglomeration policy could be further harnessed to launch African countries into the desired goal of industrialization, and also help to transform the economy of the region.

Key words; industrialization, economy, agglomeration, reconnaissance survey, firms,

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Introduction

The concentration of the production facilities of a single firm or across multiple firms in a single location generates cost-saving scale effects and often leads to further agglomeration of firms through an industrial location process (Weber, 1929; Hoover, 1937; Venables, 2008). Such cost saving effects of agglomeration is often called agglomeration economies. Agglomeration and clustering have tremendous positive effects on regional development. These are economic booster that leads to amazing technological and innovation creation which are driving forces or catalyst for total transformation of social and economic performance of a region.

Recently, the debate and relevance of clustering as alternative strategy for industrial development in developing countries have dominated many discussions in economic literature. There are limited accounts on SMEs cluster development in Africa. Henderson, M. (2003) gave a detailed analytical break down of four general types of cluster identified in African clusters. These are: (a) diversified industrial cluster; (b) the subcontractor cluster; (c) the market town- distributive cluster and (d) the specialized conducted in recent times. John, M (1998) made both theoretical and empirical analyses on the typology of Nairobi garment industry cluster in Kenya. Thus, showing the petty commodity cluster. However, series of case studies on African clusters have been characteristics, benefits of clustering and inter-firms relation in the cluster. Van Dijk (1997) also examined the impact of networks in small enterprises association in Accra, Ghana. The economic activities in the cluster provided an insight on poverty alleviation strategies of small entrepreneurs in Accra. Mitullah (1996) examined the impact of collective efficiency on the Lake Victoria fishing cluster in Kenya. She analyzed the various market channels, the challenges fishermen face and their response to quality standard. Oyeyinka (2001) made an empirical enquiry into the "process and dynamics" of cluster growth in Nigeria. In his work, he gave a detailed comparative analysis on Lagos and Nnewi manufacturing clusters. Phillip (1998) further examined the ability of clusters to make positive impact in African industrialization process by making general analyses on the trend and development of African clusters. Generally, in contrast to global trend of cluster development, African clusters have not been able to move beyond producing for local markets. This could be as a result of neglect or ineffective policy design, on one side, or absence of institutional and technological backing on the other.

There has been a successful story of cluster development in Nigeria. Particularly the automobile component industry at Onitsha in Anambra state and the computer village in Otigba in Lagos. The Nnewi automotive cluster, based in Anambra in Southeastern Nigeria, is one of the most longstanding and durable in Nigeria. Building on core entrepreneurial capacities, and reinforced with a substantial apprenticeship program and technology transfer networks with Taiwan, the Nnewi cluster has managed to survive over a period reaching back to the 1980s, spanning some of the most difficult political and economic times that Nigeria has faced. The companies from the Nnewi cluster—many of which have been in operation for 10 or 20 years— have not relied on government programs and support. Instead, the cluster has relied predominately on its own financial, technical, and entrepreneurial capacities. This includes the investments made to develop key infrastructure services and extend their supply chain out to Taiwan, particularly for spare parts and know-how.

Conceptual Issues/ Literature Review

The success of some regional clusters has focused attention on the creation of external economics and on the role of knowledge intensive, local environments in stimulating the competitiveness of network of firms. Competition is increasingly seen to occur between clusters, value chains or network of firms rather than just between individual firms. It is also argued that regional clusters are the best environments for stimulating innovation and competitiveness of firms (Asheim and Isaksen, 2000; Reiss & Traca, 2008). The first stage in cluster development often involves new firm spin-offs leading to a geographical concentration of firms in nearly the same production stage. The agglomeration is followed by local competition that is an essential driver of innovation and entrepreneurship. Once an agglomeration of firms becomes established, progressively more external economics are created, forming a cumulative process. The external economics often include; (i) the creation of a set of specialized suppliers and service firms, frequently originating from vertical disintegration of firms and (ii) the creation of a specialized labour market (Storper and Walker, 1989). The development may lower the cost of shared inputs as savings in production costs are passed from specialized suppliers (serving numerous local firms) to client firms. The client firms will then derive a benefit not available to similar firms in less highly localized settings (Harrison, 1996). Cost saving also occurs through the presence of a pool of experienced and skilled workers. The next step may be the formations of new organizations that serve several firms in the growing cluster e.g. knowledge organizations, specialized education establishments and business associations.

Based on Porter's 1990 concept of an industrial cluster a different and more instrumental approach emerged. Clustering is more or less seen as an independent, partial process with its own laws of development, where the laws of successful clusters can be reverse-engineered in order to imitate the success stories (Storper, 2000). According to Porter (1998a) companies gain competitive strength in regional cluster because of a better access to specialized and experienced employees, supplier, specialized information and public goods, and by the motivating force of local rivalry and demanding customers. It is the case of external economics strengthened by proximity. A substantial body of literature has emerged on the theory of the geographical clustering of firms and a large number of empirical studies have attempted to identify and assess the role of clustering of economic activity in relation to innovation and economic performance. Most of these employ quantitative and case study methods. An important contributor to the cluster debate, at least in terms of public awareness, is Porter (1990), whose work may be, as Martin and Sunley (2001) argue a case of clever positioning and marketing of the cluster idea. A Porter (national) competitiveness and the strength of national clusters are directly related. A successful cluster promotion policy is the key to economic performance.

The study area and the Methods

The Lagos region covers metropolitan Lagos made up of fifty-seven local government areas among which were, Ikeja, Apapa, Mushin, Ikorodu, Epe and Badagry to mention just a few. This region which is situated along the south west of Nigeria, approximately between latitudes $6^0$27' and $6^0$37' north of the equator and longitudes $3^0$15' and $3^0$47' east of Greenwich meridian, with a territorial land area of about 1,088km^2, cover about 32 percent of the land area of Lagos state. About 20 percent of this area is made up of Lagoons and mangrove swamps.

Lagos region is the leading, industrial, commercial, financial and maritime nerve-centre of the country. Over 60 percent of all commercial transactions in Nigeria are carried out or finalized in the Lagos region. About 70 percent of the total value of industrial investments in Nigeria is in the Lagos region. Over 65 percent of the country's industrial employment is concentrated in this region, leaving the remaining 35 percent in other parts of the country. It is, in part, the recognition of the marked concentration of industries in the Lagos region that informed its choice as the study area for this work. Both primary and secondary data were employed for this study. The first stage in the collection of primary data involves the reconnaissance survey of the study area. All the firms identified during the reconnaissance survey were covered in the questionnaire administration. The questionnaire sought information on such issues as the industry group (line of activity), the location (address/industrial estate/area); the nature, scope and significance of agglomeration amongst firms .The questionnaire was administered such that firms in each of the industrial estates/areas and the outlying firms were visited one after the other. In each case, the questionnaires were left with the industrialist/designated officer to complete. One hundred and three questionnaire were administered in twelve industrial estates; one questionnaire in each of the firm. Secondary data such as the number of industrial estates and the number of firms in each estate in the Lagos region were obtained from the Ministry of Commerce and Industry, Annual Abstract of Statistics of National Bureau of Statistics, Lagos state Ministry of Economic planning. Data on manufacturing establishments in the Lagos region between1970-2008 were sourced from the most recent edition of the Manufacturer's Association of Nigeria (MAN) industrial directory. This served as the basic source of secondary data. This directory contains a list of manufacturing establishment employing at least 10 workers.

Table 1.1 Distribution of firms

S/No	Industrial Estate/Area	Number of Firms	Percentage of Total
1	Apapa	13	12.6
2	Matori	03	2.9
3	Agbara	07	6.8
4	Ikeja	24	23
5	Ilupeju	14	13.6
6	Ijora	03	2.9
7	Iganmu	07	6.8
8	Oshodi/Isolo	10	9.7
9	Ogba	02	1.94
10	Ikorodu	04	3.94
11	Oregun	09	8.7
12	Surulere/Mushin	07	6.8
Total		**103**	**100**

Field Survey, 2011

Firms Agglomeration Benefits in 2005.

Table 1.2 depicts the firms indicating a saving as a result of agglomeration economies enjoyed in 2005. Out of 103(100%) firms, 16(15.5%) enjoyed <10% savings in joint transportation, 13(12.6%) firms realized between 11 and 20% savings. Another, 30(29.1%) firms realized between 41 and 50% savings, while 10(9.71%) firms realized between 51 and 60% savings. 5(4.9%)firms enjoyed between 61and70% savings, while 02(1.94%) enjoyed between 71 and 80% savings in joint transportation. furthermore, 2(1.94%) firms saved between 81 and 90% as a result of joint transportation. This reveals that most of the firms benefited immensely due to joint transportation, 34 (33%) firms were able to realize between 41-90% savings.

In 2005 due to joint power supply, 49(47.6%) firms were realized <10% savings, 12(11.7%) firms realized between 11 and 20% savings. Another, 9(8.7%) firms benefited between 21 and 30%, 8(7.8%) firms also realized between 31 and 40%, while 6(5.8%) firms realized between 41 and 50% savings. Also, 10(9.71%) firms enjoyed between 51 and 60% savings, 4(3.9%) firms realized between 61 and 70% , 3(2.9%) saved between 71 and 80% as a result of joint power supply. Only 2(1.94%) enjoyed between 81 and 90% savings from joint power supply. This indicates that 25 (24.3%) firms benefited between 41-90% due to joint power supply.

Table 1.2 also shows the percentage savings incurred as a result of joint raw materials purchase/supply. 9(8.7%) firms enjoyed <10% savings, 15(14.6%) firms realized between 11 and 20% savings, 14(13.6%) firms benefited between 21 and 30%, while 20(19.4%) firms realized 31 and 40%. Another, 18 (17.5%) firms benefited between 41 and 50%, 14(13.6%) between 51 and 60%, 6(5.8%) between 61 and 70% benefits and 4(3.9%) between 71 and and 80%. While, 3(2.9%) firms benefited between 81 and 90%. This connotes that 45 (44%) firms enjoyed between 41 and 90%. Savings from joint raw materials purchase/supply.

In 2005, 50(48.5%) firms enjoyed <10% savings from collaboration in research and development, while 16(15.5%) firms each realized between 11 and 20%, 21and 30%. Also, 10(9.71%) firms, benefited between 21 and 30% and 31-40% savings respectively. Furthermore, 9(8.7%) firms realized between 41 and 50% savings, 5(4.9%) firms between 51 and 60% savings, only 2 (1.94%) firms realized between 61 and 70%. While, 1(0.97%) firm's enjoyed between 71 and 80% savings due to collaboration in R&D. It is obvious that 17(16.5%) enjoyed between 41 and 80% savings as a result of collaboration in R & D.

Due to joint labour supply, 31(30.1%) firms realized <10% savings, 20(19.4%) firms saved between 11 and 20%, 15(14.6%) benefited between 21 and 30%. While, 14(13.6%) firms enjoyed between 31 and 40% savings, 10(9.71%) firms between 41 and 50%, 7(6.8%) between 51 and 60%. Another, 5(4.9%)firms saved between 61 and 70% benefits, only 1(0.97%) firm's realized between 71 and 80% savings. 23(22.3%) firms have between 41 and 80% benefits due to joint labour.

As a result of Joint Water Supply. 72 (70%) firms realized <10% savings, 18 (17.5%) firms saved between 11 and 20%. While 6 (5.8%) firms saved between 21 and 30% , another 4 (3.9%) firms benefited between 41 and 50% . Only 1(0.97%) firm's saved between 61-70%. This clearly indicates that only 5 (4.9%) firms benefited between 41 and 70% savings as a result of Joint Water Supply.

Furthermore, 39 (37.9%) firms have <10% savings arising from joint wastes treatment, 15(14.6%) have between 11 and 20% savings. Another, 20(19.4%) firms enjoyed between 21 and 30% , 13(12.6%) realized between 31 and 40% , while, 7(6.8%) firms have between 41 and 50%. Also, 4(3.9%) firms each realized between 51 and 60% and 61-70% benefits each, only 1(0.97%) realized between 71 and 80% savings due to joint waste treatment.

Moreover, out of 103 (100%) firms, 47 (45.6%) firms benefited <10%, 32(31.1%) firms realized between 11 and 20% savings. Also, 8(7.8%) firms saved between 21 and 30%, while 9(8.7%) have between 31 and 40%. Another 6(5.8%) firms saved between 41 and 50%, only 1 (0.97%) firm's realized between 51-60% savings as a result of joint security.

As a result of a joint telecommunication, 69(67%) firms have <10% savings, 18(17.5%) firms have between 11 and 20% savings. Another, 9(8.7%) firms realized between 21 and 30% savings, while 2(1.94%) firms benefited between 31 and 40%, 3(2.94%) firms enjoyed between 41and 50%. Also 1(0.97%) firm's each enjoyed between 51-60% and 61-70% savings in joint telecommunication. This analysis revealed that only 5(4.9%) firms realized between 41-70% savings in joint telecommunication.

Table 1.2 depicts savings arising as a result of joint ports and shipping, 46(44.5%) firms saved <10%, 27(26.2%) realized between 11-20%. While 11(10.6%) firms enjoyed between 21-30% savings, 9(8.7%) firms benefited between 31-40% and 5 (4.9%) firms realized between 41-50%. 3(2.9%) saved between 51-60% and 2(1.94%) firms enjoyed between 61-70% savings due to joint ports and shipping. It can be deduced that 10(9.7%) firms enjoyed between 41-70% savings.

In 2005 as a result of access to financial institution, 12(11.7%) firms realized <10% savings, 15(14.6%) firms benefited between 11-20%. Also, 22(21%) firms enjoyed between 21-30%, while 20 (19.4%) firms have between 31-40% benefits. Another, 15(14.6%) firms saved between 41-50%, 10(9.71%) firms realized between 51-60% and 4(3.9%) firms saved between 61-70%. 3(2.9%) firms realized between 71-80%, only 1(0.97%) firm's each saved between 81-90% and 91-100% respectively. This therefore, connotes that 34(33%) realized between 41-100% savings as a result of access to financial institution.

Firms Agglomeration Benefits in 2006.

Table 1.3 reveals the firms indicating a saving in 2006 as results of agglomeration economies enjoyed .Out of 103(100%) firms, due to joint transportation, 25(24.3%) realized <10% savings, 16(15.5%) realized between 11-20%. While, 27(26%) firms realized between 21 and 30%, 10(9.71%) firms saved between 31 and 40% and 9(8.7%) firms saved between 41 and 50%. Furthermore, 7(6.8%) firms saved between 51 and 60%, 6(5.8%) firms realized 61 and 70% , also 2(1.94%) firms saved between 71 and 80%. Only 1(0.97%) firm's saved between 81 and 90% . Apparently, 25(24.3%) firms realized between 41-90% savings due to joint transportation.

Also, table 1.3 depicts savings realized as a result of joint power supply, 36(35%) firms have <10% benefits, 9(8.7%) firms have between 11 and 20% benefits, while, 30(29.1%) realized between 21 and 30% savings. Another, 10(9.71%) realized between 31 and 40% savings, 6(5.8%) firms each saved between 41-50% and 51-60% benefits respectively. Also, 4(3.9%) firms benefited between 61 and 70%, only 1(0.97%) firm's each benefited between 71 and 80%, 81-90% respectively. This connotes that 18 (17.5%) firms realized between 41 and 90% savings due to joint power supply.

Furthermore, 34(33%) firms enjoyed <10% savings in joint raw material purchase/supply, while 05(4.9%) firms enjoyed between 11 and 20% savings. 13(12.6%) enjoyed between 21 and 30% savings, while 20(l9.4%) firms realized between 31 and 40%. Also, 19(18.4%) firms saved between 41 and 50%, 6(5.8%) firms saved between 51 and 60%, while 5(4.9%) firms saved between 61 and 70%. From the foregoing, it is obvious that 31(30.1%) firms realized between 41 and 80% savings due to joint raw materials purchase/supply.

In 2006 as a result of collaboration in research and development. 41(39.8% firms saved <10%, 7(6.8%) firms saved between 11 and 20%, while 2(1.94%) firms saved between 21 and 30%. 19(18.4%) firms realized between 31 and 40% savings, 16(15.5%) firms realized between 41 and 50%, 8(7.8%) benefited between 5160%. Also, 4(3.9%) firms saved between 61 and 70%, 5(4.9%) firms realized between 71 and 80%, only 1 (0.97%) firm's saved between 81-90%. It can therefore, be asserted that 34(33%) saved between 41 and 90% as a result of collaboration in R & D.

Due to joint labour, 43(41.7%) firms realized <10% savings, 13(12.6%) saved between 11 and 20%, 10(9.71%) realized between 21 and 30%. 8(7.8%) firms realized between 31 and 40%, 9 (8.7%) firms benefited between 41 and 50%, while 8(7.8%) firms realized 51 and 60% savings. Another, 3(2.9%) saved between 61 and 70%, 9 (8.7%) firms saved between 71 and 80%. It is apparent that 29 (28.2%) firms saved between 41 and 80% as a result of joint labour supply.

Table 1.3 shows the percentage savings enjoyed by firms in 2005 arising as a result of Joint Water Supply. 65 (63%) firms saved <10%, 9 (8.7%) firms realized between 11-20% savings, while 20 (19%) firms benefited 21-30% savings. 6 (6%) firms realized 31 – 40% savings, 2(1.94%) firms saved between 41 and 50%, only 1 (0.97%) firm's saved between 51 and 60%. This connotes that only, 3 (2.9%) firms realized between 41 and 60% due to joint water supply.

As a result of joint waste treatment. 50 (48.5%) firms realized <10% savings, 10(9.71%) firms each realized 11 and 20% and 21-30% respectively. 13(12.6%) firms saved between 31 and 40%, 9(8.7%) firms benefited between 41 and 50%, while 7(6.8%) firms realized 51-60%. 3(2.9%) firms, 61-70%, only 1(0.97%) firm's realized between 71-80% as a result of joint waste treatment. This indicates that 20 (19.4%) firms realized between 41 and 80% savings in joint waste treatment.

Table 1.3 also shows percentage savings in joint security. Out of 103(100%)firms, 37(35.9%) firms realized <10% savings, 12 (11.7%) firms saved between 11 and 20%, while 10(9.71%) firms saved between 21 and 30%. 14(13.6%) firms realized 31-40% savings, 10(9.71%) firms saved between 41 and 50%, while 12(11.7%) firms saved between 51 and 60%. 5(4.9%) firms realized between 61 and 70%, 2 (1.94%) firms realized between 71 and 80%. Only, 1(0.97%) firm's saved between 81 and 90%. It is apparent that 30 (29.1%) firms saved between 41 and 90% due to joint security.

Also, as a result of joint telecommunication, 76(73.8%) firms saved <10%, 9(8.7%) firms saved between 11-20%, while, 10(9.71%) firms realized 21-30%. 6(5.8%) firms, 31-40%, only 2(1.94%) firms realized 41-50% savings. This further shows that only 2 (1.94%) firms realized between 41-50% savings in joint telecommunication.

Moreover, as a result of joint ports and shipping, 49 (47.6%) firms enjoyed <10% savings, 15(14.6%) firms saved between 11-20%, 10 (9.71%) firms saved 21-30%, only 2(1.94%) firms saved between 31-40%. Also, 8(7.8%) firms realized between 41-50%, 7(6.8%) firms saved between 51-60%, 9(8.7%) firms benefited between 61-70% and 3(2.9%) firms saved between 71-80%. This connotes that 27 (26%) firms realized between 41-80% savings due to joint ports and shipping.

As a result of access to financial institution, 9 (8.7%) firms realized <10% savings, 14(13.6%) firms enjoyed 11-20% savings. 19(18.4%) firms saved between 21 and 30%, 12 (11.7%) firms, 31-40%, 10(9.71%) firms, 41-50%. Another, 15 (14.6%) saved between 51 and 60%, 10(9.71%) firms saved 61-70% and 5(4.9%) firms realized 71-80% savings. 9(8.7%) firms also saved between 81 and 90%. It can be deduced that 49(47.6%) firms saved between 41 and 90% as a result of access to financial institution.

Firms Agglomeration Benefits in 2007.

Table 1.4 reveals the percentage of the firms indicating a saving in 2007 as a result of agglomeration economies enjoyed. Due to joint transportation, 26(25.2%) firms saved <10%, 17(16.5%) firms saved between 11 and 20%, while 12(11.7%) firms realized 21-30%. Another, 16(15.5%) firms saved between 31 and 40%, 10(9.71%) firms saved 41-50%, 9 (8.7%) firms saved 51-60%, while, 6(5.8%) firms saved between 61 and 70%. Also, 5(4.9%) firms saved 71-80%, only 2(1.94%) firms saved between 81 and 90%. This shows that 32 (31.1%) firms enjoyed between 41 and 90% savings in joint transportation.

As a result of joint power supply, 44 (22.7%) firms saved <10%, while 12(11.7%) firms saved between 11 and 20%, 18(17.5%) firms saved between 21 and 30%. Another, 8(7.8%) firms realized between 31 and 40%, 7(6.8%) firms, 41 and 50%, 5(4.9%) firms, 51 and 60%, 8(7.8%) firms, 61 and 70%. Only 1(0.97%) firm's realized between 71 and 80% savings. This further points to the fact that 21(20.4%) saved between 41 and 80% due to joint power supply.

Also, due to joint raw material purchase/supply, 30(29.1%) firms saved <10%, 4(3.9%) firms saved 10-20%, only 1(0.97%) firm's saved between 21 and 30%. Also, 10(9.71%) firms benefited 31-40%, 6(5.8%) firms, saved 41-50%, 16(15.5%) firms realized 51-60% savings. Furthermore, 15(14.6%) firms each saved between, 61 and 70% and 71-80% respectively, 4(3.9%) firms saved 81-90%, only 2(1.94%) firms saved between 91 and 100%. This clearly shows that 58(56.3%) firms realized between 41 and 100% savings in joint raw materials purchase/supply.

Due to collaboration in R & D, 35 (34%) firms realized <10%, 12(11.7%) firms realized 11-20%, 7 (6.8%) firms realized 21-30%. Also, 10(9.7%) realized 31-40%, 15(14.6%) firms saved between 41 and 50%, 12 (11.7%) firms saved between 51 and 60%. While 5(4.9%) firms each saved between 61 and 70%, and 71-80% respectively, only 2 (1.94%) firms saved between 81 and 90%. This further asserts that 39(37.9%) firms realized between 41 and 90% savings in collaboration in research and development.

Furthermore, 30 (29.1%) firms realized <10% savings as a result of joint labour, 12(11.7%) firms realized 11-20%, 11(10.7%) firms, 21-30%, 10(9.71%) firms 31-40%. Another, 15(14.6%) firms saved 41-50%, 11(10.7%) firms realized 51-60%, 6(5.8%) firms, 61-70%, 7(6.8%) realized 71-80% savings. Only 1(0.97%) firm's realized between 91 and 100% savings. It is apparent that 40 (38.8%) firms realized savings between 41 and 100% as a result of joint labour.

It is vivid from table 1.4 that 14(13.6%) firms realized <10% savings as a result of access to financial institution, while 10(9.71%) firms realized between 11 and 20%. 18(17.5%) firms saved 21-30%, 12 (11.7%) firms saved 31-40%, 20(19%) firms saved 41-50%. Also, 6(5.8%) firms saved 51-60%, 7(6.8%) firms saved between 61 and 70%, 6(5.8%) firms, 71-80%, while 5(4.9%) firms each saved between 81 and 90% and 91-100% respectively. This indicates that 50 (48.5%) firms saved between 41 and 100% as a result of access to financial institution.

Due to Joint Water Supply, 59 (57.3%) firms realized <10% savings, 12 (11.7%) firms saved between 11 and 20%. While, 19 (18%) firms saved between 21 and 30%, 8 (7.8%) firms saved between 31 and 40%, 2 (1.94%) firms each saved between 41 and 50% and 51-60% respectively. Only 1 (0.97%) firm's realized between 61 and 70% savings. It can be deduced that 5 (4.9%) firms saved between 41 and 70% as a result of Joint Water Supply.

As a result of joint savings in waste treatment, 31 (30%) firms realized <10% savings, 20(19%) firms realized 11-20%, while 10(9.71%) firms realized 21-30%. Another, 19(18%) firms saved between 31 and 40%, 10(9.71%) firms saved between 41 and 50%, 7(6.8%) firms, 51 and 60%. While 2 (1.94%) firms saved between 61 and 70%, 3(2.9%) saved 71-80%, only 1(0.97%) firm's each saved between 81 and 90% and 91-100% respectively, It is therefore, obvious that 24 (23.3%) firms saved between 41 and 100% due to joint waste treatment.

As a result of joint Security, 49 (47.6%) firms saved <10%, 21(20.4%) firms saved between 11 and 20%, 10(9.71%) firms benefited 21-30% savings. Another, 15 (14.6%) firms saved between 31 and 40%, while 5(4.9% firms saved between 41 and 50%. Also, 2(19.4%) firms realized between 51 and 60% , 1(0.97%) firm's saved between 61-70%. This indicates that 8(7.8%) firms saved between 41 and 70% due to Joint Security.

Table 1.4 reveals that, 81(78.6%) firms realized <10% savings in joint telecommunication, 12(11.7%) firms saved between 11 and 20%. While 7(6.8%) firms saved between 21 and 30%, 2(1.94%) firms benefited 31-40%. Only 1 (0.97%) firm's saved between 41 and 50%. This connotes that only 1(0.97%) firm's saved between 41 and 50% as a result of joint telecommunication.

Moreover, 42(40.8%) firms benefited <10% as a result of joint Ports and Shipping, 21 (20.4%) firms saved between 11 and 20%, while 13(12.6%) firms saved between 21 and 30%. Also, 9(8.7%) saved 31-40%, 6(5.8%) saved between 41 and 50%, 8(7.8%) saved 51-60%, while it was nil for 61-70% and 4(3.9%) firms realized 71-80 savings. Meaning that 18(17.5%) firms saved between 41 and 80% in joint Ports and Shipping

Firms Agglomeration Benefits in 2008.

Table 1.5 reveals the percentage of the firms indicating a saving as a result of agglomeration economies in 2008. Due to joint transportation, 29(28.2%) enjoyed <10% savings, 10(9.71%) firms saved between 11 and 20%, 20(19%) firms 21-30%, 10 (9.71%) firms saved between 31 and 40%. Another, 14(13.6%) firms saved between 41 and 50%, 10(9.71%) saved 51-60%, 5 (4.9%) firms saved between 61 and 80%, only 1(0.97%) firms saved between 81-90%. While, 2 (1.94%) firms saved between 81 and 90%. This indicates that 32 (31.1%) firms realized savings between 41 and 90% due to joint transportation.

As a result of joint power supply, 38(36.9%) firms realized <10% savings, 18(17.5%) realized between 11 and 20% savings, 9(8.7%) realized between 21 and 30% , only 1(0.97%) firm's realized 31-40%. Also, 19(18.4%) firms saved between 41 and 50%, 9(8.7%) between 51-60%, 7(6.8%) between 61-70%, while 2(1.94%) firms saved between 71 and 80%. This connotes that 35 (34%) firms saved between 41 and 90%. Also, 24 (23.3%) firms enjoyed <10% savings as a result of joint raw materials purchase/supply, while 26(25.2%) realized between 11 and 20%. Another, 9(8.7%) firms realized between 21 and 30%, 6(5.8%) firms realized 31-40%, 12(11.7%) firms benefited 41-50%, while 17(16.5%) firms benefited 51-60%. Also, 8(7.8%) firms realized between 61 and 70%, only 1 (0.97%) firm's saved between 81 and 90%. This connotes that 38 (36.9%) firms realized between 41 and 90% due to joint raw materials purchase/supply.

The percentage savings in collaboration in research and development is shown in table 5.8, 42 (40.7%) firms saved <10%, 12(11.7%) saved between 11 and 20%, 3(2.9%) firms saved 21-30%. Another,10(9.71%) firms saved 31-40%, 17(16.5%) firms saved 41-50%, while 9(8.7%) firms saved 51-60% and 8(7.8%) firms saved between 61 and 80%. Only 2 (1.94%) firms each realized savings between 71 and 80% and 51-60%. Also, 8(7.8%) firms saved between 61 and 80%. Conclusively, 36 (35%) firms realized between 41 and 90% savings due to collaboration in R & D.

Furthermore, 43 (41.7%) firms benefited <10% due to joint labour supply, 18(17.5%) firms realized between 11 and 20% savings, 17(16.5%) firms realized 21-30%. While, 4 (3.9%) firms saved 31-40%, 15(14.6%) firms, 41-50%, 6(5.8%) firms saved between 51 and 60%. It therefore means that 21(20.4%) firms benefited between 41 and 60% as a result of joint labour.

Due to Joint Water Supply, 60 (58%) firms realized <10%, 19 (18%) firms saved between 11 and 20%, while, 9 (9%) firms saved between 21 and 30%. Also, 10 (10%) firms realized between 31 and 40% savings, another 3(3%) firms saved between 41 and 50%, while 2 (1.94%) firms saved between 51 and 60%. This indicates that 5 (4.9%) firms saved between 41 and 60% due to Joint Water supply.

As a results of joint waste treatment, 53 (51.5%) firms realized <10% savings, 6(5.8%) firms between 11 and 20%, 12 (11.7%) firms realized 21-30% savings. Also, 11(10.7%) firms saved 31-40%, 8(7.8%) firms between 41 and 50%, and 10(9.71%) firms 51-60%. Only 1(0.97%) firms each realized 61-70%, 71-80% and 81-90% savings respectively .This signified that 21(20.4%) benefited between 41 and 90% as a result of joint wastes treatment.

Table 1.5 depicts the percentage monetary savings due to joint security, out of 103 (100%) firms, 55 (53%) realized <10% savings, while 16(15.5%) firms realized between 11 and 20%. Another, 12 (11.7%) firms saved between 21 and 30%, 7(6.8%) firms realized between 31 and 40%, while 5(4.9%) firms each realized between 41 and 50% and 51-60% respectively. Also, 2 (1.94%) firms saved between 61 and 70%,

only1 (0.97%) firm's realized between 71 and 80% savings. It is obvious that 13(12.6%) firms realized between 41 and 50% savings as a result of Joint Security.

Moreover, 79(76.7%) firms realized <10% savings in joint telecommunication. 15(14.6%) firms saved between 11 and 20%, 8(7.8%) firms saved between 21 and 30%, only 1(0.97%) firms saved 31-40%. This implies that none of the firms realized 41-100% benefits due to joint telecommunication.

Also, 51 (49.5%) firms realized <10% savings due to joint port and shipping, 7(6.8%) firms realized between 11-20% savings, 13(12.6%) firms 21-30% savings, 10(9.71%) firms saved between 31-40%,5(4.9%) firms saved between 41-50%, 12(11.7%) firms between 51-60%, 5(4.9%) firms saved between 61-80%. This is a clear indication that 22 (21.4%) firms realized between 41-70% savings arising from joint ports and shipping.

Table 1.5 further reveals that 20(19.4%) firms saved <10% due to access to financial institution, while 17(16.5%) firms saved between 11 and 20%. 12(11.7%) firms benefited between 21 and 30%, 7 (6.8%) firms enjoyed 31-40% and 25(24.3%) firms enjoyed between 41-50% savings. 9(8.7%) firms saved 51-60%, 5(4.9%) realized 61-70% savings, while 3(2.9%) firms realized 71-80%. Another,5 (4.9%) firms realized 81-90% savings. It can be deduced that 47 (45.6%) firms realized between 41 and 90% savings as a result of access to financial institution.

Firms Agglomeration Benefits in 2009.

Table 1.6 reveals the percentage of the firms indicating a saving in 2009 as a result of agglomeration economies enjoyed by firms. Due to joint transportation, 40(38.8%) firms saved <10%, 19(18.4%) saved between 11and 20% ,while 4 (3.9%) benefited 21-30%. 9 (8.7%) benefited 31-40%, 12(11.7%) benefited, 41-50%, 8(7.8%) firms benefited 51-60%, 5(4.9%) saved 61-70%, 4(3.9%) firms saved between 71 and 80%. And 2 (1.94%) firms saved between 81 and 90%. It is therefore, obvious that 31(30.1%) firm saved between 41 and 90% due to joint transportation.

It is evident from table 1.6 that 28(27.2%) firms enjoyed <10% saving in power supply, 8(7.6%) firms enjoyed between 11 and 20%, 21 (20.4%) firms enjoyed 21-30%, 13(12.6%) firms benefited 31-40%. Another, 15(14.6%) saved between 41 and 50%, 6(5.8%) saved between 51 and 60%, 7(6.8%) firms realized 61-70% savings, while 4(3.9%) firms saved 71-80%. Only 1(0.97%) firm realized between 81 and 90% savings. Obviously, 33(32%) firms realized between 41 and 90% saving due to joint transportation.

Also, as a result of joint raw material supply/purchase, 31 (30.1%) benefited <10%, 14 (13.6%) firms benefited 11-20%, 10(9.71%) saved between 21-30%. Also, 12(11.7%) firms realized 31-40% savings ,11(10.7%) realized 41-50% , 9(8.7%) 51-60% savings, 8(7.8%) firms, 61-70%, 5(4.9%) firms realized between 71-80%. While, 3 (2.9%) firms saved between 81 and 90% . This further shows that 36 (35%) firms enjoyed between 41 and 90% savings due to joint raw material purchase/supply.

Furthermore, out of 103(100%) firms, 36(35%) firms realized <10% savings in collaboration in research and development, 23(22.3%) firms saved 11-20%, 12(11.7%) saved 21-30%, 10(9.71%) firms realized between 31 and 40%. Also, 16(15.5%) firms, 41-50%, 4(3.9%)

firms, 51-60% savings, 2 (1.94%) firms saved between 61 and 70%. This connotes that 22(21.4%) firms enjoyed between 41 and 70% savings in collaboration in research and development.

It is apparent from table 1.6 that 38(36.9%) firms enjoyed <10% saving due to joint labour, 9(8.7%) firms enjoyed 11-20% , 15(14.6%) firms enjoyed 21-30%, while 20 (19%) firms realized 31-40%. 7(6.8%) firms each realized 41-50% and 51-60% savings respectively, 3(2.9%) firms realized 61-70% and 4(3.9%) firms saved 71-80%. conclusively, 21 (20.4%) firms saved between 41 and 80% as a result of joint labour.

Moreover, 20(19.4%) firms realized <10% savings as a result of joint waste treatment, 25(24.3%) firms benefited 11-20%, 18(17.5%) benefited 21-30%, 16(15.5%) benefited 31-40%. 13(12.6%) firms saved 41-50%, while 6(5.8%) firms saved 51-60%, 4(3.9%) firms, 61-70% and only 1 firm's each realized between 71 and 80% and 80-90% savings respectively. This indicates that 25(24.3%) firms benefited between 41 and 90% as a result of joint waste treatment.

Due to Joint Security, 42(41%) firms realized <10% savings, 14(13.6%) firms saved between 11 and 20%. 12(11.7%) firms saved between 21 and 30%, another 19(18.4%) firms saved between 31 and 40%, 6(5.8%) firms realized between 41 and 50%. While 5 (4.9%) firms saved between 51 and 60%, 3(2.9%) firms saved between 61 and 70% also, 2 (1.94%) firms saved between 71 and 80%. This connotes that 16(15.5%) firms realized between 41 and 80% savings due to Joint Security.

As a result of Joint Water Supply in 2009. 69 (67%) firms realized <10% savings, 21 (20%) firms realized between 11 and 20% savings, 5 (4.9%) firms saved between 21 and 30%. While 3 (2.9%) firms saved between 31 and 40%, 2 (1.94%) firms each realized between 41 and 50%, and 51-60% respectively. Only 1 (0.97%) firm's realized between 61 and 80%, meaning that 5 (4.9%) firms realized between 41 and 80% due to Joint Water Supply.

Also, 55(53.4%) firms realized <10% savings in joint telecommunication, 31(30.1%) firms benefited 11-20%. Also, 15(14.6%) firms realized between 21-30%, only 2(1.94%) firms saved between 31 and 40%. This shows that none of the firms realized between 41 and 100% savings due to joint telecommunication.

It is obvious from the table 1.6 that 32(31.1%) enjoyed <10% savings as a result of joint ports and shipping, 18(17.5%) firms realized between 11 and 20%, 16(15.5%) saved between 21 and 30% , while 10(9.71%) firms each saved 31-40% and 41-50% respectively. 8 (7.8%) firms realized 51-60%, 5(4.9%)firms, 41-50% , 8(7.8%) firms realized 51-60%, 4(3.9%) firms saved 71-80% . It can be concluded that 27(26.2%) firms saved between 41 and 80% due to joint port and shipping.

Another, 8(7.8%) firms realized <10%, due to access to financial institution, 19(18.4%) firms saved between 11 and s20%, 18(17.5%) firms saved 21-30%. While 5(4.9%) firms saved 31-40%, 32 (31.1%) firms, 41-50%, 8(7.8%) firms saved 51-60% and 6 (5.8%) firms saved 61-70%. 3(2.9%) firms saved 71-80%, while 2 (1.94%) firms each saved 81-90% and 91-100% respectively. 53(51.5%) firms (more than half of the firms) enjoyed tremendous savings as a result of access to financial institution.

Table 1.2 The Benefits (savings) Enjoyed by Firms in 2005

% Savings	Joint transport		Joint power supply		Joint raw material P/S		Collaboration R &D		Joint labour		Joint water supply		Joint waste treatment		Joint security		Joint telecommunication		Joint ports & shipping		Access to financial institution	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<10	16	15.5	49	47.6	9	8.7	50	48.5	31	30.1	72	70	39	37.9	47	45.6	69	67	46	44.5	12	11.7
11-20	13	12.6	12	11.7	15	14.6	16	15.5	20	19.4	18	17.5	15	14.6	32	31.1	18	17.5	27	26.2	15	14.6
21-30	30	29.1	09	8.7	14	13.6	10	9.71	15	14.6	6	5.8	20	19.4	08	7.8	09	8.7	11	10.6	22	21.4
31-40	10	9.71	08	7.8	20	19.4	10	9.71	14	13.6	02	1.94	13	12.6	09	8.7	02	1.94	09	8.7	20	19.4
41-50	15	14.6	06	5.8	18	17.5	9	8.7	10	9.71	04	3.9	7	6.8	06	5.8	03	2.9	5	4.9	15	14.6
51-60	10	9.71	10	9.71	14	13.6	5	4.9	7	6.8	0		4	3.9	01	0.97	1	0.97	3	2.9	10	9.71
61-70	05	4.9	04	3.9	06	5.8	2	1.94	5	4.9	01	0.97	4	3.94	-	-	1	0.97	2	1.94	4	3.9
71-80	02	1.94	3	2.9	04	3.9	1	0.97	1	0.97	-	-	1	0.97	-	-	-	-	-	-	3	2.9
81-90	02	1.94	2	1.94	3	2.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	0.97
91-100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	0.97
Total	103	100	103	100	103	100	103	100	103	100		100	103	100	103	100	103	100	103	100	103	100

Source: Author'sAnalysis, 2012

Table 1.3 The Benefits (savings) Enjoyed by Firms in 2006.

% Savings	Joint transport		Joint power supply		Joint raw materials P/S		Collaboration R &D		Joint Labour		Joint Water Supply		Joint waste treatment		Joint security		Joint telecomm		Joint port & shipping		Access to financial institution	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<10	25	24.3	36	35	34	33	41	39.8	43	41.7	65	63	50	48.5	37	35.9	76	73.8	49	47.6	09	87
11-20	16	15.5	09	8.7	05	4.9	07	6.8	13	12.6	09	8.7	10	9.71	12	11.7	09	8.7	15	14.6	14	13.6
21-30	27	26	30	29.1	13	12.6	02	1.94	10	9.71	20	19	10	9.71	10	9.71	10	9.71	10	9.71	19	18.4
31-40	10	9.71	10	9.71	20	19.4	19	18.4	08	7.8	6	6	13	12.6	14	13.6	06	5.8	02	1.94	12	11.7
41-50	09	8.7	06	5.8	19	18.4	16	15.5	09	8.7	2	1.94	09	8.7	10	9.71	02	1.94	08	7.8	10	9.71
51-60	7	6.8	06	5.8	06	5.8	08	7.8	08	7.8	1	0.97	07	6.8	12	11.7	-	-	07	6.8	15	14.6
61-70	6	5.8	04	3.9	05	4.9	4	3.9	03	2.9	-	-	03	2.9	05	4.9	-	-	09	8.7	10	9.71
71-80	2	1.94	01	0.97	1	0.97	5	4.9	09	8.7	-	-	01	0.97	02	1.94	-	-	03	2.9	05	4.9
81-90	1	0.97	01	0.97	-	-	1	0.97	-	-	-	-	-	-	1	0.97	-	-	-	-	09	8.7
91-100	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	103	100	103	100	103	100	103	100	103	100		100	103	100	103	100	103	100	103	100	103	100

Source: Author's Analysis, 2012.

Table 1.4 The Benefits (savings) enjoyed by Firms in 2007

% Savings	Joint transportation		Joint power supply		Joint raw materials P/S		Collaboration R &D		Joint labour		Joint Water Supply		Joint waste treatment		Joint Security		Joint telecomm		Joint port & shipping		Access to financial institution	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<10	26	25.2	44	42.7	30	29.1	35	34	30	29.1	59	57.3	31	30	49	47.6	81	78.6	42	40.8	14	13.6
11-20	17	16.5	12	11.7	04	3.9	12	11.7	12	11.7	12	11.7	20	19	21	20.4	12	11.7	21	20.4	10	9.71
21-30	12	11.7	18	17.5	01	0.97	7	6.8	11	10.7	19	18	10	9.71	10	9.71	7	6.8	13	12.6	18	17.5
31-40	16	15.5	8	7.8	10	9.71	10	9.7	10	9.71	8	7.8	19	18	15	14.6	2	1.94	9	8.7	12	11.7
41-50	10	9.71	7	6.8	6	5.8	15	14.6	15	14.6	2	1.94	10	9.71	05	4.9	1	0.97	6	5.8	20	19
51-60	09	8.7	5	4.9	16	15.5	12	11.7	11	10.7	2	1.94	7	6.8	02	1.94	-	-	8	7.8	6	5.8
61-70	06	5.8	8	7.8	15	14.6	05	4.9	6	5.8	1	0.97	2	1.94	01	0.97	-	-	-	-	7	6.8
71-80	05	4.9	1	0.97	15	14.6	05	4.9	7	6.8	-	-	3	2.9	-	-	-	-	4	3.9	6	5.8
81-90	02	1.94	-	-	4	3.9	02	1.94	-	-	-	-	1	0.97	-	-	-	-	-	-	5	4.9
91-100	-	-	-	-	2	1.94	-	-	1	-	-	-	1	0.97	-	-		-	-	-	5	4.9
Total	103	100	103	100	103	100	1-03	100	103	100		100	103	100	103	100	103	100	103	100	103	100

Source: Author's analysis, 2012

Table 1.5 The Benefits (savings) Enjoyed by Firms in 2008

% Savings	Joints Transportation		Joint Power Supply		Joint Raw Material Purchase/Supply		Collaboration in R & D		Joint labour		Joint Water Supply		Joint waste treatment		Joint Security		Joint telecomm		Joint port & shipping		Access to financial institution	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<10	29	28.2	38	36.9	24	23.3	42	40.7	43	41.7	60	58	53	51.5	55	53	79	76.7	51	49.5	20	19.4
11-20	10	9.71	18	17.5	26	25.2	12	11.7	18	17.5	19	18	06	5.8	16	15.5	15	14.6	7	6.8	17	16.5
21-30	20	19	9	8.7	9	8.7	3	2.9	17	16.5	9	9	12	11.7	12	11.7	8	7.8	13	12.6	12	11.7
31-40	10	9.71	1	0.97	6	5.8	10	9.71	4	3.9	10	10	11	10.7	7	6.8	1	0.97	10	9.71	07	6.8
41-50	14	13.6	19	18.4	12	11.7	17	16.5	15	14.6	3	3	8	7.8	5	4.9	-	-	5	4.9	25	24.3
51-60	10	9.71	9	8.7	17	16.5	9	8.7	06	5.8	2	1.94	10	9.71	5	4.9	-	-	12	11.7	9	8.7
61-70	05	4.9	7	6.8	8	7.8	8	7.8	-	-	-	-	1	0.97	2	1.94	-	-	5	4.9	5	4.9
71-80	1	0.97	2	1.94	1	0.97	2	1.94	-	-	-	-	1	0.97	1	0.9	-	-	-	-	3	2.9
81-90	2	1.94	-	-	-	-	-	-	-	-	-	-	1	0.97	-	-	-	-	-	-	5	4.9
91-100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	103	100	103	100	103	100	103	100	103	100	103	100	103	100			103	100	103	100	103	100

Source: Author's Analysis, 2012.

Table 1.6 the Benefits (savings) Enjoyed by Firms in 2009

% Saving	Joint transport		Joint power supply		Joint raw materials P/S		Collaboration R &D		Joint labour		Joint Water Supply		Joint waste treatment		Joint Security		Joint telecomm		Joint port & shipping		Access to financial institution	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<10	40	38.8	28	27.2	31	30.1	36	35	38	36.9	69	67	20	19.4	42	41	55	53.4	32	31.1	08	7.8
11-20	19	18.4	08	7.6	14	13.6	23	22.3	9	8.7	21	20	25	24.3	14	13.6	31	30.1	18	17.5	19	18.4
21-30	4	3.9	21	20.4	10	9.71	12	11.7	15	14.6	5	4..9	18	17.5	12	11.7	15	14.6	16	15.5	18	17.5
31-40	9	8.7	13	12.6	12	11.7	10	9.71	20	19	3	2..9	16	15.5	19	18.4	2	1.94	10	9.71	5	4.9
41-50	12	11.7	15	14.6	11	10.7	16	15.5	7	6.8	2	1..94	13	12.6	06	5.8	-	-	10	9.71	32	31.1
51-60	8	7.8	6	5.8	09	8.7	4	3.9	7	6.8	2	1..94	6	5.8	05	4.9	-	-	8	7.8	8	7.8
61-70	5	4.9	7	6.8	8	7.8	2	1.94	3	2.9	-		4	3.9	03	2.9	-	-	5	4.9	6	5.8
71-80	4	3.9	4	3.9	5	4.9	-	-	4	3.9	1	0..97	1	0.97	02	1.94	-	-	4	3.9	3	2.9
81-90	2	1.94	1	0.97	3	2.9	-	-	-	-	-		1	0.97	-	-	-	-	-	-	2	1.94
91-100	-	-	-		-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	2	1.94
Total	103	100	103	100	103	100	103	100	103	100	103	100	103	100	103	100	103	100	103	100	103	100

Source: Author's Analysis, 2012

Conclusion and Recommendation

This paper has revealed significant benefits as a result of agglomeration of firms in the Lagos region. Eleven benefits ranges from transportation economies to access to financial institution were realized by the firms in this region.. It also revealed that the economies enjoyed were highest in 2009. It must be noted that while several studies on agglomeration economies amongst firms have been conducted in the western world, especially the United States of America and European countries, studies on industrialization in sub-Sahara Africa have largely focused on the examination and analysis of single components of industrial activity or the spatial distribution and development of manufacturing industries. Other studies have focused on small-scale industries at the regional level. More recent studies have focused on some behavioral aspects of manufacturing. In some cases, explanations have been offered in terms of factor endowments.

Agglomeration and clustering of firms are panacea to social and economic development, through which impulses are transmitted not only in the region of clustering but also in the neigbouring regions. It has a multiplier effect aiding the development of other aspect of the economy. Agglomeration and cluster policies are instruments to promote regional economic development and structural changes more generally, often through enhancing regional innovation capabilities. Agglomeration and cluster concept partially emphasizes inter-firm relations that facilitate innovative activities which is recognized as a driving force of sustaining economic growth in the new growth theory. Cluster policy also encourages the integration of many different aspects of economic development and development policy. Agglomeration and cluster policy had been imbibed in many advanced countries of the world with tremendous positive results.

Industrial agglomeration can lead to amazing technological development of a region, thereby facilitating diffusion and innovation creation which will immensely contributes to the economic welfare and improved standard of living. It has been noted that agglomeration of firms has not been encouraged in the African countries; this might also be one of the contributing factors of industrial, hence economic underdevelopment in the continent.

The concentration of industries with functional linkages in industrial agglomerations brings about financial savings on the part of the industries concerned. Such savings are achieved because agglomerated firms can and do share common services such as water, communication facilities, security, transport facilities, diffusion of know-how, research and rapid circulation of capital commodities and labour. Individual industries are thus saved from the cost of providing these services for themselves. Such financial savings are referred to as external economies of scale. Agglomeration also has the advantage of concentrating labour, managerial skill, capital and customers in specific places, thereby making such places still more attractive to industries. This is one reason why agglomeration tends to grow once they come into being. A new industry attracts related industries as well as social services which in turn make the area more attractive for more industries in a chain reaction referred to as the multiplier effect. Considering the tremendous and overwhelming impacts, agglomeration and clustering of firms, if encouraged will help to transform positively the economy of African region. It is however recommended that agglomeration of firms should be encouraged and strengthened through active participation of government in the industrial sector of the economy, giving tax holiday to younger investors, making the location factors to be liberal, relaxing the laws governing the importation of some raw materials, as this will have positive impact on productions. Financial aids should be given to

these industries in form of loan, while the collateral securities should be made affordable for the investors.

Agglomeration policy could be further harnessed to launch African countries into the desired goal of industrialization, and also help to transform the economy of the region.

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Assessment of the skill competency of business education students in selected higher institutions in Ogun state

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Abstract
Nigeria is currently going through socio-economic and political stress which brings into lime-light the present situation of Nigeria economic development, which has virtually affected the whole system of governance, commerce, industry, judiciary and of course the Educational system. It is obvious that an individual especially students who are subjected to such stress might exhibit low or negative emotion, which may automatically affect their performance. There are various educational programmes aimed at addressing the quality of education which had been continuously alleged to be falling incessantly. It is this research method was employed which involves a structured questionnaire to elicit response from the respondents. Three (3) hypotheses were formulated from the structured questionnaire and chi-square descriptive method was used to analyse it. Two (2) institutions were used in this study, namely; Tai Solarin University of Education (TASUED), Ijagun, Ijebu-Ode and Olabisi Onabanjo University (OOU), Ago-Iwoye. The questionnaire was basically structured and administered by the two (2) researchers; fifty (50) students were employed respectively in the two (2) universities used for the research which is made up of 100 respondents. Both t-test and chi-square (x2) method were adopted for the analysis to show the relationship between the variance of the findings. The t-cal for the universities are 6.251 and 5.672 respectively, of which the t-table is 7.814 at 0.05 level of significant. The reliability of the instrument at crombach alpha (α) is between 0.85 to 0.90. The study recommended that constant training seminars and orientation should be organized at all times among the students and lecturers. Modern office equipment such as reprography, computers, data processor machine, fax machine, telex machine and other telecommunication equipment should be part of learning environment to enable the learners acquire the skills needed to be an expert in his field and thereby competent to face any challenges ahead.
Keywords: Skill Competency, Educational system, Economic development, learning environment.

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Introduction

Nigeria is current going through socio-economic and political stress which brings into lime-light the present situation of Nigeria economic development, which has virtually affected the whole system of governance, commerce, industry, judiciary and of course the educational system all encompasses facts and accurate information for decision making, which is normally geared up from the skilled person and experts in a particular filed for the survival of the organisation, business and industries are downsizing and re-engineering their business while trying to increases their productivity and decreasing cost as a result of technological support through skill competencies and professionalism. Heokstra and Van Slang (2008)

The importance of Nigerian tertiary education in particular is aptly spelt out by the Federal Government of Nigeria in its National Policy on education document (2004) inter alia: "To contribute to national development through high level relevant, manpower training; To develop and inculcate proper values for the survival of the individual and society; To develop the intellectual capability of individual to understand and appreciate their level and appreciate their level and external environment; To acquire both physical and intellectual skills, this will enable individuals to be self-reliant and useful members of the society; To promote and encourage scholarship and community service; To forge and connect national unity and to promote national and international understanding and interaction." Similarly, section 8 Sub A (64) of the National Policy on Education document (2004) states that education shall make optimum contribution to national development by: "Intensifying and diversifying its programmes for the development of high level manpower within the content of the needs of the nation; Making professional course contents to reflect our national requirements.

Skill is thought of as a quality of performances which does not depend solely upon a person's fundamental, innate capacities but must be developed through training, practice and experience, although skill depends essentially on learning. Modern concepts of skill stress the flexibility with which a skilled operator reaches a given end on different occasions according to precise circumstances. It must be reiterated that basic human capacities are not sufficient to produce skills, they form the necessary basic of their development, and skills represent a particular way of using capacities in relation to environmental demands with human being and external situation together forming a functional system through skill competency. Skill competency simply means the measure of effectiveness of workers performance. It is an individual's ability to perform to the standards and level required by the organisation. Skill competences are the integrated knowledge, skills, attributes, judgement that people needs to perform in a job effectively. Osuala (2005)

The process of skill acquisition and competency development is a life-long series of doing and reflecting to careers as well as job performance. This is linked with personal development as a management, concept, and it requires a special environment, where the rules are necessary in order to introduce novice, but secretaries at a more advance level of competency will systematically break the rules, if the situation requires it or warrant it. This environment is synonymously described using terms such as learning organization, knowledge creation, self organization and employment. Within a specific organization or professional secretaries' community, professional skill competency is frequently valued. Odiagbe J. and Martin (2008)

The increasing influence of technology cut across diverse fields and occupations including learning and research production and administration among others. Edwin, (2008) The office today has changed, just as we have innovations and invention in technology. It is common to hear many Nigeria companies, especially banks, talking about "re-engineering". During this period, the offices are reorganized and rearranged. Skills broken, new technologies are introduced, new security devices are put in place, new furniture is brought in and the floors are replaced with tiles. Information Technology (IT) has become a vital and integral part of every business plan. Makower (2009)

The duty of communicating with shareholder comes on the shoulder of the secretary compare to before. Secretary that organizations are seeking in today's time should not only have clerical skills but also possess skill competency in modern office automation system to meet up with modern office requirements. Onifade, (2003)

A trait that is skill competency for a job might not predict outstanding performance in a different one. Schools need impact from the workplace in order to develop articulation agreement with business and industry to establish a curriculum designed to create skilled workforce. To ensure the changes are carried out, schools administrators must also secure the cooperation of the instructors. As pointed out in recent article by Bragg and Layton (2009) in the community college says no educational reform effort can succeed if it does not have the backup of those who implement it.

Each department should be the ones to generate and evaluate skills competency and acquisition to keep control content, using industry consultants as catalyst for change. If instructors or teacher even lecturers are given these responsibilities, they need to be informed about skill acquisition and competency based on education.

According to Scans (2009), for an individual to be identified with practices and skills competency for effective performance, they must add a competency framework to their works, such as

(i) involving people in doing the work
(ii) communicating effectively
(iii) applying relevant skill competencies; and the skill competencies suggested are;
Technical Skill: It involves individual's knowledge and proficiency in a specialized field.

Human skill: This is the ability to interact effectively with other people at all levels.

Conceptual skill: it involves the formulation of ideas, conceptualization about abstract and complex situations. i.e. understanding relationship among various works.

All these skills are set of specified skills and activities that are learned through business education programme.

Business education is viewed as the area of education which concerns itself with the vocational and professional preparation for a career in business, teaching business subjects and also, with information important for every citizenry and consumer in order that he may better understand and utilize his business and economic surroundings. This area of study offers every individual an opportunity to develop his abilities, skills and understanding that will enable him handle effectively his personal affair, develop and understanding of vocational opportunities available in the broad field of business and to assume his civic responsibilities through enlightened participation in and an understanding and appreciation of the business system. Sannie (2003)
From the above, it is imperative that business education students must be well prepared and equipped of different skills for further labour market or for specific job; the subjects offered in business education such as; typewriting, shorthand, word processing, accounting and commerce, etc, will develop the students in order to make them be gainfully employed and be self reliant.

The researchers were consequently motivated to assess the skill competency of Business Education students in selected higher institutions in Ogun State.

Research Hypotheses

$H0_1$: There is no significant difference between the skill competency level of TASUED and O.O.U business education students

$H0_2$: There is no significant difference between methods of teaching/training vocational business education courses in TASUED and O.O.U.

$H0_3$: There is no significant difference between academic performance levels of TASUED and O.O.U, business education students.

Methodology

Sample

The present study was descriptive survey analysis; the sample used for this research study was 100; which means 50 students were randomly selected from each of the two universities, (TASUED and O.O.U) in Ogun State. These 50 students were selected from 100 – 400 level, consisting of both male and female students.

Instrument

The instruments used in this study were demographic information form (DIF) and Business Education Skill Competency Questionnaire (BESCQ). Demographic information form relating to students' age, gender, Number of years in the university, parental socio-economic background, family size, and family structure, option in Business Education programme, (Accounting, Marketing, and Office Management Technology).

Business Education Skill Competency Questionnaire (BESCQ) was measured using 14 – items structured questionnaire prepared by the researchers. The 1 – 7 items were based on students' skill competency level interference in conformity with the revised Likert response format ranging from 1 = Strongly Disagree to 4 = Strongly Agree. Sample items on the skill competency subscale include, "competency level of a business educator has to do with modern office equipment", "and only competent lecturers in Office Technology Management should be allowed to teach in business education department". 8 – 14 items were based on method of

teaching or training the skill (vocational) courses in the university system, also using the revised likert response format; sample items on teaching vocational education courses subscale include; "A business educator trained with obsolete equipment seems to be more competent than the one trained with new age equipment". "Availability of Information Technology gadgets improves business educators' performance and productivity".

Procedure

The questionnaire were distributed to the respondents by the researchers and retrieved immediately. The data was analyzed using simple percentage, t-test, while the hypotheses were tested through the computing chi-square method at 0.01 level of significance

Result Analysis

Table 1

Result showing the response of students on "Assessment of skill competency of Business Education students in TASUED and O.O.U"

NO	ITEMS	SA	A	D	SD
1	Competency level of a business educator has to do with modern equipment.	45	32	18	05
2	Exposing students to practical teaching enhance better performance.	52	33	12	03
3	Modern automated machine have contributed to the academic level performance of students.	46	22	18	14
4	Competency of students was as a result of equipment availability.	52	31	10	7
5	Lecturers are not competent enough to handle the skill subject(s) in our university.	34	20	40	06
6	Only competent lecturers in Office Management Technology (OMT) should be allowed to teach in business education department.	54	32	14	10
7	I have the ability/skill to multi-task and work effectively under pressure without being bored.	40	42	08	10
8	A business educator trained with obsolete equipment seems to be more competent and reliable than the one with new age.	32	28	25	15
9	Availability of information technology gadgets improves the teaching/training of business education students.	46	24	18	12
10	Both lecturers and students should be re-trained and attend seminars at all times.	60	38	02	-
11	Lecturers are more effective in classroom teaching, rather than practical training.	42	28	13	17
12	Application of various methods in teaching skill courses/subjects enhances good performance.	45	38	12	05
13	Students do not always do practice and submit their assignments at the right time for assessment/evaluation.	37	28	20	15
14	The advent of computer and IT gadgets in teaching/training business education courses is not relevant/necessary.	-	12	36	52

Source: Researchers' Field Survey, 2013.

Hypothesis One

$H0_1$: There is no significant difference between the skill competency level of Tai Solarin University of Education (TASUED) and Olabisi Onabanjo University (O.O.U), Business Education Students.

Table 2

Response	Observed	Expected	o - e	Df	X^2 cal	X^2 tab	P	Decision
SA	30	25	5					
A	20	25	-5					
D	28	25	3	3	6.467	7.814	0.05	Reject Alternative Hypothesis
SD	22	25	-3					

Source: Computation from Researchers' Field Survey, 2013.

Decision Criteria:

The rule of thumb guiding the acceptability of a particular hypothesis in chi-square stated that when the x^2 cal is > x^2 tab (critical value) then accept the alternative hypothesis and reject the null hypothesis; also if the critical value is > the calculated value, thus, accept the null hypothesis and reject the alternative hypothesis.

$H0_2$: There is no significant difference between method of teaching/training vocational education courses in TASUED and O.O.U.

Table 3

Response	Observed	Expected	o - e	Df	X^2 cal	X^2 tab	P	Decision
SA	57	25	32					
A	20	25	-05					
D	17	25	-08	3	11.258	7.814	0.05	Accept Alternative Hypothesis
SD	06	25	-19					

Source: Computation from Researchers' Field Survey, 2013.

Table 4

$H0_3$: There is no significant difference between the performance of TASUED and O.O.U Business Education students.

Response	Observed	Expected	o - e	Df	X^2 cal	X^2 tab	P	Decision
SA	35	25	10					
A	27	25	2					
D	20	25	-5	3	5.712	7.814	0.05	Reject Alternative Hypothesis
SD	18	25	-7					

Source: Computation from Researchers' Field Survey, 2013.

Summary of Findings

For hypothesis 1: From table 2, it reveals that the x^2 cal is 6.467 while the critical value (x^2 tab) is 7.814 at 5% level of significance with 3 as the degree of freedom. i.e, (x^2 cal < x^2 tab (critical value). Therefore, the decision rule is to reject the alternative hypothesis and accept the null hypothesis. Thus, the analysis shows that there is no significant difference between the skill competency level of TASUED and O.O.U, Business Education students.

For hypothesis 2; the findings in table 3, indicates that, we should accept the alternate hypothesis since, the calculated value (11.258) is greater than the critical value (7.814). x^2 cal > x^2 tab, therefore, the null hypothesis is rejected which simply shows that there is significant difference between the method of teaching/training business education students in TASUED and O.O.U.

For hypothesis 3; From table 4, it simply shows that we should accept the null hypothesis and reject the alternative hypothesis; vis-à-vis that the x2 calculated (5.712) is < than the x^2 tab (7.814), which shows that there is no significant difference between the academic level and the performance of TASUED and O.O.U Business Education students.

Discussion of Findings

The findings of the study show that there is no significant difference between the skill competency level of Business Education students in TASUED and O.O.U (Table 2 of Hypothesis1), thus, it is significantly revealed that both students in TASUED and O.O.U were having and had already acquired the expected and needed skill during their course of study in order to meet up with future challenges in their place of work.

Table 3 of hypothesis 2, indicates the difference observed in the pedagogical training of the students at the universities of the researchers choice of study, the results reveals that, there are numerous ways of teaching skill subject courses at different level(s) in the university system. Practical and drilling methods were mostly employed at TASUED while at O.O.U, group discussion and assignment methods were mostly used.

Table 4 of hypothesis 3; reveals that there is no significant difference between the academic performance of Business Education Students in TASUED and O.O.U respectively; the variance (t-test value) observed in the two (2) universities of the researchers choice of study are 6.251 (TASUED) and 5.672 (O.O.U). The study established that, there is no specific method(s) of teaching/training skill subject/courses mostly in vocational education that does not bring out the expected results.

Conclusion

Based on findings in this research study, it is impediment to understand that skill competency plays a very significant role in driving away the indolent ones in business education professionalism. It could be inferred that skill competency can offer significant benefit to business educator(s) competency and their level of performance. With the advent of computer, most equipment used in offices has been rendered obsolete such as typewriter, tape recorder and shorthand pad usually used in drilling purposely for covering meetings. The structure of the office keeps changing as a result of advancement and competency of secretary in an organization. The computerization of the environment and the widespread use of information technology among managers and professional staff (experts) have raised some questions about

the future of business educators in Nigeria in terms of their survival and continuity; from findings, it is observed that the business educator that organizations are seeking in today's time should not only have clerical and administrative skill but also possess the knowledge on corporate laws, corporate governance, security law and capital markets.

Recommendations

From the discussion on the "assessment of skill competency of Business Education students in selected Higher Institutions in Ogun State", the following recommendations are made to improve its prospects;

1. Organize workshop, training and seminars for both students and lecturers;
2. Modern office equipment such as reprography, computers/data processor machine, fax machine, telex machine, projector and other telecommunication equipment should be part of learning environment to enable the learner acquire the skills and to make them competent in handling these office equipments.
3. Lecturers must be inducted to develop the needed skills in the use of modern technology and to develop positive attitude towards their use for teaching in order to impart the needed skills to the learners.
4. Government and corporate organization should assist in funding and building quality learning environment (Lecture Room, Halls and Laboratory) to the universities.
5. Lastly, other stakeholders in the educational system should arise and join hand with the government to procure modern and needed instructional materials for the betterment of students and Nigeria at large.

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Banks consolidation and small business lending in Nigeria

By
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Abstract
The study examined bank consolidation in Nigeria, with particular reference to small business lending and examined the implication of financial characteristics of banks for loans to small businesses before and after consolidation in Nigeria. Secondary data was used for the study. Data was sourced from Annual Reports and the Statistical Bulleting of the Central Bank of Nigeria from 1992 to 2010. Data collected were analyzed using descriptive and regression analysis. Banks characteristics such as interest rate, liquidity ratio and loan to bank deposit ratio had significant effect on access of small business to loans with ($t = 7.7812$, $P < 0.05$), ($t = 16.0086$, $P < 0.05$), ($t = 11.0775$, $P < 0.05$) respectively. The study concluded that bank consolidation did not increase small business accessibility to loans in Nigeria. However, consolidation has significant negative effect on small business lending.

Keywords; Central Bank, consolidation, small businesses, bank deposit, loans

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Introduction

The reforms in the financial system in Nigeria which heightened with the 1986 deregulation, affected the level of financial deepening of the country and the level of relevance of the financial system to economic development (Nnanna and Dogo, 1998). However, the rapid globalisation of the financial markets since then and the increased level of integration of the Nigerian financial system to the global system have generated interest on the level of financial deepening that has occurred.

Financial reforms have been a regular feature of the Nigerian financial system. The reforms have evolved in response to the challenges posed by developments in the system such as systemic crisis, globalisation, technological innovation, and financial crisis. The reforms often seek to act proactively to strengthen the system, prevent systemic crisis, strengthen the market mechanism, and ethical standards. Financial reforms in Nigeria date back to 1952 when the Banking Ordinance was enacted. The deregulation of banking in 1986 provided the impetus for the Structural Adjustment Programme. The 1986 reform of the financial system saw a policy shift from direct control to a market based financial system, especially as regards monetary management, risk management and asset holding capabilities of the institutions.

A number of other reforms followed including the consolidation policy in banking in 2005 and insurance in 2007. The reforms in the system impacted positively on the growth of the financial system. The system moved from a rudimentary one at inception to a more sophisticated one in 2009 with diverse institutions and operators, diversified financial assets and an enhanced regulatory framework. The reforms have also tried to address the financial gaps in the system, remove rigidities in the system of credit allocation and control, and achieve positive real interest rates and greater efficiency by the market operators in the intermediation process.

The process of financial sector reform consists of the movement from an initial situation of controlled interest rates, poorly developed money, securities market and under-developed banking system, towards a situation of flexible interest rates, an expanded role for market forces in resource allocation, increased autonomy for the central bank and a deepening of the money and capital markets. The link between financial sector stability and growth is, explained by increased market depth, which potentially increases market efficiency. It also reduces risks through the elimination of weak institutions. Financial sector reforms seek to develop an efficient framework for monetary management. This encompasses efforts to strengthen operational capacities of the banking system, foster efficiency in the money and securities markets, overhaul the payments system and ensure greater autonomy to the central bank in formulating and implementing macroeconomic policies. Thus, there is the need to deepen the financial sector and reposition it for growth and integration into the global financial system in conformity with international best practices.

One of the most important policy concerns in most countries is the effect of consolidation of financial institutions on business growth and development. The first major concern is the transmission mechanism. Consolidation could alter the credit allocation of the financial system by fostering the creation of larger banks having better access to the funds market. It also affects the availability and pricing of loans in response to changes in the market dynamics and the level of business development.

Generally, this study is important at this level of economic development when efforts are being made to reposition the financial system to enable it play key roles in the growth development of business in Nigeria. It is incontrovertible that the banking system is the engine of growth in any economy, given its function of financial intermediation. Through this function, banks facilitate capital formation, lubricate the production engine turbines and promote economic growth. It is, therefore, not surprising that the banking industry is one of the most regulated sectors in any economy. It is against this background that the Central Bank of Nigeria, in the maiden address of its past Governor, outlined the first phase of its banking sector reforms designed to ensure a diversified, strong and reliable banking industry Soludo (2002). The primary objective of the reforms is to guarantee an efficient and sound financial system. The reforms are designed to enable the banking system develop the required resilience to support the economic development of the nation by efficiently performing its functions as the fulcrum of financial intermediation (Lemo, 2005).

This study does raise the following questions: What are the financial characteristics of banks in Nigeria? What is the relationship between bank sizes and their amount spent in financing small businesses in Nigeria? The objective of this study is to examine the implication of financial characteristics of banks for loans to small businesses in Nigeria before and after consolidation. The study is divided into five sections. Section one gives an introduction of the subject matter and the second section contain the survey of related literatures on the theme. The third section describes the methodology of the study in terms of its data collection and analysis technique. Fourth section focuses on data analysis and interpretation, while the final part summarises the study with concluding remarks.

Review of empirical literature

There has been extensive empirical work on the effect of banking consolidation on small business finance in developed world. Though the objectives varies as some looked into the impact of consolidation/merger and acquisition on small businesses others specifically looked at the accessibility of funds to small business before and after consolidation. In other studies, concern is being raised that, the consolidation of banks into larger and complex banks might adversely affect the financing of small business, since; the consolidation in most countries has involved a larger number of small banks that traditionally specialised in providing credits to small business.

According to Marsch (2007) the main argument for this reasoning is that larger banks typically have a smaller propensity to lend to small business i.e. small business generally make up a smaller share of larger banks total loans. Craig (2004) in his view assert that one reason advance for why larger banks are less likely to lend to small business is that larger banks tend to rely on formulaic methods for determining whether to grant credit and amount. He further stressed that to the extent that small business are less able to fulfil these formal requirements, they may be less likely to obtain credit from large banks. Strahan and Weston (1998) find that mergers between smaller banks lead to an increase in small business lending, whereas mergers between larger banks tend to negatively influence small business lending. These studies for the US-market focus, due to data restrictions on the bank side, mainly on the lending process of a bank. Craig and Hardee (2004) in contrast focus on the effect on the firms' financing structure.

The results suggest that in a market with higher market shares of large banks, small firms will receive less credit. Hannan (1991a) and Hannan (1991b) However, Peek and Rosengren (1998) emphasize that besides the bank size, the premerger specialization of the bank is also important for the post-merger behaviour.

The empirical outcome is that acquiring banks with a high portion of small business lending before the merger tends to try to offset the negative effect induced by the merger. For France, Dietsch (2003) argues that consolidation made credit more easily accessible to small business. Another argument put forward by Degryse (2005) is that consolidation of banks may lead to banks efficiency through cost synergies or by takeover of inefficient banks by efficient one and increase market power, any of these may influenced the supply of credits to small business. But in Baumol Wgenvoort(2003) study, he concluded that in a competitive market, efficiency gains through cost savings due to technological advances (use of credit scoring and credit factories) or better risk diversification are likely to be passed on to borrowers, small businesses who may benefit from more favourable loan conditions due to banking consolidations.

Definitions and Measurement of variables: Bank Strength: This refers to the banks gross total asset, Interest Rate: The amount charged, expressed as a percentage of principal by a lender to a borrower for the use of assets, Gross Domestic Product: Gross Domestic Product refers to the total value of goods and services produced within the borders of the country by all factors of production during a given period usually a year without making any allowance for depreciation, Banks Liquidity Ratio: It refers to the ratio of total specified liquid assets to total current liabilities, Banks Loan to Deposit Ratio: It refers to the ratio of total loans and advances to total current liabilities and Small business lending: Loans given to small business owners by the banks as recorded by the Central Bank of Nigeria.

Methodology

The area of the study is the banking and the Small business sectors of the economy. All the twenty two emerging consolidated banks in Nigeria were required as the area of study. Also, small businesses precisely those that have obtained loan from banks before and after consolidation as recorded in the Annual Reports of the Central Bank of Nigeria are equally used.

Secondary data is used for the study. The data was sourced from Annual Reports and the Statistical Bulleting of the Central Bank of Nigeria covering years 1995 to 2010. Besides, other materials were consulted in making up the literature review and data analysis. The researcher consulted various texts, journals, presentations, internet materials, and the work of previous researchers in this area of study in arriving at the facts presented in this study.

Model specification

The loanable funds theory of interest rate makes us believe that a key determinant of loans that a bank will be willing and able to supply is interest rate. The loanable funds theory is a Classical thought and assumes some degree of perfection in the workings of the credit market. Thus, according to this theory, at equilibrium loan LO_t is given by the demand and

$$LO_t = F(INT_t, V_t) \qquad (1)$$

Where,

INT is the rate of interest and V is a catchall for other variables that could affect the amount of loans available for lending. A number of authors have highlighted some other influencing factors that could for instance make the market work imperfectly, some which are macro and others micro. The consensus in this area is that the macroeconomic environment will affect the amount of loans that a bank will be willing to give to its clients. For instance in Blaes (2011), the macroeconomic environment is highlighted as one of the factors driving the amount of loanable funds. This could be proxy by the economic activity measured in terms of GDP. Furthermore, bank size, or bank strength, has been recognized as important determinant of the amount of loans that the bank will have available to the borrowing public. In particular, DeYoung et al. (1999) and Marsch (2007), Emeni and Okafor (2008) among others emphasized the size effect and the increasing concentration as a key factor. The balance sheets of the banks also are important. Here the strength of the bank, the liquidity ratio and loan to deposit ratio determine how much loan the bank could give out

$$V_t = H(GDP_t, BS_t, LQR_t, LDR_t) \qquad (2)$$

It follows that we can express the loanable funds as a function of rate of interest, the level of economic activity, bank strength, liquidity ratio and the bank loan to deposit ratio. That is, using Equation (2) in Equation (1), we can write

$$LO_t = LO(INT_t, GDP_t, BS_t, LQR_t, LDR_t) \qquad (3)$$

Although there are many ways to describe the relationship in the model variables above, the common practice is to assume it is Cobb-Douglas function. However, given the presence of interest rate in the model, we assume that the relationship is semi-log specification. This is because we cannot take the logarithm of interest rate that is already in rate. In view of the above, and to put the model in estimating form, we assume that the linearized model above taking its logarithm. This process yields the following model specification,

$$\log LO_t = \beta_0 + \beta_1 INT_t + \beta_2 \log GDP_t + \beta_3 \log BS_t + \beta_4 LQR_t + \beta_5 LDR_t + \varepsilon_t \qquad (4)$$

where
LO = Bank loan
INT = Interest rate
GDP = Gross Domestic Product
BS = Bank Strenght
LQR = Loan to Bank Deposit Ratio
LDR = Liquidity Ratio and

ε_t is the error term and $\beta_0, \beta_1, \beta_2, \beta_4, \beta_5$ are the model parameters to be estimated. It should be noted that β_2 and β_3 measure the degree of responsiveness between loan and GDP and between loan and bank strength respectively, while β_2 and β_3 measure the growth rate of loan with respect to the respective right hand variables. Equation (4) above constitutes the main estimating model for this work and will be analyzed for pre- and post-consolidation periods.

Analysis

This study estimates the model in equation 4 for the period before and after consolidation. The period before consolidation is between 1992 and 2004 and the period after consolidation is between 2005 and 2010. It is possible to estimate the model in equation (4) using the classical approach. However, given the small sample size in this work, the use of the classical OLS is not advisable. An alternative method based in Bayesian OLS is adopted. This is done with a view to taking care of the small sample period of analysis especially the period after consolidation of just

five years. If not for this, it will be very difficult if not impossible, since the year involved is so small.

In the Bayesian approach, some probabilistic assumptions about the model parameters must be made (Ciccarelli and Rebucci, 2003, Olayeni, 2010). This probabilistic view can be expressed by means of priors for the model, the process that at the same time allows us to accommodate the theoretical implications of the model under consideration. Since the Bayesian approach places the entire distribution before the researcher, not only the standard error but also any statistics of interest can compute. For example, one can compute the t-statistics.

By choosing the Bayesian approach, we also avail ourselves other advantages of the method. In particular, the classical estimate is derived based on asymptotic distribution theory whereas the Bayesian method is based on exact distribution. Thus, while the former lacks power in small sample and often gives incorrect estimates, the latter is capable of producing better results even under small sample. (Lancaster, 2007) It is instructive to note that the coefficients in the classical regression are equivalent to the mean values of the parameter distributions in the Bayesian approach.

As mentioned above, it is necessary when using the Bayesian method to use prior for the parameters. To estimate the model in equation (4) we use the Metropolis Hastings (MH) necessary for sampling in the Bayesian approach. As necessary in the Bayesian method, we will report our results also in terms of the area of highest probability density (HPD). This is equivalent to giving the confidence interval in the classical approach. The HPD will be given in terms of 95% interval, that is, between 2.5% lower band and 97.5% of upper band.

Financial characteristics of banks for loans to small businesses in Nigeria before and after Consolidation

To examine the effect of banks characteristics on loan to small businesses, this study categorises the study year into two sections. The first section is looking at the entire period, i.e., the period before and after consolidation (1992-2010). This is with the intention of examining what transpired during the entire period. The performance of the banks in giving out loans to small businesses. How well or inadequate it is during the entire period of the study. Also, in order to be able to differentiate between the effects before and after consolidation, the studies segregate the period 1992- 2005 (before consolidation) with the intention to deduce the exact situation for the period 2005-2010, a period after consolidation. It is believed ordinarily that, if we take the period 1992-2005 from 1992-2010, the period left will be for 2005-2010 i.e. the period after consolidation.

The following variables serve as banks characteristics used for the study, Liquidity Ratio of commercial banks and Loans to Banks Deposit Ratio. Interest Rate and Gross Domestic Product (GDP) were also co-opted to serve as one of the determinants of banks in giving out loans to small businesses.

Table 1.1 shows the effects of all the variables as mentioned above on the small business lending. Interest rate used to be regulated by the Central Bank of Nigeria. When government desires to encourage investors to increase investment it reduces interest rate to encourage the

existence and would be investors. This in turn increases productivity and employment rate.

Also, when government desires to increase banks deposit to central bank, it increases the interest rate and as a result, money holders deposit their money into banks either as fixed deposits or savings. This in-turn increases bank deposits and eventually reduces money in circulation. This mostly happens when government requires use of money for one form of project or the other.

However, from table 1.1, interest rate is highly significant with the t. statistics of 7.7812. T-statistics is used to test the significance of each independent variable in the model. It is normally examined at a chosen level of significance. A t-statistics of greater than 2 is normally significant at both 5 and 1%. From table 1.1, the observed t is greater than the critical value of t telling us that a unit change in interest rate is significant to banks giving out loan to small businesses i.e., banks are very sensitive to interest rate in determining the rate at which they give out loans to small businesses. The coefficients of interest rate come out with the right signs, it is positively related to the loans given to small business and is inelastic, its inelastic coefficient being 0.0619 and the standard deviation is 0.008.

On the other hand, both the upper and lower confidence band is positive (2.5%, gives 0.0464 and 97.5% gives 0.0775) meaning that it is significant. This suggests that as the interest rate increases, the growth rate of loan to small business reduces. This denotation seems to be similar to what critics of Mckinnon-Shaw argues that financial saving may increase as interest rates are liberalised, but there may simply be a substitution between financial assets and other assets, leaving total saving unchanged. It is also well known that any change in interest rate has income as well as substitution effects. The substitution effect promotes saving by making current consumption more expensive, but the income effect deters saving because at higher interest rates the same income can be obtained with less saving, and the two effects may cancel each other out.

This being so, research findings such as that of Dornbusch (1989) that higher interest rate has ability to mobilise saving is nullified. Also is the conclusion that positive substitution effect of real interest rates on savings dominates the negative income effect. The most important determinant of saving seems to be real income according to research conclusion of Giovannini (1983).

Gross Domestic Product being the total value of goods and services produced within the borders of the country by all factors of production during a giving period usually a year without making any allowance for depreciation can also serve as determinant for banks given out loan to small businesses. This can be visible if it is of high priority for banks to increase the GDP of the nation i.e. to increase the production of goods and services produced within the economy, and then it will give very high priority in giving out loans to small businesses with less condition. This will invariably allow small business owners access to raw materials to be able to produce in large quantities, i.e., expansion of existing business and new businesses might come up also.

From table 1.1, GDP is rightly signed and statistically significant. This is expected for stable economy will increase investment and in turn increase the demand for loan. Nevertheless its t. statistics value (0.7942) serves to remind us of consequentiality. Also, the coefficient of GDP is rightly signed and inelastic, its elasticity coefficient being 0.2081 and the standard deviation is 0.262. As for the confidence interval, the lower band is negatively signed. This suggests that at

some extreme cases the reverse might be the case at the lower band i.e. GDP can be inelastic to loans to small business loans.
Liquidity Ratio is also rightly signed with t. statistics of 16.0086. The elasticity coefficient is positively signed and it is elastic. Also both the upper and lower band interval reveals some certain degree of significance. This suggests that because the amount of liquid money available in the bank treasury will determine how it is going to be distributed. Although it has to do with the banks priority, but even with that, if the bank considers loan to small businesses of the highest priority, the amount that will be set aside for that purpose will depend on the total liquidity of the bank. If the liquidity ratio is low, consequently, the amount that will be made available to small businesses in form of loan will also be small; but if the liquidity is high, the amount that will be available will also increase depending on the bank priority. Some banks have it as a form of policy to place their loans disbursements to small businesses on the rate at which customers' deposit. If the bank deposit is higher, banks also will increase the rate at which they give out loans and vice versa.

From table 1.1, loan to bank deposits ratio is highly significant with the t. statistic of 11.0775. The result confirms the apriori expectation that there is a positive relationship between small business lending and bank deposit, such that the higher the bank deposit, the higher the proportion of the deposit that will be earmarked for small business investors.
This could further be interpreted to mean that for every ₦1 deposits banks received, the bank gave out ₦11.08k as loans to small business lending. The result cannot however be admitted on the face of it without first confirming the goodness of fit of the model used to produce the result. In doing so t-statistics was conducted: coefficients shows 0.0373, this suggest that the loan to bank deposit ratio is significant to banks giving out loans to small business. This is further buttress by the positive sign result of upper and lower confidence interval, meaning some level of significance.

Table: 1.1 Effects of the variables on loans to small businesses between 1992 – 2010

	Coefficients	Standard Deviation	T. Statistics	Confidential Interval	
				2.5%	97.5%
CONSTANT	3.9859	2.5749	1.548	-1.078	9.0695
BS	-0.1292	0.0705	-1.834	-0.2674	0.0107
INT	0.0619	0.008	7.7812	0.0464	0.0775
GDP	0.2081	0.262	0.7942	-0.3162	0.7203
LQR	0.049	0.0031	16.0086	0.043	0.0549
LDR	0.0373	0.0034	11.0775	0.0307	0.0439

Source: Field survey, 2012

KEY:
INT = Interest rate
GDP = Gross Domestic Product
BS = Bank Strength
LQR = Loan to Bank Deposit Ratio
LDR = Liquidity Ratio

Financial characteristics of banks for loans to small businesses in Nigeria before Consolidation

The period 1992 to 2005 is the period before consolidation. The intention is to know the situation of the banks' lending to small business before consolidation. The result is not so different with what operate during the whole sample period as interest rate is statistically significant with t. statistics of (2.0557). This can be interpreted in two ways; firstly, interest rate is used to regulate the monetary policy in the economy, secondly, since Nigeria is a developing country, it is constantly the interest of the government to increase investment in order to increase the country GDP. Interest rate is increased to entice depositors in order to increase bank liquidity for them to be able to give out loans to investors for investment. Probably, because of the interest of the government interest rate is significant to small business lending. Also, before consolidation, there are many small banks that are interested in giving out loans to small businesses. In fact, there are some micro finance institutions/banks whose major reason of existence are to promote small businesses by giving out loans to them and other assistance that can be required by the small businesses from them. It is always of high interest for the banks to give out loans to small businesses when the interest rate is high because it is one of their major sources of income.

Before consolidation takes place in Nigeria in 2005, the effect of GDP on loans to small businesses comes out with a negative sign of (-5.2524), this is statistically insignificant. The coefficient is inelastic. Also, both the upper and the lower band of the interval are negative respectively (-1.7775 and -0.815), meaning GDP is not significant at all levels before consolidation. This could be because Nigeria has been having low GDP probably as a result of low investment with which funds is one of the major hindrances. GDP seems not to have significant effect on loans to small business probably because it is not directly related to the determinants of the banks giving out loans.

In the same vein, banks liquidity ratio is also negatively signed denoting that it is statistically insignificant with t. Statistics of (-2.0319). Also, both upper and lower band of the interval has a negative relationship with the loans to small business. This can be interpreted to mean that the banks with high liquidity ratio prefer to give loans to big businesses that have high rate turn over and have gathered rich experience in business. Such businesses have fame and are not likely to liquidate soon. These kinds of businesses are fully registered and they also have solid collateral to stand for loans obtained. This could be one of the reasons why government decided to establish some micro finance institutions whose major interest is to give out loans to small businesses and to give other support that may be required by the small business owners. At a time, government started making money available from its budgets to sustain these projects. This is done through National Directorate of Employment (NDE) and some other financial institutions.

Loan to bank deposit ratio is positively related, it is statistically significant with t. statistics of (3.3732). Its elasticity coefficient which is 0.0115 is appropriately perfectly inelastic. This shows that some banks have the standard of setting aside a certain percentage of the bank deposits as loans to small businesses. Giving out such loans to the banks is not so profitable because it goes with a very high risk for the banks. Most small businesses, especially the one just starting find it difficult to meet up their pay period because of low sales, lack of raw materials, low technology, poor marketing strategies, etc.

So, some banks just give out such loans to small businesses as a sense of responsibility to the development of the economy. It is believed that giving out loans to small businesses will increase investment which might to some extent increase employment.

Table: 1.2 Effects of the Variables on loans to small business between 1992 – 2005

	Coefficients	Standard Deviation	T. Statistics	Confidential Interval	
				2.5%	97.5%
CONTANT	16.9095	2.4101	7.0162	12.19	21.585
BS	0.7047	0.0758	9.2988	0.5553	0.8534
INT	0.016	0.0078	2.0557	0.0009	0.0314
GDP	-1.2969	0.2469	-5.2524	-1.7775	-0.815
LQ R	-0.009	0.0044	-2.0319	-0.0178	-0.0005
LDR	0.0115	0.0034	3.3732	0.0049	0.0183

Source: Field survey, 2012

KEY:

INT = Interest rate
GDP = Gross Domestic Product
BS = Bank Strength
LQR = Loan to Bank Deposit Ratio
LDR = Liquidity Ratio

Consolidation Effects of banks characteristics on Loans to Small Business

The aim of the regression is to investigate the effect of consolidation on small business lending. The effect of the merged banks shows in clear term the positive relationship between bank deposit and small business lending. The quantitative relationship shows that for an increase in bank deposit for the merged bank by ₦1, small business lending will increase by ₦2.11k. Every other test statistic as conducted on the pre-merged banks is in line with the consolidation data.

Deregulation effects of the banks liquidity ratio on loans to small businesses are statistically significant with t. statistics of 10.6072. This is understandable because banks are likely to have high liquidity rate as a result of consolidation. When consolidation takes place, two or more banks pool resources together to make one mega/big bank. As a result of this, any increase in the liquidity ratio of the banks leads to an increase in the loans given to small businesses and, subsequently reduction in the liquidity ratio also leads to reduction in the rate/amount of loans banks give to small businesses. The situation is the same for upper and lower band of confidence interval.

In the same vein, loan to banks deposit ratio is also statistically significant with t. statistics of 6.3579. Any additional increase in the amount deposited by banks customers leads to an increase in the rate at which banks give out loans to small businesses. Conversely, when there is reduction in the deposits of the banks, there is also a reduction in the rate at which banks gives out loan to small businesses. This is in line with the second major criticism of the financial liberalisation argument that the banks liberalisation model seems to treat banks simply as savings depositories, with the presumption that the supply of loans from the banking system depends on the deposits held by the banks, and if deposits increase, loans will automatically increase. In short, the supply of credit is treated as exogenously determined.

However, if banks have power to create credit (which they do), backed by a central bank acting as lender of last result, the supply of loans will depend on the demand for loans, not on the supply of deposits. The supply of loans then becomes endogenous. Within this framework, what is important is not so much incentives for saving, but incentives for investment, which may require lower interest rates. This is part of the Keynesian and Post- Keynesian critique of the financial liberalisation school.

Table: 1.3 Consolidation effect of banks characteristics on small business lending

	Coefficients	Standard Deviation	T. Statistics	Confidential Interval	
				2.5%	97.5%
BS	-11.557	1.4674	-7.8759	-14.41	-8.675
INT	3.1314	0.2952	10.6072	2.547	3.702
LDR	2.1057	0.3312	6.3579	1.447	2.7445

Source: Field survey, 2012

KEY:
INT = Interest rate
BS = Bank Strength
LDR = Liquidity Ratio

Conclusion
The study has shown that bank consolidation as a policy has positive relationship to small business lending in Nigeria.

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Impact of Language in Development and Economic Participation

By

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Abstract

Language plays an important part in the advancement and application of knowledge as it provides the medium through which knowledge and skills are acquired. It is therefore central to processes of human resource development. Yet, as Rassool (2007) observes, many developing countries are faced with unresolved questions regarding the choice of languages that would best support economic and social development. The association of languages like English with social status, economic power and societal modernization has provided a powerful rationale for their inclusion in language-in-education policies in the belief that this will facilitate international trade, that it will stem the inter-generational transfer of poverty and, thus, promote economic development. This, as we know, has been in conflict with existing local or regional languages. A major consequence, therefore, is that in many contexts these policies have led towards the exclusion of those unable to communicate in the economically significant languages from participation in employment where these languages are required. This presentation focuses on the role played by institutionalized value patterns, such as the choice of language of instruction, in denying a section of the population full participation in the society specifically in economic activities such as the job market. It also aims to extend our understanding by examining cause and effect relationships between language and economic participation in societies where the medium of instruction, and by extension economic engagement, is in a language with which the larger part of the population has little or no familiarity. The discussion in this paper draws largely from documentary analysis on language and economic development but also employment advertisements in local languages, Swahili and English medium newspapers in East Africa.

Key words: Language, modernization, development, international trade, advertisements

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Introduction

The role of education in the development of society cannot be overemphasized. According to World Bank (1999), from a global perspective, economic and social developments are increasingly driven by education or the advancement and application of knowledge. The socio political and economic well being of a nation therefore, is in many ways determined by the quality and level of educational attainment of the population (Rassool, 2007). Education and success at school has an economic value as it opens doors to employment and has the potential to stem the tide of intergenerational transfer of poverty thus improving the well being of a nation. The 2008 World Development Report notes that low education levels, particularly in rural areas, continue to inhibit economic development (World Bank, 2007). Thus, education, a productive investment in human capital, is a tool adopted by developing countries not only for accelerating economic development but also promoting standards of living in line with other facets of development set in the Millennium Development Goals of 2000 that reflect such criteria for development including gender equality, alleviation of poverty and hunger, primary education, improved child mortality and maternal health, control of disease, sustainability of the environment and global partnerships for development(United Nations Development Group, 2003).

But according to the Poverty and Human Development Report of 2009, millions of children in Sub-Saharan Africa do not complete school, or leave with low levels of education and hence literacy and numeracy. They thus end up less employable and as such, the overwhelming option for these children is to participate in small holder farming, the least remunerative sector of the economy. A wide variety of reasons lead to their lack of completion or low levels of attainment. In Kenya for example, the Uwezo Kenya 2011 Assessment Report indicates that the provision of quality education remains a challenge. This is propagated by lack of commitment with absenteeism of teachers at 13% and that of students at 40% per day. Moreover, most teachers lack skills in contemporary teaching and learning strategies amidst a high student enrolment at 64 students per teacher and shortage of teachers at an average of four teachers per school. The situation is aggravated by inadequate resources and school indiscipline.

However, policy analyses make infrequent mention of language as one of the impediments to school achievement. Yet educational achievement must involve effective communication, thorough assimilation of information and critical analysis on the part of the recipients (Trudell, 2010). Trudell (2009) also observes that although the Education for All 2008 Global Monitoring Report recognizes language issues as being important to improved educational quality, on-the-ground assessments of educational outcomes typically do not and poor test results are attributed to a range of factors such as teacher competence, school facilities and student culture, ignoring the most salient reason; language incompatibility between curriculum and student. Hardman et al (2008) and Adekola (2007) observe that evidence of incompatibility often emerges even when the researcher is not seeking evidence of the impact of language choice on learning outcomes.

Language therefore, plays an important part as it provides the medium through which knowledge and skills are acquired and is thus central to the process of human resource development (HRD). Trudell (2012) observes that of all the various components of a classroom environment, language of instruction is arguably the most fundamental for learning. In fact, studies abound demonstrating that the most effective learning takes place in a language the learner understands

(UNESCO, 2008). Attention to language and culture context is therefore crucial to education and hence effective sustainable development (Djite, 2008, Rassool, 1999). Yet as Rassool (2007) observes, many developing countries especially in sub-Saharan Africa are faced with unresolved questions regarding the choice of languages that would best support education and thus economic and social development.

The association of European languages like English with social status, economic power and societal modernization provides a powerful rationale for their inclusion in language –in – education policies in the belief that this would facilitate international trade and through this, economic and social development. Coleman (2012) identifies some of the roles associated with English in development contexts as increasing employability, facilitating international mobility (migration, tourism, studying abroad), unlocking development opportunities, accessing crucial information and acting as an impartial language in contexts where other available languages would be unacceptable.

Further, local community perceptions of the official or European languages perpetuate their inclusion in language-in-education policies. In Kenya for example, despite the fact that only 15% of the population know English well enough to use it in all areas of life (Bunyi, 1999), English fluency remains the hallmark of a good education. In a study of the Tharaka language community of Central Kenya, Schroeder (2004) finds that even to most uneducated adults, mastery of the official language like English is seen as a gateway to educational and economic opportunity and the best avenue to this mastery is to be taught via this language at school. Muthwii's (2004) study of the perceptions of the Kalenjin, another Kenyan community, reveals access to employment opportunities, English-medium information, higher education in English, wider communication and the richness of English as a modern language as some of the long term advantages of English as perceived by these community members. Their inclusion in language-in-education policies is thus done at times in conflict with the existing local or regional languages.

In consequence, the linguistic dilemmas regarding the choice of language of teaching and learning have implications for the relative ability to sustain adequate levels of HRD and to accumulate enough cultural capital to be exchanged within an increasingly knowledge based and highly competitive international labor market (Rassool, 2007). In some countries therefore, this dilemma has led towards exclusion of those unable to communicate in the economically significant languages and those with low educational achievement from participation in economically viable activities like employment where the European languages and a certain level of educational achievement are required.

Setting the Context: the language situation in East Africa

An overview of the language situation in the countries in question, Kenya and Tanzania is in order. The language situation in Kenya has its basis in the colonial language policy following the scramble for Africa by European powers in the 19th century. With Kenya having become a part of the British East Africa protectorate, measures were put in place to promote the learning of English and at times to discourage it. Kenyans however took to the learning of English having realized that it was the launching pad for white collar jobs. Today, with barely a quarter of the population versed in English well enough to use it in all areas of life (Nabea, 2009), English

remains the official language and the medium of instruction in all subjects (except other languages) from primary four and beyond. It is also a compulsory subject in the curriculum from primary one to secondary level. English fluency is also seen as the hallmark of a good education and a gateway to educational and economic opportunity by many community members (Schroeder, 2004). However, despite the importance attached to English in Kenya, the performance of students in national examinations and in many cases their communicative competence has wanted (KNEC, 2010). Nabea (2009) observes that while the policy makers appear comfortable with the situation and would like the status quo maintained, the situation among lay Kenyans indicates that not all is well on the ground. The people are reacting to English linguistic supremacy through mediation and contestation. These take place through abrogation as exemplified by Ngugi wa Thiongo's shift to writing in Kikuyu instead of English; appropriation in the form of code-mixing, code-switching or laissez faire use of non-standard language; and in creation as is evident in the use of argots like sheng and Engsh.

In neighbouring Tanzania, the language situation as regards English is even more complicated. Tanzania like many African countries boasts a wealth of indigenous languages, at least 127 (Gordon, 2005). Tanzania differs from its neighbours in that a lingua franca, Swahili is spoken as a second language by a vast majority of the population thus a straight forward choice for national language. In 2004 the National Kiswahili Council estimated that 99% of all Tanzanians spoke Swahili as at least a second language (Brock-Utne, 2005).
A common educational dilemma in multilingual African countries is what to choose as the language of instruction and for most colonizers the solution was simply to use the colonial language. But for Tanzania the choice was not as easy since Swahili could be used as easily as the colonial language to bridge the gaps in the classroom. Today, Tanzania and Ethiopia are the only countries in Africa to use national languages rather than colonial ones throughout the primary school system (Alidou, 2004). Nonetheless, Tanzania has not escaped the medium of instruction problems and there is ongoing debate over whether there is optimal amount English in Tanzania schools. According to the official linguistic policy of Tanzania, as announced in 1984, Swahili is the language of the social and political sphere as well as primary and adult education, whereas English is the language of secondary education, universities, technology and higher courts. Though the British government financially supports the use of English in Tanzania, its usage in the Tanzanian society has diminished over the past decades: In the seventies Tanzanian university students used to speak English with each other, whereas now they almost exclusively use Swahili outside the classroom. Even in secondary school and university classes, where officially only English should be used, it is now quite common to use a mix of Swahili and English. This practice presents a problem in situations where English is required.

Selected Studies of Language and Development

There is an increasing amount of literature on language and development in various contexts multilingual and postcolonial, focusing either on the local or foreign languages. This is a short selective review of this literature.

Trudell (2009) focuses on local language literacy and sustainable development in Africa with a specific focus on Sub-Saharan Africa. The study explores the specific links between language, development and literacy. Using examples from contexts such as Burkina Faso, Ghana and Senegal, the study gives examples of the impact achievable when local-language literacy is made

a part of the broader development picture. Examples of the linkage between local-language literacy and sustainable development are found among two at-risk groups: Young people struggling to succeed in school and rural women. Local-language literacy programs have been found to provide a bridge into school success for young adults who have not been able to succeed in the formal system because it uses a language in which they are not fluent. For the rural women, local-language literacy enables them to access development related knowledge and their literacy translates to better family health, higher enrolment rates for their children and higher family incomes (Aggor and Siabi-Mensah, 2003). Local-language literacy therefore leads to a wide range of development benefits.

In another study based in Burkina Faso, Trudell (2012) examines the role of language as a gateway or gatekeeper to education and social, political and economic mobility in francophone Africa. Here, it emerges that the use of Burkinabe languages is good for the learners as a gateway to learning whether in the classical curriculum or in a more community responsive curriculum. This gateway has however been narrowed by the relatively limited use of mother tongue in the primary school. Although the two studies by Trudell focus on aspects of language and development, their concern is more about local-language importance in development. But more closely related to the present study is Coleman's (2012) paper, Developing countries and the English language which examines the claims that have been made for the importance of English in development, points out where these claims do not appear justified, considers whether the pursuit of English in the name of development carries any dangers, identifies areas where English really does appear to have a useful role and formulates recommendations.

Coleman (2012) offers that there is now greater understanding that English is not the only language that plays a role in the development process. Other international, national and local languages have important and complementary roles to play too. There is therefore increased willingness to question some of the claims that have been made for English as a means to development. As mentioned elsewhere in this paper, he however identifies four areas where there is evidence that English makes a contribution: increasing employability, facilitating international mobility (migration, tourism, studying abroad), unlocking development opportunities, accessing crucial information and acting as an impartial language in contexts where other available languages would be unacceptable. This aspect of Coleman's work is consistent with the argument in this paper that knowledge of English offers some advantage in economic participation in some contexts, while lack of knowledge might lead to some form of exclusion.

Theoretical Background for Language and Economic Participation

Theoretical guidance for this study emanates from two theoretical perspectives: the theory of social exclusion and the theory of social justice. A theme common to most if not all definitions of social exclusion is that it is multidimensional. It often has multiple necessary conditions and so it is a combination of factors that cause exclusion. It is a short-hand term for what can happen when people or areas face a combination of linked problems such as unemployment and poor skills (Social Exclusion Unit Report [SEU], 2004). This shows that social exclusion is seen as something that happens to groups of people.

According to Burchardt, Le Grand and Piarchard (2002), if we assume that there is a set of core activities which constitute participation in society then an individual is socially excluded in case

the individual is not participating due to reasons beyond his or her control and he or she would like to participate. In this definition, areas of activity which constitute exclusion include:
Consumption: the capacity to purchase goods and services

Political engagement: involvement in local or national decision makings
Social interaction: interaction with family friends and community and

Production: participation in economically or socially valuable activities

This study is particularly interested in the role played by language in exclusion from participation in economic activities such as the job market.

On the other hand, according to Stiftung (2001), claims for Nancy Fraser's theory of social justice in today's world seem increasingly to divide into two types. Distributive claims and Recognition claims. In Stiftung's description, distributive claims seek a more just distribution of resources and goods. Injustice appears in the guise of class-like inequalities rooted in the economic structure of the society. Here the quintessential injustice is maldistribution understood to encompass not only income inequality but also exploitation deprivation and marginalization or exclusion from labor markets. The remedy, accordingly is redistribution also understood not only to encompass income transfers but also recognizing the division of labor, transforming the structure of property ownership and democratizing the procedures by which investment decisions are made.

From the recognition claims, Stiftung (2001) observes that injustice appears in the guise of status subordination, rooted in institutionalized hierarchies of cultural value. The typical injustice here is misrecognition which is broadly understood to encompass cultural domination, non-recognition and disrespect. The remedy, accordingly, is recognition broadly understood to encompass reforms aimed at revaluing disrespected identities and the cultural products of maligned groups as well as efforts to transform the symbolic order and deconstruct the terms that underlie the existing status differentiations.

For the purposes of combining redistribution and recognition under a single normative principle that can encompass both claims without reducing either one to the other, Fraser proposes the principle of parity of participation. According to this principle; justice requires social arrangements that permit all members of society to interact with one another as peers. For participation parity to be possible, at least two conditions are necessary. First is the 'objective' condition where the distribution of material resources should be such as to ensure participants independence and voice. It thus precludes social arrangements that institutionalize deprivation, exploitation and gross disparities in wealth, income and leisure time thereby denying some people the means and opportunities to interact with others as peers.

Second is the 'intersubjective' condition which requires that institutionalized patterns of cultural value express equal respect for all participants and ensure equal opportunity for achieving social esteem. This condition precludes institutionalized value patterns that systematically depreciate some categories of people and the qualities associated with them thus denying them the status of full partners in interaction. It is this second condition that is of particular interest in this study.

The study is particularly interested in the role played by institutionalized value patterns such as the choice of language of instruction in denying a section of the population full participation in the society specifically in economic activities such as the job market.

The study therefore hopes to extend our understanding by establishing if there is a cause and effect relationship between language and economic participation or by determining the relationship between language and economic participation in societies where the medium of instruction and by extension economics is in a language the larger part of the population is uncomfortable with.
The broad objective of the study therefore is to examine the influence of language on economic participation and development and specifically whether the English medium of instruction leads to social and economic advantage or disadvantage.

Method
The discussion in this paper draws largely from documentary analysis on other language and economic development studies. It also reports on an analysis of employment and course advertisements in local language and English medium newspapers focusing mainly on the linguistic qualification requirements and the educational attainment levels required. Since most adverts in newspapers seemed to be mainly for professional or the higher cadre of jobs, the analysis was extended to other job adverts not necessarily in the newspapers.
The newspapers analyzed include mainly Swahili and English newspapers in the case of Tanzania and English, Swahili and local language newspapers in the case of Kenya. The newspapers include daily national newspapers, County Editions and weekly editions.

Findings and discussion
An analysis of job advertisements in various newspapers from Kenya and Tanzania reveals that the most common adverts are for professional jobs or the higher end jobs that require special education and training or some professional qualification as opposed to vocational jobs that merely require some skills to perform. However, other categories of jobs are also advertised on a few occasions in the newspapers. In most cases, vocational job adverts are posted on notice boards at government offices or other designated places at the institutions that have the vacancy rather than in newspapers.

Many of the jobs adverts, even for the lower-paying job categories, indicate a requirement of at least a form four or O-level certificate and ability to speak English. Where the linguistic requirement is not specified, the assumption is that the educational attainment required comes with the requisite linguistic ability.
It is also worth noting that all the newspapers including the Swahili medium newspapers run the job advertisements in English. The local language newspapers seldom run any job advertisements. Table 1 presents some of the job advertisements extracted from various East African newspapers.

Table 1
Job Adverts in Various Newspapers

MTANZANIA (SWAHILI LANGUAGE NEWSPAPER-TANZANIA)				
COMPANY	**JOB**	**LEVEL OF EDUCATION**	**LANGUAGE REQUIREMENT**	**REMARKS**
Resolute (Tanzania) Limited	Graduate Mine Geologist	University Degree	A high level of English and communication skills (both spoken and written).	

MWANANCHI (SWAHILI LANGUAGE NEWSPAPER-TANZANIA)				
COMPANY	**JOB**	**LEVEL OF EDUCATION**	**LANGUAGE REQUIREMENT**	**REMARKS**
Mwananchi Communications Limited	Receptionist	Form IV certificate with pass in English and Kiswahili	Fluency in English and Kiswahili languages	
	Office Attendants	Holder of National Form IV Certificate with passes in English and Kiswahili	Passes in English and Kiswahili	

NIPASHE (SWAHILI LANGUAGE NEWSPAPER-TANZANIA)				
COMPANY	**JOB**	**LEVEL OF EDUCATION**	**LANGUAGE REQUIREMENT**	**REMARKS**
African Barrick Gold	Environmental Superintendent	University Degree	Excellent communication skills.	
	Inventory Analyst	University Degree	Good communication skills.	
	Senior Environmental Officer	University Degree	Excellent communication skills.	

THE GUARDIAN (ENGLISH LANGUAGE NEWSPAPER-TANZANIA)				
COMPANY	**JOB**	**LEVEL OF**	**LANGUAGE**	**REMARKS**

		EDUCATION	REQUIREMENT	
UNFPA Zanzibar	United Nations Volunteer Assignment Opportunity	University Degree	Fluency in English, Knowledge of Kiswahili an added advantage	
German Development Co-operation	Senior Advisor GIZ	University Degree	Good command of English and Kiswahili languages	

DAILY NEWS (ENGLISH LANGUAGE NEWSPAPER-TANZANIA)				
COMPANY	**JOB**	**LEVEL OF EDUCATION**	**LANGUAGE REQUIREMENT**	**REMARKS**
USAID Tanzania	Information Systems Assistant	University Degree	Level III English-Good working knowledge and speaking required	
USAID Tanzania	Public Health Specialist	University Degree	Level IV (fluency) speaking and written communication in English and Kiswahili required.	

DAILY NATION (ENGLISH LANGUAGE NEWSPAPER-KENYA)				
COMPANY	**JOB**	**LEVEL OF EDUCATION**	**LANGUAGE REQUIREMENT**	**REMARKS**
Ministry of State for Defence	General Service Officer (Cadets)	O-level(Form 4)	C+ in English	
Ministry of Gender, Children and Social Development	Consultant for the Development of a National Policy on Gender Based Violence	University Degree	Excellent English	
Habitat for Humanity Kenya	Housing Support Services	Bachelors Degree in Housing & Construction	Fluency in English and Kiswahili	
Multinational	Warehouse	Diploma	Pass in English	

Company in Mombasa	Clerks			
Multinational Company in Mombasa	-Truck Drivers -Forklift Drivers -Mechanics	O- level (Form 4)	Ability to Effectively communicate in English	

THE EAST AFRICAN STANDARD (ENGLISH LANGUAGE NEWSPAPER-KENYA)				
COMPANY	**JOB**	**LEVEL OF EDUCATION**	**LANGUAGE REQUIREMENT**	**REMARKS**
Panda Development Company Limited	Security & Logistics Manager	O- level (Form 4)	Excellent in English & Kiswahili	
KNCV Tuberculosis foundation	TB Care County Director	Advanced Degree	Fluency in English with Excellent oral & written communication skills	
Inform Action	Head of Production	Bachelors Degree	Fluent in English and Kiswahili	

TAIFA LEO (SWAHILI LANGUAGE NEWSPAPER-KENYA)				
COMPANY	**JOB**	**LEVEL OF EDUCATION**	**LANGUAGE REQUIREMENT**	**REMARKS**
Ministry of State for Defence	General Service Officer (Cadets)	O-level(Form 4)	C+ in English	

The linguistic and educational requirements in these adverts certainly lock out a large section of the population from economic participation in terms of these jobs as many are likely to fall below the threshold, given the linguistic situation in these countries as seen earlier in the paper. A major problem here is no doubt the English language whose required standard many do not meet and which limits their level of attainment in Education as learning is most effective when it takes place in a language the learner understands (UNESCO, 2008) and this is clearly not the case to some extent in Kenya and to a larger extent in Tanzania.

In Kenya, the requirement for English is likely to exclude many from participation in the job market as only about a quarter of the population is comfortable enough with English to use it in

various contexts (Nabea, 2009). Furthermore, the requirement of certain specific grades such as the C+ that is required in the advert for General Service Officers or cadets by the Ministry of Defence would certainly lead to further exclusion of a large section of candidates as the Kenya National Examinations Council reports continual poor performance in English in the National Examinations. For example, the countrywide mean score of English in the 2009 examination stands at 39.21 % (KNEC, 2010). The poor performance in English also affects their general performance and hence educational attainment. This therefore means that a large number of candidates are left out in economic participation at higher levels where English and higher levels of educational attainment are required and have to resort to lower-paying jobs of unskilled labour and small holder farming.

In Tanzania, the situation is even more grim as the use of Swahili throughout primary education and the introduction of English later on in post-primary education significantly undermines both the students' ability to learn, and in many cases, the teacher's ability to teach thus significantly diminishing the quality of Tanzania's education system. The inability to learn limits the progress of many students potentially excluding them from the job market and economic participation at higher levels. For example, although statistics from the United Nations Children's Fund (UNICEF) state that between 2005-2009, 83% of Tanzanian children completed primary school, only a small portion went on to complete secondary school (Rabin, 2011). Indeed, according to the World Bank Group (2000), Tanzania has had one of the lowest secondary school enrolment levels at 5-6% in the year 2000 as opposed to 39% for males and 37% for females in Kenya in the same year. This means that very few are able to attain Form Four education which is the lowest threshold for many of the jobs as portrayed in the job advertisements. Rabin (2011) therefore observes that those unable to gain a post-primary education where English is learnt are subjugated to lifetimes of unskilled labor. This is because they lack the Form Four certificate that is the minimum requirement as per the job adverts(See Table 1) and also lack sufficient knowledge of English which is introduced at secondary school, a level they have failed to reach.

Even entry into Vocational Training Centers such as the Vocational Educational Training Authority for courses such as mechanical, electrical, building and ICT trades require a minimum of form four education as seen in the advertisement presented in Table 2. This locks out many potential trainees.

Table 2
Advertisement for Courses at
Dar es Salaam Regional Vocational Training and Service Centre

1.0 FANI ZA MITAMBO (MECHANICAL TRADES)

No	FANI (TRADE)	MUDA (DURATION)	SIFA ZA KUJIUNGA (QUALIFICATION)
1.	Ukerezaji vyuma/Fundi mitambo (F/ Tuner/ F/ Mechanics)	Miaka 3 hadi 4 (3-4yrs)	Kidato cha 4 na kuendelea (Form 4 and above)
2.	Uuungaji vyuma (Welding & fabrication)	Miaka 3 hadi 4	Kidato cha 4 na kuendelea ”
3.	Unyooshaji bodi za magari (Auto body repair)	Miaka 3 (3yrs)	Kidato cha 4 na kuendelea ”
4..	Ufundi magari (Truck	Miaka 3 hadi 4	Kidato cha 4 na kuendelea

	Mechanics)		”

2.0 FANI ZA UMEME (ELECTRICAL TRADES)

No	FANI (TRADE)	MUDA (DURATION)	SIFA ZA KUJIUNGA (QUALIFICATION)
1.	Usukuaji mota (Motor Rewinding)	Miaka 3 hadi 4	Kidato cha 4 na kuendelea (Form 4 and above)
2.	Ufundi Majokofu na viyoyozi Refrigeration & Air condition	Miaka 3 hadi 4	Kidato cha 4 na kuendelea ”

3.0 FANI ZA UJENZI (BUILDING TRADES)

No	FANI (TRADE)	MUDA (DURATION)	SIFA ZA KUJIUNGA (QUALIFICATION)
1.	Ufundi Rangi (Painting & Decoration)	Miaka 3 hadi 4	Kidato cha 4 na kuendelea (Form 4 and above)
2.	Useremala (woodwork)	Miaka 3 hadi 4	Kidato cha 4 na kuendelea ”
3.	Uchoraji wa Ramani za Majumbani (Civil Draughting)	Miaka 3 hadi 4	Kidato cha 4 na kuendelea ”

4.0 FANI ZA HABARI NA TEKNOLOJIA (ICT TRADES)

No	FANI (TRADE)	MUDA (DURATION)	SIFA ZA KUJIUNGA (QUALIFICATION)
1.	Ufundi wa Kompyuta (Information technology)	Miaka 3	Kidato cha 4 na kuendelea (Form 4 and above)
2.	Uhazili na Kompyuta (Secretarial and Computer Application)	Miaka 3 hadi 4	Kidato cha 4 na kuendelea ”
3.	Utengenezaji wa mashine za ofisi (Office machine mechanics)	Miaka 3	Kidato cha 4 na kuendelea ”
4..	Electronics	Miaka 3 hadi 4	Kidato cha 4 na kuendelea ”

5.0 FANI NYINGINE (OTHER TRADES)

No	FANI (TRADE)	MUDA (DURATION)	SIFA ZA KUJIUNGA (QUALIFICATION)
1.	Uchapaji (Printing)	Miaka 3 hadi 4	Kidato cha 4 na kuendelea (Form 4 and above)
2.	Ushonaji (Tailoring)	Miaka 3 hadi 4	Kidato cha 4 na kuendelea ”
3.	Maabara (Laboratory Assistance)	Miaka 3	Kidato cha 4 na kuendelea ”

6.0 HOSPITALITY INDUSTRIES

No	FANI (TRADE)	MUDA	SIFA ZA KUJIUNGA

		(DURATION)	(QUALIFICATION)
1.	Huduma ya vyakula na vinywaji (Food and Beverage services)	Miaka 2 (2yrs)	Kidato cha 4 na kuendelea (Form 4 and above)
2.	Utayarishaji wa vyakula mbali mbali (Food Production)	Miaka 2	Kidato cha 4 na kuendelea ”

Even for those who are able to gain a post-primary education, however, the system of transition from Swahili to English as the medium of instruction preclude many of them from becoming fluent in English and in a highly competitive job market, the lack of English competency, even amongst Tanzania's university graduates, is a barrier to employment (Mwitumba, 2011).
The lack of English proficiency therefore, continues to be a barrier to advancement and application of knowledge, thus exclusion from employment and participation in economic development for a significant part of the population in Kenya and Tanzania.

Conclusion

The paper has analyzed the role played by institutionalized value patterns such as the choice of language of instruction in denying a section of the population full participation in the society specifically in economic activities such as the job market.
It emerges that with only small sections of the population comfortable with the use of English in all spheres of life, low educational attainment becomes the end product as a large number of learners learn in a language they are not comfortable with. This is not withstanding the fact that mastery of English is seen as the hallmark of education (Bunyi, 1999) and as a gateway to economic opportunity (Schroeder, 2004).

Against a backdrop of low educational outcomes associated with the use of the English medium, low levels of competence in English and the requirement of English as well as a certain level of educational attainment in the job market, a sizeable part of the population is bound to be left out of full economic participation.

The complex questions of language and development, specifically economic participation certainly need to be addressed. But any in-depth examination remains outside the scope of this particular presentation. What does seem clear though is that knowledge of the English language does actually present some form of advantage in the job market in Kenya and Tanzania.

In my view then, promise lies in the hands of policy makers to develop policies that will ultimately minimize disadvantage and ensure that all stakeholders have a more equal share of all opportunities that are available. While this may mean policies in favour of English learning to rhyme with the requirements of the job market, it would also be important, as observed by Coleman, 2012, to question some of the claims that have been made for English as a means of development and fortifying the understanding that English is not the only language that plays a role in the development process. Other international, national and local languages too have important and complementary roles to play.

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Integrating quality management systems in public sector financial management: a developing country's nightmare

By

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Abstract

The public sector is presently challenged to provide high quality projects and services to its customers despite the difficult economic times leading to budgetary shortfalls. Demand for accountability of public resources has increased tenfold. Associated with this is the demand for efficient processes, consistently deployed and subject to continual improvement. In developing countries public sector financial management systems have focused on improvements in fiscal discipline, improved allocation of resources, improved efficiency and effectiveness of resource use, accountability and predictability of resources with wide stakeholder participation. Whilst these reforms have been initiated in many developing countries, a number of constraints have prevented from these reforms from reaching their full potential. These include political commitment to reform; lack of integration with the budget process, difficulties in defining appropriate performance indicators, system may not link budget and accounting systems and the public sector organizations lacking the necessary systems and capacity to capture information. Quality Management Systems can be expressed as the organization structure, procedures, processes and resources needed to result into production of quality goods and services as per the expectations of the client in addition to being efficient, effective and economical. There are different types of Quality Management Systems in use all over the world. The baseline for all these Quality Management Systems is that they emphasize on some common factors such as client/customer focus, involvement of all stakeholders, the systems are process and procedure based, a systems approach is adopted, mutual and beneficial relationship with stakeholders and most importantly emphasis on continual improvement. As organizations are growing and becoming more complex, they are confronted with a more dynamic and competitive environment and to maintain its survival, they must continuously respond to the environment. However, responding and ultimately reshaping the organization accordingly can be insufficient unless and until performance criteria is accounted for. Therefore it is imperative that for survival it is necessary for an organization to focus on quality improvement in order to survive.

Key words; Public Sector, Financial Management, Discipline, Budgets, Stakeholder Participation

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Introduction

The public sector is responsible for bringing together large amounts of resources to achieve a range of public goals. This responsibility comes with considerable complexity and expectations. Financial management is an important tool that helps the public sector take care of money in a systematic, efficient, transparent and legitimate way. Public sector financial management has three cornerstones which involve resource generation which is getting money, controlled delivery which is spending money and accountability involving reporting money (Graham 2011). Historically, public sector financial management focused on ensuring that government revenue and expenditure were controlled in line with the overall approved budget lines. Governmental units were expected to strictly adhere to the laid down legal provisions and financial regulations as issued by the central government.

This approach to managing public finance has not delivered the key requirements of improving the quality and impact of public resources. In recent years, governments and donors have focused on wider issues through public expenditure and financial management reforms which include ensuring that limited resources are allocated to priority areas over the medium term, ensuring that all resources are planned and managed together i.e. recurrent and development, government and donor - so that they are all targeted at the same priority areas, increasing transparency in the use of public funds, introducing a performance focus in planning and budget management and ensuring that planning management and reporting of public funds meets international standards (Public and Financial Handbook 2008).

Developing countries have attempted to introduce reforms in the public sector financial management. These reforms have majorly dealt with areas of resource generation, improved resource allocation with emphasis on sector wide approaches and fiscal discipline aimed at improving efficiency, effectiveness and value for money. Transparency, accountability and enhanced participation of stakeholders have also been issues that have been addressed. Specific reforms that developing countries and emerging economies have implemented include the Medium Term Expenditure Framework (MTEF) which improves the links between planning and budgeting, Integrated Financial Management Information Systems (IFMIS), computerized financial management systems with emphasis on improving accuracy, timeliness, control, and management of public funds, strengthening management processes e.g. procurement reforms, payroll and personnel management reforms, bringing systems into line with international standards and audits and reforms to legal framework with introduction of new legislation and the strengthening the roles of oversight.

However weaknesses have been noted in public financial management systems. These problems include among others the fact that the long term and medium term plans are not always based on a realistic resource envelope and are more often than not, not linked to annual budgets. This results in new policies being introduced without sufficient analysis of their budgetary requirements. Another limitation is that donor led policy changes sometimes have tended to undermine the governmental capacity for effective policy formulation. Also noted is the fact that government capacity to develop macro-economic forecasts and suitable models for the development of such forecasts.

Governmental budgets also tend to focus on line items. There is planning on inputs but no corresponding planning of outputs. Additionally there is no planning of outputs to correspond to the inputs. The focus of the budget is just on an annual basis. Also noted is that there is still insufficient accountability and transparency in the use of public funds, insufficient fiscal discipline within governmental units, weak implementation of existing budget execution system and poor cash management, donor organizations running parallel systems to meet their own accountability requirements, problems or retaining staff both in terms of numbers and qualifications (Public and Financial Handbook 2008).

Quality Management Systems (QMS) are the organization structures, processes, procedures and resources needed in an organization to enable it improve quality of its products or services. The term quality management has no specific meaning but implies that an organizations product or service is consistent and has the main qualities of quality planning, quality control, quality assurance and quality improvement. Quality management therefore focusses not only on quality of product or service but also the means to achieve it. It utilizes quality assurance and control of processes as well as products to achieve a more consistent quality. Customers recognize that quality is an important attribute in products or services. Suppliers recognize that quality can be an important differentiator between their own offerings and those of competitors (en.wikipedia.org/wiki/quality management)

Many countries have raised their own standards of quality in order to meet international standards and customer demands. The International Organization of Standards (ISO) 9000 series of standards are probably the best known for quality management. The International Standard for Quality Management (ISO 9001: 2008) adopts a number of management principles that can be used to guide the organization towards improved performance. These principles include customer focus, leadership, involvement of people, process approach, system approach to management, continual improvement, factual approach to decision making and mutual beneficial supplier relationships.

However quality management systems are not a guarantee to success. They do fail and among the common causes of failure include commitment to the system; knowledge and expertise to guide improvement, scope of change/improvement desired i.e. big changes tend to fail as opposed to smaller changes, and very importantly adaptation to entity cultures. Change and improvement takes time to implement and gain acceptance and stabilize as accepted practice. Change must allow pauses between implementation so that it is stabilized and assessed as real improvement before the next improvement. Usually transformational change will work best when an enterprise faces a crisis and needs to make major changes to survive.

Problem statement

There is an increasing focus on improving the quality of public financial management around the globe with many countries in both developed and developing world making important and impressive achievements in strengthening public financial management and governance.

None the less much still remains to be done. The public sector landscape is rapidly changing with increasing emphasis on fiscal management and discipline, prioritization of expenditure and value for money (ACCA 2010).

ACCA (2010) goes further ahead to state that a number of deficiencies noted in public sector financial management include unclear accountability, goals and performance requirements of government departments are poorly specified, incentives often encourage dysfunctional behavior, assets are poorly maintained, losses and long term liabilities hidden by cash based accounting systems, responsiveness to changing circumstances is slow and global competitive forces that demand efficiency for survival are often ignored in designing government financial systems. The result is that present costs are passed off to future generations.
This paper presents a detailed description of the QMS which has significant influence on improving quality of public sector financial management.

Literature review

Today's competitive market is characterized by accelerating change, innovation and massive amounts of new information. Much of this rapid evolution in markets is backed by changing customer needs. Significant customer behavior and market changes happen almost overnight. As the pace of change accelerates, it becomes more difficult to maintain a stable relationship with suppliers, customers and even organization personnel. The quality of a product is defined according to the extent to which customer expectations, needs and demands are met. Customers choose products which maximize desired value (Kotler 1998). Customer satisfaction is important because it shows the organization whether they are doing the right thing or whether they are doing it the right way (Piskar 2003)

Quality management systems include ISO 9000, zero defects, total quality management and the six sigma approach (Vokurka 2008). They were all set up to award producers of goods and services that met the highest level of standards. The most important principle in all these systems is customer focus and how customers perceive quality and what their quality expectations are.

Public sector financial management

As organizations are growing and becoming more complex, they are confronted with a more dynamic and competitive environment and to maintain its survival, they must continuously respond to the environment. However, responding and ultimately reshaping the organization accordingly can be insufficient unless and until performance criteria is accounted for. Therefore it is imperative that for survival it is necessary for an organization to focus on quality improvement in order to survive.

The public sector is responsible for bringing together large amounts of resources to achieve a range of public goods. Financial management is an important tool that helps the public sector to take care of resources in a systematic, efficient, transparent and legitimate way. Public sector financial management has three cornerstones namely resource allocation, controlled delivery and accountability of resources and audit (Graham 2011).

Graham (2011) further contends that the public sector is very wide as it includes all organizations that receive funding from public sources. Public sector usually has multiple goals which are all pursued together and it uses a variety of tools to achieve goals of the government. Therefore the way that the public sector uses must be transparent. Public sector financial management will involve bringing together of scarce resources, allocating of these resources to

priority areas of the organization, and ultimately the proper usage of these resources. Because these are public resources, it is very necessary to have the oversight function in addition to audit. It also does require the process of reporting.

Public financial management is absolutely critical to improving the quality of public service outcomes. It affects how funding is used to address national and local priorities, the availability of resources for investment and the cost-effectiveness of public services. Also, it is more than likely that the general public will have greater trust in public sector organizations if there is strong financial stewardship, accountability and transparency in the use of public funds. It is important for governments to get it right because it impacts on a broad range of areas including:

Aggregate financial management – fiscal sustainability, resource mobilization and allocation

Operational management – performance, value-for-money and budget management

Governance – transparency and accountability

Fiduciary risk management – controls, compliance and oversight

In addition, effective public financial management is important for decision making. Accurate financial information is often used as the mechanism to support decisions and ensure effective resource allocations.

In developing countries, financial management systems have focused on improvements in fiscal discipline, improved allocation of resources, improved efficiency and effectiveness of expenditure and improving accountability and predictability with increased participation of stakeholders.

Graham; 2011 gives us a historical breakdown of financial management systems in developing countries. They were introduced in the colonial period and were effective in the 1960's and 1970's. From the 80's onwards, these systems faced a number of constraints and the impact of these weaknesses was not addressed. Some of these include the fact that long term and medium term plans were not always based on a realistic resource envelope, new policies were introduced without sufficient analysis of their budgetary requirements, there was focus on processes and documents with little or no planning of outputs and services to be produced. There is also little emphasis on the alternative means neither of achieving objectives nor on cost, efficiency and effectiveness.

Among the other weaknesses he pointed out in budget implementation include insufficient accountability and transparency in the use of public funds, insufficient fiscal discipline with government systems. As appertains external resource inflows, public sector financial systems were developed before large inflows of external resources following independence which combined with lack of accountability has led to donors putting in place parallel systems.

The above weaknesses in PSFM are being addressed through reforms in developing countries which mainly focus on mandatory fiscal discipline, improving sector allocations and improving efficiency and effectiveness of expenditure.

These reforms have been based on an approach called New Public Management (NPM) model which separates the functions of the principle who engages an agent to provide a particular service. Other approaches that are adopted include forward estimates whereby public institutions make budgets over a three year period and are given a high degree of flexibility and incentives to

identify savings options themselves. Whilst these reforms have been initiated in many developing countries, a number of constraints have prevented from these reforms from reaching their full potential. These include political commitment to reform, lack of integration with the budget process, difficulties in defining appropriate performance indicators, system may not link budget and accounting systems and the government lacking the necessary systems and capacity to capture information.

Quality management systems

For an organization to function effectively, it has to determine and manage numerous linked activities. An activity or a set of activities using resources and managed in order to enable transformation of inputs into outputs can be considered a process.

A Quality Management System (QMS) can be expressed as the organization structure, procedures, processes, and resources needed to implement quality management. All these have to coordinate to direct and control an organization in order to continually improve the effectiveness and efficiency of performance. A QMS therefore defines processes which would result in production of quality products and services rather than detecting defective products or services after they have been produced. The QMS system should eventually ensure that the organization is able to produce goods or services as per the expectations of its customers or clients. In addition the resource use within the organization should be economical and efficient.

A good QMS will therefore strive to meet customer expectations, lower costs, reduce wastage, improve and standardize processes, increase market share, emphasize on continual improvement among numerous other benefits.

There are a number of methods for achieving quality improvement. They cover numerous aspects including product improvement, process improvement and people based improvement. The examples include:

Quality Function Deployment (QFD) where an attempt is made to transform user demands into design quality, deploy functions forming quality and deploy methods for achieving design quality into sub-systems and component parts and ultimately to specific elements of the manufacturing process (wikipedia.org/wiki/ Quality_function_deployment).

The Japanese Kaizen which focusses basically on continuous improvement of processes in manufacturing, engineering and business management. It therefore refers to all activities that continually improve all functions, involves all employees and also strives to standardize and improve activities and processes. It also aims at eliminating waste (wikipedia.org/wiki/Kaizen).

Standard Process Control (SPC) is a method of quality control which uses statistical methods. It is applied in order to monitor and control a process hence ensuring that it is operating at its full potential. The key tools of the SPC method include control charts; focus on continuous improvement and experimental design (wikipedia.org/wiki/Statistical_process_control).

The Six Sigma is a method which combines established methods such as statistical process control, experimental design and the Failure Mode and Effects Analysis (FMEA). It seeks to improve the quality of process outputs by identifying and removing the causes of defects and minimizing variability in business processes. It has defined quantified value targets e.g. process cycle, time reduction, customer satisfaction, reduction in pollution, cost reduction and profit increase (wikipedia.org/wiki/Six_sigma)

Quality Circles (QC) is a group oriented approach to improvement. It comprises a volunteer group which is tasked to identify, analyze and solve work related problems in an attempt at improving the performance of the organization and to motivate and enrich the work of employees. They have the advantage of continuity (wikipedia.org/wiki/Quality_circle).
Plan, Do, Check, Act (PDCA) is a step management method used in business for control and for continuous improvement of processes and products (wikipedia.org/wiki/PDCA).
Business Process Re-engineering (BPR) is a management approach aimed at optimizing the workflows and processes within an organization and focuses on analyses and design of workflows and processes within the organization. BPR aims at helping organizations to fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational costs and become world class competitors. It helps companies to radically restructure their organizations by emphasizing on a holistic focus of business objectives and how the processes are related to them and encouraging a full scale recreation of processes rather than iterative optimization of sub-processes. BPR is also known as business process redesign, business transformation or business process change management (wikipedia.org/wiki/Business_process_reingeneering)

Total Quality Management (TQM) which is a management strategy aimed at embodying awareness of quality in all organization processes. It is based on the premise that the quality of products and processes is the responsibility of everyone involved with the creation or consumption of products or services which are offered by an organization, requiring the involvement of management, workforce, suppliers and customers in an attempt to meet or exceed customers' expectations. It uses strategy, data, effective communication and the involvement of all levels of employees in order to integrate quality discipline into the culture and activities of the organization. It is customer focused; process centered and is an integrated system. It also emphasizes on continual process improvement, fact based decision making and effective communication.

ISO 9001, the standard defining *Requirements for Quality Management Systems*, serves as the basis for a majority of quality management systems. The ISO 9001 standard provides sound and flexible baseline quality requirements intended to achieve predictable outcomes, and consistent customer satisfaction in the execution of projects. A QMS based on the ISO 9001 standard is much more than an incidental focuses on meeting customer requirements; it is an intentional and structured approach to exceeding customer requirements (http://www.iso.org).
Quality management systems structured around ISO 9001 requirements are based upon the following eight quality management principles (International Organization for Standardization), customer focus, leadership, involvement of people, process approach, systems approach to management, continual improvement, factual approach to decision making, and mutual beneficial relationships**.**

All these QMS address some of the key common components of quality management. These components include customer focus, involvement of all stakeholders, the management system should be process and procedure based, emphasis on continual improvement, systems approach given and there is a mutual and beneficial relationship between both the organization and its stakeholders. Public sector financial management involves some key areas which include:

Budget Credibility: profitability is a key concept in the private sector whereas budget is a key fiscal document. Many budgets are created with little regard for spending realities as budgets are changed in execution phase without the spirit of the original plan. Considerable effort has been made to have developing countries improve budget planning but these better budgets did not result better spending. An effective budget mainly pursues three objectives namely maintaining fiscal discipline, allocating resources in accordance with policy priorities and efficiently delivering services or value for money. It is important for the budget to focus on the client, addressing the prime needs of both the internal and external stakeholders. In addition to this, structured procedures and processes should be adopted in planning the budget as well as determining policy priorities. This will prevent political considerations, abuse of office, cases of misappropriation and misallocation of resources among others.

There should be a consistent and sustained effort at building continuous improvement through a structured process of identifying and responding to changing local requirements both of budget prepares and other stakeholders. There is also a need for continuous skill management and improvement in the quality of the workforce. This should include continuous sensitization and education of the stakeholders especially to the members of public. There then should be a systematic manner in which there can be some assurances that the improvement in the practices and procedures leading to development, transfer of knowledge and skills equally benefit the internal and external stakeholders. There therefore should be put in place a quality assurance mechanism and a quality improvement mechanism.

Comprehensiveness and transparency is another aspect of public sector financial management. The public sector industry is rapidly transforming and many reforms are taking place to anticipate challenges as they arise. Public sector organizations need to make decisions based on well thought out information. Comprehensiveness is generally taken to mean provision of stakeholders with information on all facts and considerations relevant to particular policy decisions about a public sector institution. Comprehensiveness involves measurement especially in the context of spending. In testing for the value of comprehensiveness, various output measures can be of use. This includes budget control which is sometimes characterized by political considerations especially to reward the faithful and punish perceived enemies.

There is therefore a good basis to apply quality measures especially where there are competing interests for the same expenditure. The budget controller would want to select projects or programs ranking high in a priority scale and to prevent the effect of bias he would want to focus on the customer demand and involvement of stakeholders in setting priorities. Transparency means being open to the public about the structure and function of the governmental organization, the policy intentions and the public sector accounts and projections (Koppits 1998). It involves providing ready access to reliable, comprehensive, timely, understandable and internationally comparable information on governmental activities.

Conclusion

The pillars of transparency involve clarity of roles and responsibilities, structure and functions of government, responsibilities within the government, government bodies and the rest of the economy, an open budget process involving preparation, execution, monitoring, realism of estimates and sustainability; public availability of information and the assurance of integrity including quality of fiscal data, internal oversight and external scrutiny. Transparency is important because it promotes openness of government structure, functions and policy intentions, promotes citizens' rights to information, improves decision making and meets international obligations.

These can also be effectively enhanced using the QMS variables of customer approach, involvement of stakeholders, continual improvement and a mutual beneficial relationship.

Accounting recording and reporting is another aspect of Public Sector Financial Management. The paper based nature of many financial management systems leads to delays in the processing of financial information and can lead to data accuracy.

Some of the reforms introduced have included the introduction of accrual accounting and accrual based budgeting.

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Prospects of Entrepreneurship Development in the Economic Development of Africa

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Abstract
Entrepreneurship has been a tropical issue in the management literature, but in the past decades, a wave of interest can be observed on the role of entrepreneurship development in the African development literature. Entrepreneurship has been assessed as a driving force of decentralization, economic restructuring and movement in the direction of market economy. As countries vary markedly in a way they regulate and provide an environment for enterprises, this paper aims to highlight the exact nature of entrepreneurship and its role in economic development. Using the insights from an exhaustive review of writings, the paper highlights ways through which the entrepreneurship development has been a tool for economic re-awakening. With careful analytical approach, it was discovered how important entrepreneurship through Small and Medium Enterprises (SMEs) have been to Africa development at large. This paper also reveals that SMEs in Africa are faced with the challenge of easy access to running capital. The paper recommends that entrepreneurship education should be encouraged right from the elementary schools so that students would grow up to become entrepreneurs. It is also recommended that Small and Medium Enterprises should be given credit facilities which would consequently reduce the rate of unemployment in the country.

Keywords*:* Entrepreneurship, Small and Medium Enterprises, Economic development, Unemployment, Economic restructuring.

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Introduction

The influence of the role of entrepreneurship on economic development has been explained by a number of authors (e.g. Audretsch and Acs, 2003; Reynolds, 1992). Conditioned by a number of forces and factors which includes - legal, institutional, cultural, societal etc., the role of entrepreneurship has been different across nations. Development in some countries is a distinctive experience that started about 15 years ago and since then entrepreneurship has been assessed as a driving force of decentralization, economic restructuring and movement in the direction of market economy (Smallbone et al., 1996). As countries vary markedly in a way they regulate and provide an environment for enterprise, for that reason it is needful to better understand and analyze the contribution of Small and Medium Enterprises to economic development over few past years. It is needful also to analyze the main constraints hindering the establishment of new business in Africa. For eliminating these constraints it would be needful to find appropriate policy measures to support the development of entrepreneurship in the country.

In Africa, development of enterprise sector has been assessed in general as a positive factor in economic development. Based on the fast growth of enterprises and the role of SMEs in generation of employment (Smallbone et al, 1999; Venesaar, 1999; 2002; Smallbone & Venesaar, 2004) A number of research have been carried out on the development of small enterprises, and in them, analyses have been made on the differences in socio-economic development across regions, sources of regional problems, analyzed possible policy strategy choices, use of support from foreign donors (Regional, 1996; 2002; Raagmaa, 1996; Kudela & Venesaar, 1999). In those studies, a kind of success from establishing a support system and participation of foreign assistance in this has been mentioned. In recent years, some studies have been made to assess the results of measures implemented as entrepreneurship support policies and to identify more precisely entrepreneurs' demands in the continent as a whole. But the prospect of entrepreneurship through small and medium scale enterprises in the development of Africa and economic activities have been studied less thoroughly, which will be a contribution of the current article into the entrepreneurship studies in Africa.

There is a wide-spread opinion that economic development is associated with a high self-dependency ratio of their populace. Creation of new enterprise is considered as an important indicator of entrepreneurial activity and key component in economic development and growth, which has been explained by the creation of new capacities into the market and through improvement of the competitiveness of the economy, industry or country (Fritsch & Mueller, 2004). There is a number of empirical studies to show that new enterprise have a significant role to play in employment generation (Baptista et al, 2005; Stel & Suddle, 2005), innovation (Fritsch & Mueller, 2005), economic growth and reduction of unemployment. Consequently resulting from different impact of these roles several surveys have indicated variations in entrepreneurial rates by countries as well as within countries.

The aim of the current article is to assess the Small and Medium Enterprises contribution to the economic development through employment generation, creation of added value, increase in living standards, etc. The role of Small and Medium Enterprises in economic development will be looked at, possible solutions to the problems and challenges of the SME and recommendations made.

Concept of Entrepreneurship

The word entrepreneur originates from the French word, entreprendre, which means "to undertake." In a business context, it means to start a business. The Merriam-Webster Dictionary presents the definition of an entrepreneur as one who organizes, manages, and assumes the risks of a business or enterprise. The concept of entrepreneurship has a wide range of meanings. On the one extreme an entrepreneur is a person of very high aptitude who pioneers change, possessing characteristics found in only a very small fraction of the population. On the other extreme of definitions, anyone who wants to work for him or herself is considered to be an entrepreneur.

Austrian economist Joseph Schumpeter's definition of entrepreneurship placed an emphasis on innovation, such as: new products, new production methods, new markets and new forms of organization. Wealth is created when such innovation results in new demand. From this viewpoint, one can define the function of the entrepreneur as one of combining various input factors in an innovative manner to generate value to the customer with the hope that this value will exceed the cost of the input factors, thus generating superior returns that result in the creation of wealth.

Entrepreneurs play a very important role in the development of a nation because they start business, provide jobs and use the indigenous resources of the country for better socio-economic growth (Junejo, et al 2008). Entrepreneurship has been considered a crucial mechanism of economic development (Acs and Armington 2006, Cheng, et al 2009). It has been described as the engine propelling much of the growth of the business sector as well as driving force behind the rapid expansion of the social sector (Noruzi, et al 2010). Entrepreneurship as a branch of business has important roots in economics, behavioural sciences and sociology, it is a process that unfolds over time and moves through distinct but closely interrelated phases (Baron and Shane, 2008).

Entrepreneurial process cannot be divided in neat and easily distinguished stages, but in general, it involves generation of an idea for a new product or services and or recognition of an opportunity, assembling the resources needed to launch a new venture, launching the new centre, running and growing the business, and harnessing the rewards, which implies that individual, group, and societal factors influence all phases of the entrepreneurial process (Baron and Shane, 2008).

Entrepreneurial innovation whether in developed or undeveloped economy, is still hinged on creative ability of some individuals that apply their native intelligent to recreate or invent products that are novel. Steiner (1995) suggested that unconventional individuals, rather than conventional science or engineering, are central to innovation success. It can then be inferred that, many new products are babies of rich imaginative capability of those individual investors.

Entrepreneurship and Small Business

Many people use the terms "entrepreneur" and "small business owner" synonymously. While they may have much in common, there are significant differences between the entrepreneurial venture and the small business. Entrepreneurial ventures differ from small businesses in these ways:

1. **Amount of wealth creation**: rather than simply generating an income stream that replaces traditional employment, a successful entrepreneurial venture creates substantial wealth, typically in excess of several million of profit.
2. **Speed of wealth creation**: while a successful small business can generate several millions of profit over a lifetime, entrepreneurial wealth creation often is rapid; for example, within 5 years.
3. **Risk**: the risk of an entrepreneurial venture must be high; otherwise, with the incentive of sure profits many entrepreneurs would be pursuing the idea and the opportunity no longer would exist.
4. **Innovation:** entrepreneurship often involves substantial innovation beyond what a small business might exhibit. This innovation gives the venture the competitive advantage that results in wealth creation. The innovation may be in the product or service itself, or in the business processes used to deliver it.

Characteristics of Entrepreneurship

There are several characteristics or traits possessed by entrepreneurs some of which are discussed as follows (Unilag GST 307, 2011):

1. **Creative Activity**: Entrepreneurship entails innovations. It deals with product innovation, production techniques innovation while bearing in mind the market;
2. **Dynamic Process**: Entrepreneurship is a dynamic process that has to bear in mind the dynamic business environment.
3. **Purposeful Activity**: Entrepreneurship is an activity embarked upon for a specific purpose. This could be for profit making purposes, for humanitarian purposes or to bring a difference to the market.
4. **Involves Risk**: Entrepreneurship is a very risky venture; entrepreneurial decisions can have far-reaching impact on the organization, people in the organization and even the economy. These decisions are critical, enormous and cannot be easily reverted.

Role of entrepreneurship in Africa Economic development

Global development is entering a phase where entrepreneurship will increasingly play a more important role. A look at the Western countries of the world, their economy between 1970s-2000s was characterized by reliance on big business and mass production, has given way to a so-called entrepreneurial economy. Here knowledge-driven goods and services are now more flexibly provided by smaller firms, and the emergence of a creative class requires a less interfering but more facilitating state. Also in some emerging African countries which include – Nigeria, Mali, South Africa, Cameroon, etc. Impressive growth has been driven by a veritable entrepreneurial revolution. The need in these economies to sustain growth through sustainable access to resources, knowledge, markets, and technological developments puts a premium on innovative entrepreneurship.

In the least developed countries, where aid dependency is high, donors have been shifting the emphasis in development cooperation towards private sector development. In many of these countries, including some of the North African countries who are less disadvantaged in terms of resources, populations consist of many young people who see little prospects of gaining employment with decent wages. Promoting youth entrepreneurship here has become a vital policy objective of many development organizations and donors. It is expected that entrepreneurship will, in light of the above, contribute to growth and employment creation in advanced, emerging and least developed economies alike. This is a reasonable expectation - one that is supported by recent findings of historians, economists and management scientists.

For entrepreneurs to play an appropriate role, however the role of the government cannot be overemphasized. The role of the government, as regulators and gatekeepers, play a particularly vital role. In the absence of appropriate laws, entrepreneurship may result in undesirable social outcomes, including corruption, crime, speculation and financial crises, and may worsen the vulnerabilities of people during natural disaster.

Entrepreneurs create jobs, and it is a general knowledge that unemployment is a major and significant cause of unhappiness. Also, goods and services provided by entrepreneurs such as health and experiential activities result in an improved standard of living and overall increase in the Gross Domestic Product. Moreover there is now a large body of evidence that entrepreneurs experience higher levels of job satisfaction than non-entrepreneurs. Thus it is evident that, entrepreneurship may spur economic development if appropriately supported by the government. Entrepreneurism has been found to be a vital part of the economy.

Promoting entrepreneurship and enhancing the entrepreneurial dynamic of each country should be an integral element of any government's commitment to boosting economic well being" (Kautz). Government policies and programs targeted significantly at the entrepreneurial sector will have a more significant, direct impact than programs simply aimed at improving the national business context" (Kautz). Putting these into practice would have a significant and long lasting improvement to the economy.

The most important reason why entrepreneurs help the economy is due to the creation of new jobs. In contrast to the belief that most entrepreneurs are those that were out of work and unable to find a job, it has been found that 76 percent of business startups in 2003 were driven by the desire to pursue opportunities (Cornwall 2004). This is evidence that entrepreneurism is not a hindrance on the economy. Furthermore, it has been estimated that entrepreneurs have created 34 million new jobs since 1980 (Fox 2001). Also, 70 percent of new startups were found to already employ at least one person, and 80 percent planned to hire within the next year (Cornwall). This data is significant evidence that entrepreneurism leads to new jobs. This is a major contribution to the economy.

Another way that entrepreneurs have helped the economy is by innovation and research and development. It has been found that 2/3 of all inventions come from entrepreneurs (Fox). New inventions can improve the economy because they can provide better ways of doing tasks, and can also lead to new business that contributes to the economy. An obvious observation by this statistic is that without entrepreneurs, and without all of those inventions the world would be a much different place. Entrepreneurs have had a major impact on the well being and strength of our economy because of these inventions.

Entrepreneurship also helps the economy by creating wealth for many individuals seeking business opportunities. Although this is not the number one reason individuals pursue entrepreneur activities, it plays a major role in our economy. Both a new business, and the wealth the owner can obtain will help boost the economy by providing new products as well as the spending power created for the entrepreneur. Without entrepreneurs, our economy would not benefit from the boost they give from added business and ideas.

Role of Small and Medium Scale Business in Africa Development

Small firms are backbone of national development. For any country to reach its full potential in terms of economic and social development, it cannot afford to ignore the importance of its indigenous Small and Medium Enterprises (SMEs) and the contributions that they make to the economy. In this wise trade liberalization and the encouragement of foreign investment has to go hand in hand with a through and concentrated effort to help the growth and development of small business to enhance development.

For instance, a study carried out by the Nigeria Federal Office of statistics in 2004 shows that 97% of all businesses in Nigeria employ less than 100 employees. It then means that 97% of all business in Nigeria are sheltered under the term "small business". The Small and Medium Enterprises (SMEs) sector provides, on average, 50% of Nigeria's employment and 50% of its industrial output (Osotimehin, et al. 2012). No government can afford to ignore such a high contributor to its economy. The proportion of Nigeria Small and Medium Enterprise (SMEs) and their impact on the economy is pretty much similar to these in other African countries especially in the developing economies. These altogether employed more than 50% of private work force, and generate more than half of the nation's employment.

The role of Small and Medium-Scale Enterprise (SMEs) in the national economy cannot be underestimated. These enterprises are being given increasing policy attention in recent years, particularly in third world countries partly because of growing disappointment with results of development strategies focusing on large scale capital intensive and high import dependent industrial plants. The impact of Small and Medium-Scale Entreprises is felt in the areas of - Greater utilization of local raw materials, employment generation, encouragement of rural development, development of entrepreneurship, mobilization of local savings, linkages with bigger industries, provision of regional balance by spreading investments more evenly, provision of avenue for self-employment and provision of opportunity for training managers and semi-skilled workers. The vast majority of developed and developing countries rely on dynamism, resourcefulness and risk tasking of small and medium enterprises to trigger and sustain process of economic growth. In overall economic development, a critically important role is played by the small and medium enterprises. Small and medium enterprises advocates, firstly, it endurance competition and entrepreneurship and hence have external benefits on economy wide efficient, and productivity growth. At this level, perspectives are directed towards government support and involvement in exploiting countries social benefits from greater completion and entrepreneurship. Secondly, proponents of Small and Medium-Scale Enterprises support frequent claim that Small and Medium-Scale Enterprises are generally more productive than large firms but financial market and other institutional improvements; direct government financial support to Small and Medium-Scale Enterprises can boost economic growth and development.

Some argued that Small and Medium-Scale Enterprises expansion boosts employment more than large firm growth because Small and Medium-Scale Enterprises are more labour intensive thereby subsidizing Small and Medium-Scale Enterprises may represent a poverty alleviation tools, by promoting Small and Medium-Scale Enterprises and individual countries and the international community at large can make progress towards the main goal of halving poverty

level by year 2020 i.e. to reduce poverty by half and becoming among 20 largest World Economies (Nigeria Vision 20:2020). Entrepreneurial development is therefore important in the Africa economy at large which is characterized by the following - low agricultural production, high unemployment, low utilization of industrial capacity, high inflation rate, and lack of industrial infrastructural base. These constraints limit the rate of growth of entrepreneurial activities in Africa.

The following are contributions of small and medium-scale enterprise (SMEs) to the economy:

1) Job creation, especially through self-employment, as well as when the enterprise owner beings to employ others.
2) Provision of products, such as clothing, food products, handicraft etc.
3) Provision of services for example, catering, repairs, transportation.
4) Linkages with larger firms for example, through sub-contracting.
5) Equitable growth across regions and between men and women.
6) Mobilization of savings and financial resources for productive enterprise activities
7) To start off a development path towards larger enterprises.

Small and medium enterprises also create employment opportunities for the teeming population

i) Providing variety of choices for the consumer
ii) Performing a highly economic role in those areas where the optimum size of operation was small e.g. where there is short run production. Large variety of product and where customer services are of key importance
iii) Providing an essential source of specialist supplies to most large firms.
iv) Ensuring competition for establishments and contributing towards a more balance and stable industrial structure.
v) Maintaining a means of entry for new entrepreneurial talent.
vi) Control the wave of urban-rural migrations and its attendant pressure on the limited urban infrastructure such as housing and utilities through its contribution to rural development.
vii) Offering essential source of innovation and a seed bed of large firms of the future and furnishing a source of entirely new industries

Challenges faced by Small and Medium Enterprises in Africa

Commercial problems

The commercial problems arise as a result of inability of an entrepreneur to organize market survey and product distribution channels in order to overcome this problems and be able to adapt in a highly competitive market, a company must first determine what it is, how much it can sell and what approaches must be used to get customer. The absence of feasibility study before getting into a particular type of business could result to failure.

Another commercial problem is inadequate location of firms. The location of firms should be considered. These include location of firm near the source of raw material, where there is efficient transport system and near to market.

Managerial and technical problems

The problems related to management arise from the entrepreneurs' limited education and training. There is also the problem emanating from the refusal of these small and medium businesses to team up and pool together available resources. The most predominant is corruption and lack of transparency, desire to develop self rather than business. This is seen where some

entrepreneurs use the loan obtained from small scale industrialist credit scheme in taking titles and erecting personal buildings. Technical problems on the other hand are due to entrepreneurs' limited know-how in project planning and appraisal and little or no exposure to modern technology.

Lack of Basic Infrastructure

The Small and Medium Enterprise (SMEs) sector in many African countries operates in an environment with very poor infrastructure which constitutes a barrier to entry and hinders international competitiveness. In some of these nations, there are non-existent of infrastructure, inability to access market, communication, power, water etc.

Access to Finance

Lack of short, medium and long term capital, inadequate access to financial resources and credit facilities affect the growth of small and medium enterprise (SMEs).

Capital shortage

It is observed that Small and Medium Scale have serious financial problem in at least three major areas, Securing funds in small amount at rates comparable with those paid by large industries, building and manufacturing adequate financial reserves and securing long term equity capital.

Effect of Inflation

Despite the fact that cost of capital is higher for the small scale manufacturer, the effect is even compounded by raising inflation rate which discourages investment.

Misconception of the meaning of Small and Medium Enterprise

Another problem, which prevents accurate assessment of the role played by small and medium enterprise in Africa, is the misconception of its definition for instance, is the term of size of employment by different in factor proportion among establishment, the complexity of capital and the type of organization is some of the consideration which reduces the operational meaningfulness of the definition. In the area of export promotion, the misconception regarding the inability of small business to exploit market opportunities abroad is largely due to the fact that many developing countries have done through a long period of import substitution oriented development in comfortable, protected home market.

Consequently, the management of small and medium scale enterprise operation in this environment seems to suffer from a psychological barrier to venturing into foreign market, which they consider difficult and risky. In the African Union, Small and Medium Enterprise (SMEs) are seen as largely essential for African employment. Each year, one million new small medium enterprises are set up in the African Union. There is no doubt that Small and Medium sized businesses are crucial to a successful enterprise economy and national development.

Prospect of Small and Medium Enterprise in Africa

Despite the numerous problems of small and medium enterprise observed in Africa, the enterprise still has bright prospects for further growth and success. Morgan (1999:15) points out the fact that the growth of the number of small and medium enterprise in his analysis of growth potentials of small businesses. He pointed out that the growth of small and medium enterprise is appreciable, attributing this to the relatively low amount of finance required setting it up and the low level of skill required to manage it. Small and medium enterprise in Africa has a good potential for growth. He also noted that there will be adequate patronage or market for the service and products taking into consideration, the population. Besides, he notes that the increasing number of school leavers and young graduates has a factor that promises growth prospects for small and medium enterprise.

According to Morgan (1999), such unemployed school leavers become self-employed in the small and medium enterprise. And taking a good look into the African continent, one could conveniently say that the growth potentials of small and medium enterprise can also be grow due to the fact that most of their products are produced with local raw materials which are easily sourced from the local market. Conclusively, in the present socio-economic condition, entrepreneurship provides the alternative to employment opportunities that is scarcely available in the public sector, therefore, its growth potential are visible.

Conclusion

World Bank's "Ease of Doing Business Survey" shows these and other factors in 183 countries around the world. The country where it is easiest to do business is, not surprisingly, Singapore. Nigeria is ranked at 13, South Africa 35, Rwanda 45, Liberia 151 and Ivory Coast is at 167. Rwandan President Paul Kagame's government is specifically using the markers in this survey to improve its business climate and has vaulted up the ranks in the past three years and aims to go higher. (Andrew, 2012)

"The potential for the development of entrepreneurship in Africa exists, said Francis Chigunta of the University of Zambia. "Although entrepreneurship offers great opportunities for prosperity and social advancement, many Africans are struggling to run businesses. African governments must strengthen their policy, legal and institutional environments in order to promote the development of entrepreneurship. Entrepreneurship has the potential to lift millions of Africans out of poverty." It is entrepreneurial action that gives rise to growth and employment. In contrast, any economy can destroy jobs through high levels of crime, corruption, poor governance, excessive regulation and poor service delivery. The fires of entrepreneurship are best stoked in an investment-friendly and crime-free environment, where encouragement for entrepreneurs comes from a respect for property rights, high levels of saving and investment, improving education and training, and steady gains in productivity as well as equality of opportunity. Public works programmes, the New Growth Path and fiscal intervention may help at best in the short term. Unless a propitious and freer environment is created, the entrepreneurial and labour class will be incapable of realizing its potential as a major engine for job creation, and a catalyst for economic growth.

Recommendations

The challenges facing entrepreneurs and small firms in Africa are varied and many. Lack of financial support, weak economic infrastructure, and lack of policy coherence for small business support need to be addressed quickly if small firms are not to fall far behind their counterparts in other parts of the world.

Another way through which entrepreneurship could be developed in Africa is through the educational system, whereby, entrepreneurship education should be encouraged right from the elementary schools so that students would grow up to become entrepreneurs. When entrepreneurship culture is developed in the children and youth even at an early stage in life, it becomes a part of them and they tend to even see been self reliant as the way to life. This was supported by Biggs and Shah, (1988) who believed that given the small number of indigenous African small firms compared to firms from other parts of the world, education and training support for entrepreneurs and small-scale enterprises will help establish a good foundation for small business growth. Students in universities and technical schools should also be encouraged to become entrepreneurs because of their potential to explore nontraditional business models. It is also recommended that Small and Medium Enterprises should be allowed credit facilities, governments in various countries should see it as a point of duty to set up schemes whose sole aim is allowing of credit facilities through provision of small loans and leasing of equipment as well as subsidy on some materials necessary for small economic productive capacity.

Another area where government assistance and support is needed is inter-firm linkages. Strengthening inter-firm linkages will enhance learning for local entrepreneurs and provide opportunities for growth and acquisition of skills for effectively competing in today's global marketplace. This is in line with Kuta, Downing and Field (2006) who believed that large buyers are important drivers of technological innovation in global value chains because of their emphasis on higher product standards, constant threat of supplier replacement, and support of their customers and suppliers. Therefore, African governments should encourage inter-firm relationships between small firms and large buyers. Effort should be made to help small firms to meet international product and process standards.

Better financial assistance is needed to address the problem of Capital for entrepreneurs. Bank loans should also be given to entrepreneurs in order to encourage them and consequently improve the economy. Honohan and Beck (2007) also confirmed that access to bank loans and direct government financial support are reported in surveys of entrepreneurs as a serious problem for small businesses in Africa. He said that African firms finance a significant percentage of their investment with internal funds, about 68 percent. This observation confirms lack of financial assistance to small-scale enterprises. Policies to address this problem should be established with input from lending institutions. The concerns of banks should be taken into consideration in developing financial support policies for small businesses. Governments should work with lending institutions to lower the risk of loan default. While governments need to play an important role, other sources of assistance to small businesses, such as venture capitalists, should be considered. Entrepreneurs should be aware of the importance of family members, friends, and business partners in raising startup capital. It is also important that entrepreneurs recognize the benefits of education and training in ensuring the success of any business endeavor.

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Public participation in development projects: case study of the new port of Lamu in Kenya

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Abstract
Public participation has become the buzz word in development projects. Although public participation has grown tremendously in Kenya due to the pressure from the public, it fails short during governmental development plans aimed towards development projects. There is a need for systemic evaluation of public participation at all levels thereby investigating whether the participation process is effective and what works and what does not work. The aim of the paper is to look at the stakeholder participation in decision-making processes on development projects such as the new port of Lamu in Kenya. The paper does argue that for the development process to be transparent, accountable and sustainable, requires the key element of participation of all stakeholders. This study is important because the present development projects such as the new port of Lamu have been mainly a political strategy with a top-down approach that did not prioritize the key stakeholder participation – the public participation. In this study it was found that the public participation process of the case study was not completely effective when tested against the evaluation criteria. The affected people had no chance to present any comments at the very beginning. The public participation process started too late, after a decision had been made and conflicts among stakeholders already occurred. In conclusion it can be said that the public participation process is not yet properly established in the Kenyan context. There is an urgent need to find a working model and conditions of public participation which can assist in resolving development conflicts. Finally, a set of recommendations for improving public participation process are suggested.

Keywords: Public participation, conflicts, decision-making process, stakeholders, development projects

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Introduction

Development entails a holistic approach (CTG, 2003) and the core of it lies in public participation (Rowe and Frewer, 2004). While many studies hold evidence on the importance of public participation in development projects, very few projects adhere to it (Mansuri and Rao, 2004). This is also true in the Kenyan context (Kameri-mbote 2000 and Okello et al., 2009) as in the case of Thika Highway Project (KARA, 2012). While proponents from a neoliberal perspective on development projects argue for development in terms of economic alone, it falls short of adhering to the holistic development of social, cultural, political and environmental as in the case of the new proposed project of Lamu – where public concerns are important highlighting the importance of public participation (Sena, 2012).

The aim of this paper is to look at public participation in relation to development projects in Kenya. This includes investigating participation of stakeholders in the decision-making process in mega projects. The paper does argue that for the participation in development projects to be transparent, accountable and sustainable, requires the key element of participation of all the stakeholders. This is important because the present aspect of participation in development projects have been mainly a political strategy with a top-down approach that lacked the key stakeholder participation particularly of the public as in the case of the new proposed port in Lamu (Sena, 2012).

The rapid economic growth and industrialization with indicators such as large infrastructure projects in the His Excellency Kibaki era in Kenya, has been commendable (Globaledge, 2012). The Kenyan government recognizes the linkage between continued economic development and public participation. Thus the concept of public participation in decision-making process has been highlighted through a number of laws and legal requirements where the public began to recognize their rights granted by the constitution (Omolo, 2011). Nevertheless, while such emphasis is laid for the public to be involved in the decision-making process, this is still at the inception stage facing continuous challenges. In practice, a number of development projects initiated by the government and the private sectors have not adhered to incorporate public participation facing strong public participation thereby viewed by the public as unsuccessful (KARA, 2012).

This brings in the question of how important is public participation in development projects and how to be sure that the participation process is effective and provides desirable outcomes (Rowe and Frewer, 2004). Hence there is a need for a systemic evaluation of public participation as a way to ensure the acceptance of the process and outcomes and also to develop knowledge of how to improve it in practice (Charnley and Engelbert, 2005).This study is important to Kenya because it highlights the significance of conducting public participation in the implementation of development projects in Kenya and identifies the critical factors for effective practice of public participation. The public participation processes for the new proposed port in Lamu was assessed to provide evidence to answer the research questions of this study, that is: How effective is public participation in development projects for managing conflicts in Kenya?

The paper will first analyze the literature related to the rationale of public participation in development projects and then move on to the aspect of public participation in Kenya. The literature will further highlight the role of participation in the developing of effective evidence-

based practice and the need for the decision-making process to move from a political-tactical model to an interactive model that allows all actors to be a part of the process. The literature review will provide the theories and concepts with which to then frame an analytical discussion to answer the question. The second section of this paper will brief on the case study, which includes the context: the Lamu County, LAPPSET Project and the benefits and problems associated to the new proposed project in Lamu. The third section of the paper will focus on the analysis describing the drawbacks of public participation process since inception, thereby resulting into conflicts. Finally, the conclusion will highlight the need for a public participation process, which has all the elements for participation that will be sustainable enabling effective decision-making in regard to policy making on the new proposed port of Lamu.

The Context: The new proposed Port in Lamu

Lamu County

Lamu County (formerly known as Lamu District) is located in the northern coast of Kenya. It covers an area of 6,273.1 sq km. Lamu Town is the administrative capital. The County covers a strip of north-eastern coastal mainland and the Lamu Archipelago, which consists of numerous islands, which extend about 100 km south from the Somalia border. The most well-known of the islands is Lamu Island, which is the oldest existing Swahili Settlement. Lamu County boasts rich Swahili architecture which has brought the world to its doorstep and is among the regions star attractions. The preservation has been taken a notch higher by the United Nations decision to declare the region a World Heritage Site. The regions waterfront is a busy port. Plans are underway to set up Kenya's second port at Lamu (KenInvest, 2012).

The presence of two National reserves: Dodori and Kiunga Marine make the County rich in biodiversity. Dodori is a breeding ground for the East Lamu Topi, and consists of a variety of mammals and birdlife including lions, elephants, hippo, pelicans, and many more. It has the most varied species of mangrove forest in Kenya. Kiunga Marine Reserve consists of several islands rich with biodiversity including valuable coral reefs, sea grass, extensive mangrove forests, and the endangered sea turtles and dugongs. The Kiwayu Island, which is part of the reserve, is deemed as having the most pristine beach in Kenya (Save Lamu, 2011). According to the 2009 Census Lamu has a population of 101,539 and consists of four main indigenous communities: the Bajuni, Sanye, Aweer (Boni), and Orma (Ibid). The Bajuni, who are the largest in population of the four groups, trace their origins to diverse groups, primarily Bantu and Arab descent. They mainly derive their livelihoods from fishing, farming, and more recently tourism-related activities (Magical Kenya, 2013). The Orma are pastoralists, while the Cushitic Sanye and Aweer are hunter-gatherers primarily living off the forest resources and limited farming, where the Boni are the smallest of the four groups in population. The Boni are hunters and gatherers whose livelihood is closely connected with the forest ecosystems (Save Lamu 2011).

LAPPSET Project

The Lamu Port for Southern Sudan-Ethiopia Transport Corridor (LAPSSET) corridor project, also known as The Lamu corridor is a transport and infrastructure project in Kenya that when complete will be the country's second transport corridor. It was officialy lauched on 2nd March 2012 by the heads of the three states H.E Salva Kiir Mayardit the president of South Sudan; H.E Mwai Kibaki the President of Kenya; and the Prime Minister of Ethiopia H.E Meles Zenawi (Paanluel Wel, 2013).

The LAPSSET is the name given to the low-tech, high-cost infrastructure project that will create a system of railroads, highways and pipelines from Lamu to Isiolo and on to Juba and Addis Ababa. The new transport network will link up with existing and proposed transport hubs on the coast and Isiolo to open up to the rest of the world what has previously been an isolated expanse of the coast and northern Kenya (Jamal, 2011).

According to Kusuku (2012) once completed, the project will involve the following components:

1. A port at Manda Bay (Magogoni)
2. Standard gauge railway line to Juba (capital of South Sudan)
3. Road network (to south Sudan and another to Ethiopia)
4. Oil pipelines (Southern Sudan and Ethiopia)
5. Oil refinery at Bargon
6. Three international Airports (Lamu, Isiolo & Lokichogio)
7. Three resort cities (Lamu, Isiolo and at the shores of Lake Turkana)

The project was initially conceived in 1975 but never took off due to various reasons. The project was later revived and included in Kenya's Vision 2030. LAPSSET cost is US $ 24.5 Billion (Mokaya, 2012). The timeline of the project is not clear including when it started and when it should be finished. Some projects like the Isiolo-Merille road project began in 2007. At the peak of the project, between 2013 and 2018, it is expected that the Kenyan government will be spending about 6% of the country's Gross Domestic Product or 16% of its annual budget on the project. The project is in turn expected to contribute an additional 3% per annum increase in Kenya's GDP by 2020 (Hornbiz, 2012)

Proposed Benefits from the Port

The reasons given by the government for the development of the new Port in Lamu include, but not limited to (Kenya Vision 2030, 2012):

- To develop Kenya's 2nd Transport & Economic Corridor,
- To reduce over-reliance on the only Corridor - (Northern Corridor),
- Improving livelihoods of over15 million people in North Eastern, Eastern, Rift Valley and Coast regions,
- Facilitate trade and investment with South Sudan (over 4 million people) and Ethiopia (over 80 million people), and
- Promotion of regional socio-economic development along the transport corridor especially in the Northern, Eastern, North-Eastern and Coastal parts of Kenya.

Problems encountered as a result of the Port

The following issues have been highlighted as a result of a new port in Lamu (Nunow, 2012):

(i) Size: The port is part of a massive infrastructural initiative called LAPSSET, an ambitious blueprint to construct a land bridge of roads, railways, and pipelines connecting Lamu to South Sudan and Ethiopia. It is evident that the project is to open Africa's most inaccessible regions to capital investment, creating peace and prosperity in its wake. Previous experiences on large projects have not shown the intended results for example: the infamous Tanzania Ground Nut Scheme of the 1950s. It resulted in many issues such as financial resources wasted, the costs of such mega projects at $23 billion, include displaced communities, environmental degradation,

and increased levels of state corruption on both beneficiary and donor sides. Other projects such as Ngomeni fish farming project, the Kilifi cashew nut factory, the Bura irrigation scheme, the Magarini settlement scheme, and a World Bank funded cold storage facility in Lamu all flopped in the past. (ii) The regional equation: China has already provided a Ksh1.2 billion ($1.33 million) upfront to the government of Kenya to get the LAPSSET ball rolling, and is expected to provide the rest of the needed funds. Landlocked South Sudan and Ethiopia are understandably keen on establishing alternative links to the Indian Ocean. China wants to insure access to future supplies of oil. But there is no guarantee that the quantity of oil and other commerce justifying the massive investment will materialize any time soon. (iii) Timing: At a time when Kenya is struggling to restore order to its own house, it does not make sense to commission such a controversial new project. The scale and conceptualisation of the project places it on a collision course with major constitutional reforms of critical importance for the situation in Lamu and across Kenya's Coast. (iv) Ownership: There is a queue of donors interested in funding the project and there should be enough work to keep almost everyone happy. In addition to the construction of road, railway, and pipeline, the construction of the port itself and its diverse components such as international airports, resort cities and oil refinery, among others, will generate all manner of build-operate-transfer tenders. Growing militancy over insecure land rights, insecurity, and economic disenfranchisement in Lamu are replacing decades of passive acquiescence. (v) The process: Hope over the new Constitution, especially the new land policy and its provisions for redressing historical injustices, is the main factor preventing an explosion of Coastal anger. Without public consultation on the process of the new project, the government proceeded to advertise tenders for the first three berths before the preliminary draft of the feasibility study was completed. Even senior officials of key state ministries in Lamu say they do not know what is going on. The current Minister of Transport responded to calls for more transparency by stating that the Lamu people will be informed of developments on *need-to-know* basis. This is aggravated by the disinformation campaign. A former Cabinet minister who visited the area claimed no one lives in the area of *Magogoni* except some wild animals. (vi) Costs: The current estimated cost of the project is equivalent to one-third of Kenya's GDP in 2010; the same escalating costs of commodities and services that are leaving many Kenyans gasping for air are sure to propel the real expenditures to a much higher level in due course. Under the current neo-liberal economic regime, we should expect to see much of this capital investment ending up in bank accounts abroad. (vii) Other issues: The document produced by the Japan Port Consultants mentions the need for mitigations due to habitat fragmentation, increased noise, vibration, and air pollution. It does not mention the local population and culture that will get displaced; although the document estimates the Lamu district population will increase to one million, it totally ignores issues of the local population, their maritime economy and the resultant displacement.

Community Perceptions on the new Port Project:
They identified the loss of land, culture, jobs, environment and increase in crime.

'We see many outsiders coming into our district because of the new port. They envision new opportunities with the scope for jobs. Most of the forest areas are cut down, and they use illegal means to acquire land. The cost of land is increasing. Already large tracts of land is taken for the new port project, while the adjacent large tracts of land are brought by outsiders. We fear we will lose our land and also will not benefit from the project inspite of already losing our land (FGD, Women, Lamu, May 2012).

‘…….with the influx of outsiders, we might lose our culture. Here there is close to zero crime rate. We wonder with new people coming here we will have thefts and may…even have commercial sex workers. This is new to Lamu. We don’t want our culture’s to be destroyed nor family lives….’ (FGD, Women, Lamu, May 2012).

The spokesman of Lamu Environmental Protection and Conservation Group (LEPAC), a community based environmental conservation entity, Baddi, notes: ‘Our heritage will be forever lost if this project is implemented without the due diligence required to protect cultural identities, environmental biodiversity, archaeological history and the basic rights of the local people’.

Theoretical and Methodological Framework on Public Participation

Theoretical Framework

Development projects by the government have not considered public participation (Gunerathna & Badurdeen, 2010) or did not provide enough space for public participation or did not adhere to the due process of public participation (Siphuma, 2009) is a development challenge common in the developing and the developed world. Hence there is a need for governments throughout the world to utilize public participation to democratize their institutions and give voice to empower their electorates – mainly the grassroots - as, ‘public participation lies at the heart of dmocracy’ (Masango, 2002:52). Hence the literature reviewed for this study is centred on mega projects and development, public participation in decision-making process in development projects and evaluating public participation in development projects. The theoretical framework will help in understanding public participation in development projects as in the case of the new port in Lamu, Kenya.

Mega Projects in Development

The term mega project emerged in North America in the late 1970’s to describe large-scale development and infrastructure projects typically carried out (or at least substantially financed and overseen) by the public sector (Altshuler and Luberoff, 2003). According to Sykes (1998) there are nine characteristics that differentiate mega-projects from regular public infrastructure projects. These are size, public opposition, time, location, market impact, unique risks, financing difficulties, insufficient experience, and unpopularity. Perhaps the dominant characteristic used to determine the difference between a regular project and a mega-project has been cost (Altshuler and Luberoff, 2003).

According to Frick (2005) mega projects are characterized by the ‘Six Cs’ which include (i) colossal in size and scope mainly due to the massive facility expansion or reconstruction. These projects are highly visible after construction (ii) captivating because of the project’s size, engineering achievement and its aesthetic design, (iii) costy because the cost increases over the life of the project, (iv) controversial as project participants negotiate funding and mitigation packages. This can be mainly because of the displacement, impact to nearby residences/businesses and physical location (v) complex, which breeds risk and uncertainity in terms of design and funding and construction, and (vi) laden with control issues related to who the real decision-makers are, what agency/agencies manage/operate the project and who the main funders are and their restrictions (Priemus et al., 2008)

In most of the studies pertaining to mega a project, one factor is quite often highlighted – which is the controversial fact pertaining to communities – where in some areas such as residents of a

locality can be vulnerable due to displacement or environmental impacts (Castells,1978; Fainstein et al.,1986; Gans, 1991; Harloe, 1995; Hall 2002; Logan and Molotch, 2007).

As evident in UMUC/FHWA (2004), while the success or failure of a development project is judged o the basis that it is completed on time, within budget, with appropriate quality and in a safe manner, the community aspect is usually overlooked. In other words, the components of public trust and confidence need to be maintained. Political impulses and the evolution of civic involvement in these projects have made governmental concern of maintaining public trust a mandatory issue in every project. Hence, in order to maintain public trust and confidence in the project it is very important to keep the public well informed about the project through-out the project life cycle hence the project needs to be marketed to the stakeholders effectively since inception (Capka 2004; Sorel 2004 and Sinnette, 2004). Hence the importance of public participation is often highlighted (UMUC/FHWA, 2004)

Public Participation in Development Projects

Different authors have given different meanings to public participation based on the context in which it is used. Initially, public participation was merely confined to an opportunity to vote in a referendum or just being a member in a social movement group or give a comment on a public hearing. But today, the word public participation has gone merely than participation alone, but the following of certain procedures to facilitate members to be proactive enabling participants to be a part in the decision-making process (Webler and Tuler, 2006). Smith (1983) views public participation as encompassing a range of procedures and methods designed to consult involve and inform the public to allow those that would be potentially affected by a decision or policy to have input into the process. This public or stakeholders include IFC (2007, p.10):

"...persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively. Stakeholders may include locally affected communities or individuals and their formal and informal representatives, national or local government authorities, politicians, religious leaders, civil society organizations and groups with special interests, the academic community, or other businesses"

According to Kumar (2002), public participation means different things to different people. Hence he holds the view that public participation includes the people's engagement throughout the decision-making process in planning, implementing, sharing the benefits and evaluating the programmes. This people's engagement or stakeholder engagement refers to a framework of policies, principles, and techniques which will ensure that citizens and communities, individuals, groups and organizations have the opportunity to engage in a meaningful way in the process of decision-making that affects them or have an interest hence, public participation can be recognized as a practice of stakeholder engagement which is needed to achieve participatory democracy, transparency in decision-making process, community empowerment and support and reduced conflicts over decisions between decision-makers and public groups and between the groups (Yee, 2010).

According to the IFC (2007) the following key principles needs to be considered in the implementation of the public participation process in providing:

- A meaningful information in a format and language that is understood by the stakeholders
- Ways to meet the needs of the target groups
- Information in consultation activities and decision-making

- Information dessimination that allows ease of access by stakeholders
- Respect to local culture, traditions, timeframes and decision-making processes
- Two-way dialogue to allows both sides to exchange views so that issues are heard and addressed
- Inclusiveness of representation of all groups including the vulnerable
- Processes free of coercion
- Incorporating feedback
- Clear mechanisms to respond to people's concerns and grievances

Hence public participation can help enhance effectiveness, public knowledge and awareness and a mechanism to breakdown and address complex decisions; meet growing demands for public participation; and meet legal and policy requirements (Yee, 2010). There are various types and methods of stakeholder engagement (Warbuton, 1997) in development projects along with the levels of participation. These range from low levels such as 'tokenism, manipulation and passive participation' to a mid level range on participants being involved in largely predetermined question to a higher level where stakeholders undertake their own initiatives or develop strong leadership roles such as partnership and empowerment (Buchy and Hoverman, 2000). There are five elements of public influence in public participation: that is to *inform* the public with balanced information to understand the problem and the alternatives, opportunities and solutions; Consult the public to obtain feedback on analysis, alternatives and decisions; involve the public throughout the process; collaborate with the public so that each aspect of the decision is taken together and; empower the public so that the final decision-making is in the hands of the public (IAPP 2007).

The concept of public participation needs to be clearly identified in respect to governmental mega project planning. A variety of meanings on public participation from different authors were explored to define the concept of public participation in the specific context of the research. In this research, public participation can be defined as processes by which all affected stakeholders are engaged in the decision-making process to enable reach consensus to achieve a particular objective. This helps in preventing or resolving conflicts through a mutual two-way dialogue before decisions are made.

Evaluating Public Participation

Having defined public participation to a greater depth in the above section it becomes important to understand what successful or effective participation means. It is evident that when governments or non-government/private organization use public participation in their projects, it means that they have an interest on determining whether their intervention were successful or not. This includes needing to know how effective and successful public participation had been in their interventions.

Public participation can be evaluated in terms of process-based and outcome-based. Many scholars identify process effectiveness mainly on means rather than ends. Hence examining a variety of procedural aspects of the participation process is important as it adds value to the decision-making process. These factors include procedural justice, accessibility to the decision-making process, inclusiveness, diversity of views represented, opportunities for participation, information exchange, early involvement of stakeholders, number of options identified, identification and integration of concern, number/types of participants, stakeholders/decision-

makers present at the meetings, availability and clarity of materials (Chompunth and Chomphan, 2012).

According to Shepherd and Ortolano (1997), the success of a public participation endeavor can be judged in terms of results or outcomes. They proposed important outcomes are seen in term of project/decision acceptability, mutual learning, improved understanding and conflict resolution. While in practice it is seen that it is difficult to facilitate the public participation process to achieve all the desired elements.

Hence according to Chess (2002) participatory process-based evaluation measures fairness and competence matters, interchanged information, inclusiveness and procedures. This includes the evaluation for how effective public participation is in democratic decision-making. According to Chompunth and Chomphan (2012) the outcome-based evaluation uses indicators of how stakeholders influence decisions, their satisfaction with the final decisions, or an ability to reach a consensus. This approach is not only based on stakeholders' or users' goals, but it also includes social goals.

Methodology

The case of the new Lamu Port was adopted as a study to conduct an in-depth analysis on public participation practices in Kenya. In order to achieve the objectives of the study, mixed methods of data collection was carried out. These included information on the public participation process in the decision-making stages, the review of the existing documentation on public participation, in-depth interviews were carried out with various stakeholders to gather information on the public participation process and focused group discussions were carried out with community groups such as women groups, youth groups, CBOs/NGOs to gather collective opinions on the public participation process. Further, in-depth semi-structured interviews were also carried out with identified key community leaders and residents to get their opinions and understanding on the New Lamu Port.

Having viewed relevant aspects of public participation and the methodology, the next section will give the analysis of the case study.

Analysis

The results proved evident that the participation process lacked public participation. Even if public participation was involved, it was minimum and was not properly organized. The results shown below are divided into two: the process based evaluation and the outcome based evaluation. The process based evaluation comprise of the following aspects: public awareness of the project, educating and informing the public on the project, the participatory sessions on the project, inclusiveness and adequate representation of the public, transparency, and the two-way communication. The outcome based evaluation comprise of the following aspects: impact and influence of participation, incorporating public values and concerns, public trust and resolving conflicts.

Process-based evaluation

Public awareness on the project – New Port in Lamu

In this study, almost all respondents were aware on the project – New Port in Lamu. They were well aware that the New Port will be constructed in Lamu. Their awareness on the New Port was mainly through the word of mouth and the Newspapers. Yet the degree of awareness on the LAPPSET project varied. Some respondents understood some aspects of the LAPPSET project, while the others understood bits. Very few understood the entire project (FGD with Youth, Lamu, May 2012).

Educating and Informing the Public on the Project

Educating and informing the public on the project was at minimum, mainly because the public was aware through the word of mouth and some through the mass media. Very few attempts were made by the government to make the public aware on the entire project – which includes on only the New Port component but also the entire LAPPSET project (Interview, Village Elder, Lamu, May 2012). Some respondents complained that no government attempt was made to make the public aware of the project and it has brought in many issues concerning what the natives of Lamu will benefit from the project (FGD with Women, Lamu, May 2012). Some of the respondents said that they were made aware of the project by politicians during the election campaigns mainly to generate support for the project (FGD, Youth, Lamu, May 2012).

Hence in this case it is evident that the most of the residents in Lamu did not receive any support to increase their knowledge about the issues from the authorities and the project proponents. Their awareness was mainly through informal channels such as word of mouth or other meetings. However, these meetings were initiated by different parties who the residents of Lamu considered as bias and preferred to attend meetings whose views reflected their own.

Participatory sessions on the Project

When the development of New Port in Lamu was initiated it was implemented without providing opportunities for the public to take part early enough in project development. The affected people had no chance to present any comments at the very beginning. The public participation process was only restricted to EIA (Environmental Impact Assessment). Even in this, the participation process was done after the report was compiled (Interview, Lamu Youth Alliance representative). Clearly, the public had little power to influence the decision and nothing could be changed. It could be said that, in this study, a lack of public participation in the early stage of project became the critical problem. This issue is a critical problem in practice in many countries, such as Spain (Palerm, 1999), the Czech Republic (Richardson *et al.*, 1998) and Bulgaria (Almer and Koontz, 2004). Hence when public participation takes place late, particularly when decisions have already been taken, could be ineffective and obstructed by the public. This was because it is too late for the public to make meaningful contributions and its voice might have less power to influence the decisions.

There were few participatory sessions with the public on the project - New Port in Lamu. Some even said none (FGD, Youth, Lamu, May 2012). The lack of participatory sessions on the project and the lack of appropriate method of participation have resulted in the lack of public support for the project. As evident by an interviewee:

'We have not had any session to air out our concerns – they (government) decide, they (government) implement. We have to agree with what they do……' (Interview, Youth, May 2012).

Hence it can be said that when insufficient effort was devoted to educating the public, the public felt that they are powerless to engage in the decision-making process. To make public participation more effective, a collaborative and constructive learning process is required in which participants should not only simply exchange information, but also take part in the process of learning the problems and developing alternatives by means of a meaningful social learning process in which stakeholders' concerns are a priority (Chompunth and Chomphan, 2012).

Some even who had adequate knowledge on the issues concerning the New Port had felt that it was not enough to make them feel affective in the process. They felt that the public needed to increase their knowledge in the project, problems and alternatives so that they can meaningfully participate in the process. As evident by a representative by the Lamu Yoth Alliance, participation has only been restricted to the EIA (Environmental Impact Assessment), which they said was discussed and approved at a meeting without their consents. (Interview, Lamu Youth Alliance representative)

Here the participant at the meeting felt that they were not informed clearly about the purpose of the participation process and their roles, including how the outcome of the process would be used. The government was not aware enough of the issues. This brought a variance in expectations and a misunderstanding which negatively affected the participation process. From the research findings, it could be suggested that to avoid the problems of misunderstanding and conflicting expectations and partial and irrelevant outcomes from the public participation process, it is important to make sure that the purpose, intentions and scope of the process are clearly identified and agreed before the process starts.

According to Tippett et al., 2005, before the beginning of the public participation process, all participants should have a clear understanding of what the participation purpose is and what the process and outcome of the participation process would be, from the authorities. This is because it is necessary to have a clear plan of public participation containing clear aims, the participants' roles and responsibilities, combined with effective communication in a proper time line, is an important factor to minimize confusion and unrealistic expectations from all stakeholders which could exacerbate distrust and cause dissatisfaction and frustration.

Inclusiveness and adequate representativeness

In this case study, inclusiveness of the participants was not achieved as there were no structured/pre planned participatory meetings aimed exclusively on incorporating all stakeholders in decision-making. The authorities did not try enough to engage stakeholders, particularly the affected residents of Lamu, at the beginning of the project. It was after the occurrence of conflicts, few meetings were initiated. Even then, it was not with the affected residents but selected people that they (authorities) found would support their project. This shows that even in the selection process, due to the lack of structured sessions or appropriate guidelines, participants were selected through a top-down approach. Hence the opinions and comments from the participation process did not represent the voices of all stakeholders – mainly the affected (Interview, NGO personnel, Lamu, May 2012).

The findings suggested that authorities should give the first priority to participate in the process to lay people in the impacted area who were directly impacted from the development project – mainly the displaced population or the population whose livelihoods were at stake (FGD, Youth, May 2012). Research findings such as Dungumaro and Madulu, 2003; Vantanen and Marttunen, 2005 shows that it is difficult to engage an appropriate and inclusive representatives of cross section of the entire community in a participation process. Nevertheless, local residents and stakeholders who would be directly affected by, or benefit from the decision and are closer to the project, should be given the first priority to participate and present their concerns. If not, stakeholders feel that they are excluded from the decision-making process and have the ability to mount strong opposition to the project or policy initiatives which could delay implementation (as evident in many protests by the residents from Lamu):

- 'Demonstrations opposing the official launch of the new port by the residents as it was carried out without the approval from NEMA (National Environment Management Authority) and without public consultations.
- Save Lamu demonstrated for the displaces (when farmers were removed from the land). The protest was stopped by the police.
- Religious leader and Madrasa students held prayers for the community at the square and were against the new port as it lacked the public consultations'. Save Lamu representative, Interview.

While the public as a whole was not able to participate fully in the participation process, there is an increase need to incorporate women (Mokate, 2004), youth (UN, 1995) and marginal communities apart from priority groups such as the people directly affected (displaced).

Transparency

According to this study, the participation process seemed not transparent enough. The residents knew very little or nothing in regard to the project – new port in Lamu. All the decisions were decided before an involvement of the public hence the public was not involved in the decision-naking process (FGD, Women Group, Lamu, May 2013). For example, the EIA was already conducted and selected public members were invited only at the approval stage (Interview, NGO personnel, Lamu May 2012). Another good example is that the contracts were already signed before the public had any details about the project. The affected residents did not have an opportunity to participate through the processes. The finding showed that if the participation process was credible, transparent and legitimate, the project would be more accepted and increase public satisfaction with decisions.

Similar studies have been conducted which shows similar contexts of lack of transparency (Dungumaro and Madulu, 2003; Diduck *et al*., 2007). This research showed that the decision-making and public participation processes failed to be transparent that resulted in the lack of an integration of public inputs into the decision-making process was poor and hardly existed.

Two-way communication

The study shows that the communication approach as one-way: government (authorities) to the public with restricted information provision with the lack of sufficient dialogue. The authorities were on a higher role than the other stakeholders – mainly the residents of Lamu (public) particularly the affected. Hence these residents and the affected had less power in negotiating their needs. Studies show evidence that the lack of two-way communication increases the

potential for conflict and distrust. Hence participation needs a two-way communication (Parlem, 1999).
Even in the few participatory sessions provided by the authorities the sessions focused only in providing information where the participants had to accept what was planned for them. This resulted in making the participants only passive recipients. The lack of a two-way communication resulted in misunderstandings among stakeholders. The residents conveyed that they they needed a two-way flow of information where there was open discussion and debate (FGD, Youth Group, Lamu, May 2012).

The public had difficultly accessing all data and information related to the project, maintained by the government. Besides, this information was inappropriate and incomprehensible for many participants since most of if was in English and had many technical terms, such as the EIA report. From the research findings, it was found that receiving, sharing and exchanging precise, correct and updated information about the project was critical for project implementation. The public required sufficient information which was relevant and accessible to increase their knowledge and understanding and enable them to meaningfully participate in the process.

Outcome-based evaluation

Impact and influence of participation

According to the study it was evident that government decision-making processes excluded public participation highlighting a political-tactical model. As the public did not have any power over the decision-making process they were unable to influence any decisions in regard to the project – they could not have their inputs by commenting or contribute to any aspect of the project. It can be said that the decision makers did not want to distribute their power to the local residents and did not intend to promote public participation at any level.
When the impacted residents of Lamu found that their involvement was too late and could not impact on the decision or even make any change to the project, so they preferred not to participate in the government's or the project owner's participation processes and began their protest activities. Hence it is clear that the public needed to have a genuine opportunity to be heard and influence the final decisions as evident in many other contexts (Almer and Koontz, 2004 and Diduck *et al*., 2007).

Incorporating public values and concerns

According to this study, the local residents tried to add their knowledge and concerns into the process through other means such as discussions with the local authorities, protests, letters and petitions even when there were no direct opportunities for participation. However, there was no obvious evidence that the public input were brought and soundly integrated into the decision-making process. The public input hardly influenced the decision-making process of the government. The decision-making process remained with the government.

It is evident that the local residents hold specific and valuable information, particularly local geography, the local ways of life, environmental conditions or other relevant factors that can influence the operation and safety of the project. This knowledge was potentially valuable to the decision-making process and should not be overlooked. Integrating this local knowledge and values into the decision-making processes could assist in finding consensus which leads to more accountability and legitimacy that satisfies a broader public. Undoubtedly, this study found that

the public needed to ensure that their viewpoints and concerns were meaningfully incorporated into the decision-making process.

Public Trust

According to this study, it shows that the trust among stakeholders – the local residents and the government was problematic. The locals did not trust the government nor any processes held by the government. Their trust and confidence on the government was declining because of the lack of transparency in the government administration.

The local residents could not see the government's willingness to support them and be transparent in its decisions. The decision-making process was conducted without consulting the public. Besides, the government failed to make the public believe in minimized social and environmental impacts including their social lives and livelihood. Thus, low levels of trust were prevalent. As evident by an interviewer:

'….this construction of the new port will bring in new people due to the increase in the number of jobs. With this increase we will have the spread of commercial sex workers (as in Mombasa) which is not prevalent here at this moment……our family lives can be disrupted along with other issues such as the use of alcohol and illegal drugs….' (FGD, Women Group, Lamu, May 2012)

'some communities here in Lamu depend on the Mangrooves for their livelihood along with fishing….what opportunities do the government provide for them with the coming of this port….their livestyles depend on this and not hearing their views can make them be even more marginalized than the present context…..' (FGD, Youth, Lamu, May 2012)

Studies such as (Tippett *et al.*, 2005 and Shepherd and Ortolano, 997) shows that the lack of trust can lead to protest and antagonism among stakeholders as they would not trust each other.

Resolving conflicts

As evident from the study the lack of participation by the residents resulted in many conflicts that affected the project. The public was excluded from the decision from the beginning, so they thought the project was not transparent and did not accept it. The public tried to make their voices heard but they were overlooked. Protests by the residents did take place in opposition to the projects as there were demonstrations that did take place (FGD, Youth, Lamu, May 2012)

Resolving conflicts in this context was not easy because, the local residents found that the process of decision making is unfair or biased. Due to this the residents opposed the project. As evident in the discussion:

' we resent this project because, there was lack of consultation from the public on the project, land injustices of the past has not been adequatelyly dealt with, and now we have further issues on displacement and confrontation with outsiders on our land (land grabbing by the westerners and the Kenyan elites' (FGD, Youth, Lamu, May 2012).

Conflicts were also due to the loss of land, people being displaced and people losing their livelihoods. As evident in the following statements:

'People are being displaced. This mega government project is mainly to eat up the poor' (Interview, Youth Leader, Lamu, May 2012)

'We feel that we are further marginalized, we were marginalized since independence, and we feel the Coast should secede so we can deal with our matters ….' (Interview, Youth, Lamu, May 2012)

As emphasized in the study, public participation is important to mitigate or resolve conflicts. Richardson, et al., (1998) highlights that the public participation process needs to be conducted carefully to ensure that all stakeholders are given an opportunity to voice their ideas, concerns and every interest were considered fairly. This will eventually lead to a better decision and conflict resolution.

Conclusion and Recommendations

Public participation processes needs to be of incremental nature, which is vital for countries like Kenya. The incremental nature in decision-making process forces all stakeholders to participate and play an imporatn role in development. However, in this study, it was found that public participation in mega project planning in Kenya (as in the case study of the new port in Lamu) did not comply with a real concept of public participation; people who were stakeholders in the project did not have an opportunity to be informed and to express their ideas from the very beginning and their opinions were not considered in the decision-making process. It could be said that the public participation process was not yet properly established in the Kenyan context. Thus, there is an urgent need to find a working model and conditions of public participation which can assist in resolving development problems such as problems associated to the environment and land rights.

Effective public participation in development planning requires motivation and effort from all stakeholders. Particularly, it requires skills from the authorities and trust and confidence from the public. However, this might need more time to cultivate and develop. If public participation is credible, transparent and legitimate, the process could simply reach an acceptable and desirable outcome for every party. A legitimate public participation process is a potential approach to effectively resolve conflict over large-scale mega development projects in every context in non violent ways.

Finally, various assumptions discussed previously in this study could lead to a conclusion that public participation is the pre-eminent approach to achieve a balance desired between stakeholders from development projects or policy implementation. By providing public participation from the beginning through until the end of the process, it could: reduce strong opposition since the public could be involved before the decision has been made; resolve conflict and lessen anger from the public; and, enhance the trust and credibility of the authority (the government).

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Sustainable Public Procurement for Sustainable Development in Kenya

By

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Abstract

For so long the main objective of the Kenyan Government procurement has been to achieve the best value for money (attain economic objectives) without much considering other factors such as environmental objectives and social objectives and their effect on the society. In all countries, governments are significant buyers of goods and services. In Kenya more than 60% of the government expenditure is on the procurement of goods and services and hence the government has a significant purchasing power in the supply market. While the government can use this expenditure to spur development in the country, it can also use its purchasing power to influence sustainability in the supply chain. This will foster sustainable development where the needs of the present generation are met without comprising the needs of the future generation. The adoption of sustainable procurement by the government and its agencies can resonate across the whole supply chain including the private sector which can lead to sustainable development. The significant growth in the academic literature on sustainable procurement can best be seen by the fact that various papers have been published since2007.Against this background, this paper will provide insights into what was learned from the different research projects and how this has helped to gain a better and wider understanding of the field. This paper will also describe a wealth of initiatives that can spur deeper thinking on the role of sustainable public procurement in achieving sustainable development in Kenya. While other contributions are taken into account, this will be primarily based on using multiple research methods. Theempirical methods include literature reviews based on content analysis. I recommend readers, governments and other stakeholders to use this volume as a launching point for future action.

Keywords; research methods, procurement, sustainable development, environmental, governments

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Introduction

Public Procurement is the process in which public organizations spend the taxpayers' money on goods and/or services in order to fulfill various functions. Public procurement is guided by principles of transparency, achieving value for moneyand accountability for citizens and taxpayers. Public sector expenditure is substantial: government organizations across the world tend to spend between 8 per cent and 25 per cent of GDP on goods and services (Organisation for Economic Co-operation and Development, 2006); Government is often the single biggest buyer within any country, and governments can use this purchasing power to influence the behaviour of private sector organisations. Increasingly, procurement is not just about purchasing in ways that reduce cost and achieve value for money, but also about achieving wider policy objectives, be these social, environmental or otherwise (Erridge, 2004; McCrudden, 2004). It has been noted that public procurement can be a lever to deliver broader government objectives, for instance, stimulating innovation in supply markets, using public money to support environmental or social objectives, and for supporting domestic markets (McCrudden, 2004). The nature and context of public sector procurement differs from commercial practice. The public sector spends taxpayer's money, is subject to public audits and needs to be transparent and accountable in its procurement processes. Thus whilst buyers in government and the private business sector might both be concerned with reducing cost and achieving value, public sector buyers have the additional task of achieving social, environmental benefits, among others, in their procurement to fulfill the responsibilities of government to society. Some private business organizations are also pursuing socially responsible procurement. A relatively well-developed body of research has investigated aspects of sustainable procurement in private sector organisations, mostly with a focus on manufacturing industries and the environmental dimension of sustainability (Simpson and Power, 2005; Srivastava, 2007). Private sector studies have on the whole focused on environmental issues in procurement, with the social aspects of sustainable procurement being under-researched to date. In contrast to the literature on private sector organisations, comparatively little research has investigated sustainable procurement practices in the context of the public sector. Much of the research has tended to focus on the development of tools to assist green procurement policy implementation (Coggburn, 2004; Li and Geiser, 2005; Swansonet al., 2005), on how sustainability can be encouraged when the public sector procures from suppliers in specific industries, such as construction (Hall and Purchase, 2006), information technology (Matthews and Axelrod, 2004), food (Rimmington et al., 2006), and timber (Bull et al., 2001) orin particular areas of the public sector (Thomson and Jackson, 2007). Other studies report a case study of sustainable public procurement in Belfast City Council (Murray, 2000), and describe the history and present use of government contracting as a tool of social regulation (McCrudden, 2004).

As sustainability becomes an intensifying focus for policymakers (Zeemering, 2009; Wheeler, 2000; Jepson, 2004) and elevated to a new paradigm (Mazmanian and Kraft, 2009), public procurement actions have increasingly considered economic, social equity-driven, and economic goals within the local surroundings and beyond. In point of fact, the definition of sustainability has widely varied (Langhelle, 1999; Roberts, 2004; Hempel, 2009); it has often been referred to as a "fuzzy concept" (Gunder, 2006; Wissenburg, 2006) that is difficult to operationalize. Sustainability, as defined here, is driven by an incorporation of economic, environmental, and social equity-driven values and policy objectives – further defined by Weybrecht as people, profit and planet. (Weybrecht,2010). Research suggests that governments can move towards

implementation ofsustainability goals, characterized as such “triple bottom line” solutions, by strategicallyintegrating procurement plans.Sustainable Procurement can be defined as the process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but to the society and the economy whilst minimizing damage to the environment.(Procuring The Future 2006).

Sustainable procurement focus on sustainability which can be incorporated into the whole procurement process from assessment of the need, definition of the need, evaluating options, specifying the need, supplier selection, tender evaluation, contract managementand supplier and relationship development. It should consider the economic, social and environmental consequences of design, use of non renewable material, production methods, logistics, service delivery, maintenance, reuse, recycling options, disposals, and suppliers’ capabilities to address these consequences throughout the whole supply chain. Most debate, research and action have focused on the environmental aspects only but any organization embracing sustainable procurement should base its choice of goods and services on three pillars of sustainability:

Environmental aspects (green procurement): the effects on the environment that the product and/or services has over its whole lifecycle. It considers factors such as responsible use of resources, responsible waste management, reduced pollution and emissions, energy conservation, environmental processes and materials and responsible packaging. Social aspects: effects of purchasing decisions such as poverty eradication, equity in the distribution of resources, labour conditions and human rights. It also looks at supplier diversity, local sourcing, staff retention, adherence to legislation and standards, fair remuneration and working conditions.

Economic considerations: best value for money, price, quality, availability and functionality. Other factors include effective capital purchasing, achieving budgetary and sustainable pricing.
Sustainable procurement can be a tool for sustainable development.Sustainable development focuses on meeting current needs without comprising the ability of future generations to meet their own needs. It also focuses on promoting sustainable consumption and production. The needs of the future generation can be met through: Implementing sustainable procurement strategy and policy, use of sustainable purchase specifications, sustainable sourcing of products and services, sustainable contract management and sustainable supply chain management and development. Sustainable development in Africa can be evaluated in the following areas;

Achievement of social equity (Empowerment of youth, women and marginalised groups)
Sustainable procurement encourages increased participation from small medium enterprises (SMEs) and economically disadvantageous groups in procurements. Small firms can offer better value for money and innovation and therefore public procurement should look to remove barriers that they face when competing for public sector contracts. Preferential procurement policies are sometimes directed at promoting the development of certain disadvantageous groups within the economy, such as women, youth and people with disabilities. When making procurement decisions, many public organizations give preference to local business to nurture small and medium enterprises (SME) with the underlying rationale that SMEs drive economic development. McCrudden (1992, 1998, 2004) noted the historical origins of the equity and social justice dimensions of procurement. The Public Works Act of 1977, USA, for example, required that a proportion of federal government contracts be given to black-owned businesses, and 10

percent of local work grants were mandated to minority business enterprises (McCrudden, 2004). More recently, strategies for social equity have included the institution of minority-owned business requirements in procurement policies by requiring contractors to specifically reach out to minority and woman owned firms as subcontractor. Research suggests that such strategies and policies have been adopted in a variety of countries in order to integrate equity and economic values into the external goals of public procurement. Kenya has started the process of including social equity in the public procurement through the legislations that are being worked on by the Public Procurement Oversight Authority (PPOA) in conjunction with other government departments.

As a major buyer in the supply market of goods and services every year, the Kenyan government has considerable purchasing power to affect change in the economy. By setting aside a small percentage to the youth and women, the government can achieve gender equality and create wealth for the youth. The benefit of empowering women through procurement is that money is injected into the local community.

Environmental consciousness (Energy, recycling and reuse of products, waste management)

Environmental sustainability (according to the World Bank) means 'ensuring that the overall productivity of accumulated human and physical capital resulting from development actions more than compensates for the direct or indirect loss or degradation of the environment', or (according to the Brundtland Report from the United Nations) it is 'meeting the needs of the present without compromising the ability of future generations to meet their own needs'. It generally means the extent to which business activity negatively impacts on the natural environment. It is an important issue, not only because of the impact on the immediate environment of hazardous waste, air and noise pollution, but also because of the global warming. Achieving sustainability means reducing the environmental burden. Following the 2002 World Summit on Sustainable Development, environmental goals have been integrated into policies through procurement (Preuss, 2007; Murray, 2001a; Preuss, 2009; Walker and Brammer, 2009). Environmental Preferable Purchasing is defined as buying products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose (EPA, 2000).

In Kenya, central government and local governments have not implemented official policies that can allow and mandate purchasing departments to apply environmental considerations to purchasing decisions. Certain programs could be enacted and implemented which includes purchasing products with a higher percentage of recycled content, acquiring renewable energy and buying less toxic products and energy efficient machines. Escalating energy crises worldwide requires governments and organizations to consider conserving resources and increasing energy efficiency. Public procurement can insists on procurement of energy saving products to reduce government energy costs, promote the development of new energy efficient technologies, expand the energy efficiency market, protect the environment and promote sustainable development. The governments can procure certified energy efficient products and also construct sustainable buildings that use considerably less energy by adopting solar energy.

There is a misconception that sustainability and value for money are in conflict. On the contrary, sustainability is about achieving value for money whilst realizing social, economical and

environmental objectives. The two do not actually conflict especially when the whole life cycle is taken into consideration. LED bulbs, for example, may have a higher purchase price but they have a longer life span than the traditional bulbs, reduce electricity bill by over 60% and also they reduce consumption of raw materials.
Public procurement has always served as a policy tool and is now being used as an instrument to protect the environment. While countries in the developed world have been the leading users of green public procurement (GPP) programmes, many developing countries such as China have also started using this tool.

Innovation through public procurement
Using public procurement for developmental goals such as innovation is a way for governments to generate new markets for companies in order to develop new technological solutions. Such initiatives can be used to solve challenges in health, energy, education, transport, the environment and more. This can be seen in the history of East Asian industrial policy, a prolonged process of successful public procurement activity.

Government procurement can play a role as a stimulus for innovative activity, and the potential of government to stimulate innovation in supply markets may also apply to sustainable products and services (Yew, J, Uyarra, E, Gee, S (2011). The sheer size of public sector demand, particularly in environmentally sensitive areas such as transport, energy, food and paper confers obvious potential for impact (Defra, 2006). Demand pulls innovation as it reduces uncertainty by guaranteeing a market, allowing organisations to benefit from economies of scale, technological investment, and ensuring larger profits. Procurement can also have a significant effect on the dynamics of markets and competition (OFT, 2004; Caldwell et al., 2005; Uyarra and Flanagan, 2010;). Through its large purchasing power, public sector procurement can help to promote competition.

There are several ways that public agencies can support innovation through procurement, namely: the creation of demand by expressing their needs to the industry, the provision of a testing ground for innovative products, the creation of new markets for products and systems, the provision of a 'lead market' for new technologies/ solutions, the absorption risks for socially/ecologically demanding products and the promotion of learning. In addition to direct technological or product innovations, quality and other standards, such as environmental, set by public agencies also play a key role. In this way, procurement for innovation differs conceptually from discriminatory 'off-the-shelf' public procurement.

Protecting the local industries and economy
Through buying local products the government which is the biggest spender in the economy can create wealth for its citizen and create many employment opportunities in the economy. The government should put in place policies that support purchasing local products. It can do this by practicing discriminatory practices across the international trade such as by imposing tariffs and non tariffs measures.Governments tend to discriminate in their purchasing policies in favour of their own industries in order to achieve benefits beyond the immediate aim of purchasing goods and services at the best possible terms. Public procurement has been often used as a tool to promote a government's economic, social or environmental objectives. For example, government procurement should support and encourage local suppliers for variety of goods and services.

Local supply improves local health by reducing transportation and freight impacts such as carbon emissions, congestion, pollution and accidents while simultaneously supporting the local economy.

Recommendations

The government in conjunction with Public Procurement Oversight Authority (PPOA) and all other bodies involved in the public procurement should come up with a well defined sustainable procurement policies and strategies. Development and communication of these strategies and policies are needed in order to achieve the set objectives in a consistent manner. The government through the PPOA should analyse its expenditure and from this spend data identify and earmark key sustainability areas and impacts within procurements and key categories of spend and ensure that sustainability is considered during all stages of the procurement process. The government sustainable procurement standards should be well set and awareness made to the public and staff. The government should implement a wide spectrum of initiatives to address sustainable development through its procurement, which should cover economic, social and environmental aspects. From a contracting perspective, the approaches should range from product-based ones, like stipulating energy requirement criteria for IT and other equipments, through service-based approaches, for example requiring minimum recycled content for building materials in construction contracts, to process-based ones, like encouraging key contractors to use local firms as their subcontractors and second tier suppliers.

To improve sustainable procurement practices, the government and its agencies should make sure that all procurement staff receive appropriate training and development and that the general sustainable procurement awareness is raised across the departments. This is to make sure that the relevant standards and impact mitigation strategies are incorporated within procurements and contracts. Specific topics such as climate change, sustainable sourcing and category specific sustainability considerations should be included in the training. To increase accountability, sustainable procurement should be integrated within job descriptions and objectives so that key procurement resource can clearly see how their contribution supports the governments to meet its sustainable procurement objectives and performance targets.

The government should introduce a performance matrix to measure and assess their progress and performance on sustainable procurement.This would be a key tool in measuring how well embedded and how enhanced sustainable procurement practices and principles are within their procurement process. This measurement will also enable the authorities to assess the benefits realized from sustainable procurement.

Developing a responsible supply chain to make sure that all government suppliers are accountable for their actions in order to deliver a true sustainability, the success of the government in achieving sustainability depends mostly on the performance of the suppliers, thus suppliers should be encouraged to adopt and embed similar sustainable procurement principles and practices into their procurement functions. The government should continuously review the suppliers approach to sustainability in line with the government policies, benchmarking their progress and seeking opportunities for continuous improvements.

Conclusion

As Kenyan government works towards achieving vision 2030 and as planners and policy makers seek sustainability solutions that foster economic opportunities in the green economy (Worrel and Nijaki, 2010), there is a need to pursuetriple-bottom policies that will achieve concurrently environmental, economic, and social equity objectives. Due to the limitations of central government and its agencies control and the challenges of sustainability governance, new coordination in policy formulation, development and implementation is required (Murray, 2007). Kenyan government must treat procurement as an economic development activity and as an environmental policy, and explore opportunities to incorporate social equity considerations. Thus the government must adopt new procurement policies that integrate the women, youth and other marginalized groups to achieve these objectives. In making these policies, the government should involve all the stakeholders to achieve coherence and for easier implementation of the policies. Politicians and political agendas must also be a critical component of developing procurement strategies at the local level (Murray, 2009). After review of the literature, procurement emerges as an important tool of any government's interplay with the market. Public organizations and agencies should utilize their market power by procuring goods and services through a framework infused with economic, environmental, and social equity-driven values. Sustainability necessitates governments' to pursue environmental benefits and economic development together, instead of at the expense of one another. Through a combination of policies such as buying local products and green procurement policies, governments can move towards economic, environmental, and social equity goals in the sustainability frame.

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