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COMMUNITY DEVELOPMENT

INTEGRATED WATER RESOURCES MANAGEMENT FOR POVERTY REDUCTION

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Abstract

Integrated water resources management (IWRM) can help to reduce poverty. The objectives of this paper is: to highlight overlooked connections between access to water and poverty, and indicate how current fragmented water management approaches lead to adverse impacts on poor people; to explore how IWRM approach is an important strategy for poverty reduction. Literature review is the methodology used for the study. To survive human require water. Hence the need to assure its sustainability for all those living today and for future generations. The trend has been the variety of institutions managing water operating independently from one another. This approach was administratively convenient in a world where there were no apparent constraints on the resource. This approach is no longer appropriate; it is now recognized that water use for one purpose in a given water basin affects its availability for others. The current water issue is often more a crisis of governance than a crisis of physical scarcity, as scarce water resources are allocated inefficiently, unregulated pollution compromises water quality, weak water service providers fail to serve the public, and social and environmental concerns are left unaddressed. For this reason equity considerations through IWRM are an important aspect of policy formulation for development interventions to take care of the poor.

Keywords: Poverty, Sustainability, Policy, Equity, Resources

Introduction

Water is life, for people and for the planet. It is essential to the wellbeing of humankind and a basic requirement for the healthy functioning of all the world's ecosystems. Water is crucial in developing countries to fight poverty and hunger, safeguard human health, reduce child mortality, and both manage and protect their natural resources. The term 'water security' can be defined as the availability of an acceptable quantity and quality of water for health, livelihoods, ecosystems and production, coupled with an acceptable level of water-related risks to people, environments and economies (Grey and Sadoff, 2007).

Objectives of the Study

Specifically, the paper aims to address the following areas: To show how Integrated water resources management (IWRM) facilitates decision-making in the implementation of water and land use policies; To highlight overlooked connections between access to water and poverty, and indicate how current fragmented water management approaches lead to adverse impacts on poor people; To explore how IWRM approach is an important strategy for poverty reduction.

Methodology

The Methodology report is based on secondary data available in published and unpublished materials like books, journals, magazines, periodical reports, national documents. Rigorous internet searching is one of the major sources of data and information. The consultation with the documents lays the foundation of the paper.

Literature Review

Poverty analysis

Poverty is usually defined in socio-economic terms, and perceived as a condition in which people's livelihood capacity is inadequate to meet their own and their children's basic needs. This is either because of lack of access to the natural resource base; or because of lack of paid employment or viable entrepreneurial opportunity; or because of some form of special vulnerability; and additionally because of lack of access to basic services such as health, education, water supply and sanitation. There are today estimated to be 1.2 billion people living on less than \$1 a day, and 2.8 billion living on less than \$2 a day (UNDP, 2001).

Poverty has typically been measured according to economic criteria, using crude wealth-related indicators such as average Gross National Product (GNP) per capita (UNDP, 1990), or 'below poverty line' income or consumption, usually set at arbitrary levels based on the cost of a minimum food basket. Over recent decades, poverty measures have broadened to include social indicators such as life expectancy, infant mortality rate (IMR), literacy, levels of malnutrition, women's status, and access to services (UNDP, 1990). A 1992 IFAD study showed that out of 4 billion people in 114 developing countries, more than 2.5 billion lived in rural areas, of whom more than half lived on highly degraded soil, and around 1 billion lived below the poverty line (IFAD, 1992).

Integrated water resources management (IWRM)

IWRM is a process which promotes the coordinated development and management of water, land and related resources, in order to maximize the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems. The introduction of IWRM, which in most settings is still in its infancy, must be backed up by the development of effective water governance (Rogers and Hall, 2002) that puts into place coherent systems.

IWRM can be thought of as the way in which water can be managed to achieve the objectives of sustainable development. It is an approach that reflects the need to achieve a balance among: economic efficiency, social equity and environmental sustainability. Economic efficiency refers to making scarce water resources go as far as possible and to allocate water strategically to different economic sectors and uses. Social equity is to ensure equitable access to water and the benefits from water use, between women and men, rich people and poor, across different social and economic groups both within and across countries. This involves issues of entitlement, access and control. Environmental sustainability involves protecting water resources base and related aquatic ecosystems, and more broadly to help address global environmental issues such as climate change mitigation and adaptation and sustainable energy and food security.

The IWRM approach was initially most comprehensively articulated in the chapter on freshwater resources in Agenda 21 of the 1992 Earth Summit in Rio de Janeiro. IWRM covers a wide range of activities, among them: designing and managing water resource infrastructure; allocating water resources between competing users; and implementing incentives for the efficient use and protection of water. According to Lenton and Muller (2009), the past IWRM experience, can be regarded as a process solutions to water-related problems.

IWRM is a cross-sectoral policy approach responding to the growing demands for water in the context of finite supplies. Designed to replace the traditional, fragmented sectoral approach to water resources and management that has led to poor services and unsustainable resource use, IWRM is based on the understanding that water resources are an integral component of the ecosystem, a natural resource, and a social and economic good. IWRM means recognizing water as a precious, scarce resource with multiple and interconnected uses: drinking, washing, agriculture, industry, transport, recreation, and the maintenance of human and ecosystem health. It requires coordinating policy and action in the development of water, land and related resources to optimize economic and social welfare without threatening the long-term sustainability of environmental systems.

Integrated water resources management (IWRM) and poverty

A meeting in Dublin in 1992 gave rise to four principles that have been the basis for much of the subsequent water sector reform. These principles are discussed in this paper in relation to poverty reduction. The hydrological, ecological, social, economic and political interdependencies within river basins, and the complexities of these dependencies, are well established if not always well-understood (Molle et al. 2007).

Fresh water resource essential for life and development

The first principle is that fresh water is a finite and vulnerable resource, essential to sustain life, development and the environment. As Swatuk (2005), have emphasized, basins themselves are encapsulated within other social, economic and political units. It calls for a holistic approach to IWRM, linking social and economic development with protection of natural systems. Recognizing the catchment area or river basin as the most appropriate unit for IWRM, the Principle calls for coordination across the range of human activities that use and affect water in a given river basin. IWRM approaches incorporate this principle into its emphasis on integration between all concerned water sectors.

There is some evidence that access to water has an impact on poverty. A study in the poverty-stricken coastal districts of Nicaragua (5,025 households) found that households with a well had 20-100% more income than those without, with the difference being most marked among the poorest; and that 40% of the extra income came from garden plots and small livestock managed by women around the house (van der Zee et al., 2002). Similarly, evidence from Ghana suggests that the income of poor farmers in the peri-urban area of Kumasi increased significantly with the informal irrigation of horticultural crops for local markets (Cornish et al., 2002).

Large-scale investments in irrigation have been primarily posited on economic growth from raising crop production levels, either of food or cash crops, to improve national availability of food stocks and raise income from agricultural exports. There is ample evidence (IPTRID, 1999; Jones, 1999; Bhatia, 2000) that irrigation has succeeded from this perspective,

and has prompted development in poor rural areas thus addressing poverty in various ways. Indeed, without major irrigation schemes the economy of countries such as Egypt and Pakistan would collapse, leading to increased urban migration and political instability. However, equity considerations are often addressed only at the macro-policy level. The implications of irrigation investments for groups living in poverty, as opposed to their implications for overall economic productivity, have frequently been ignored. Such investments may also discriminate in many cases against the poorest, with those living 'at the end of the canal line' in more remote, usually poorer, settlements left with little or no water (Chambers, 1988).

A more integrated approach that targets the poor is needed to make irrigated agriculture both economically attractive nationally and water and poverty friendly at the local level. There is some evidence, for example, from North East Brazil and India that investment in water infrastructure can create a dynamic rural economy, reducing out-migration and increasing agricultural and other forms of employment. The irrigation sub-sector needs to improve existing systems, especially addressing maintenance and financial sustainability, and identify approaches that use less water more productively and become more aware of how policies and projects interact with poverty dynamics. The prospects of this would be improved by adopting a more holistic, less fragmented, approach to water management and bringing the full range of economic, social and environmental considerations into one policy framework.

Water as an economic, social and environment good

The second principle postulate that water has an economic value in all its competing uses and should be recognized as an economic good. It emphasizes the importance of economic tools in helping achieve efficient and equitable use of water resources. The human right to access clean water and sanitation at affordable prices must be recognized, but the scarcity of water demands that economic perspectives should not be ignored. In conditions where water is especially limiting, where supply expansion is not a feasible option, economic tools should play a larger role in determining how limited water resources should be distributed efficiently and equitably. Managing water as an economic good is also a key to achieving financial sustainability of water service provision, by making sure that water is priced at levels that ensure full cost recovery. IWRM emphasizes on economic and financial sustainability.

Water has always been recognized as a social good, but since the International Conference on Water and Environment in Dublin in 1992, water has also been recognized as an economic good; a viewpoint confirmed at subsequent international conferences and summits. With this recognition has come a decline of international support for supply driven policies. The World Bank and others have pointed out the wastage and lack of efficiency resulting from the construction of schemes for which costs are not recovered from consumers and which cannot be maintained (World Bank, 1992). Additionally, the spread of services was so costly that the worst-off remained unserved. When services did reach them, the installations often fell into disrepair because communities were uninvolved and the authorities' capacity overstretched. In India's rural water supplies programme, for example, between 20% and 40% of hand pumps are estimated to be out of action at any time (UNICEF, 2000). In urban schemes, waste has been common and leakage and illegal take-off high.

IWRM thinking cannot 'solve' such underlying socio-political problems in a country but can provide a framework in which many problems can be debated. IWRM can establish the right policy framework and rules of the game – with equity as a key policy driver – as well as

thenecessary institutions to administer these rules. Within demand-drivenapproaches, IWRM can allow communities and larger administrationsto manage resources for many uses in tandem by participative (democratic)and demand-responsive processes.

Participatorywater development and management

The third principle is that water development and management should be based on a participatory approach, involving users, planners and policy-makers at all levels.This participatory approach is to raise awareness of waterissues among policy-makers and the general public. It emphasizes subsidiarity – managementdecisions should be taken at the lowest appropriate level, with central government retainingregulatory and support roles. It advocates increased accountability of management institutionsand full consultation and involvement of users in the planning and implementation of waterprojects. The capacity of certain disadvantaged groups may need to be enhanced throughtraining and targeted pro-poor development policies for full participation. IWRM applies thisprinciple through its concepts of decentralization and participation.

There is evidence that land use and agricultural policies have providedincentives to grow higher-earning water-intensive cash cropssuch as rice and sugar-cane, even in water-short areas. In many countries,developed and developing (Postel, 1992), subsidies are providedfor surface irrigation and/or electricity used for water pumping.Although these are often justified in the name of helping poor people,the benefits often go primarily to the better off.

In recent years, there have been a large number and varietyof initiatives in informal urban settlements, and in rural and riverineareas, to develop systems of community ownership and managementof services which integrate demand and supply, and promote technologies which are economically and environmentally sustainable(WSSCC, 2000). Usually, non-governmental organizations (NGOs) have acted as intermediariesbetween communities and government administrations to helpwork out structures and systems (technological and financial), organize and fund training of community-level workers, and enable water userassociations and local water committees to become established. Choice oftechnology, and the potential for the community to run it and pay forthe service it provides, is critical to a successful outcome. There is littlepoint in providing electrically pumped supplies, or even handpumps,if breakdowns cannot be repaired. Communities are often well awareof their technical and financial limitations (Shah et al, 2002).

Under IWRM Governments must take responsibility for allocation andregulation of water resources and not abdicate its responsibility to localgroups or NGOs. Equity requires that the interests of people living inpoverty need to be considered and affirmed. Legislation governingrights over water can affect disadvantaged groups in a variety of ways,both positive and negative. Affirmative or protective legislative elementsinclude: granting of special water rights to people designated as 'belowpoverty line' de-linked from land-ownership; Protection of traditional and customary water rights enjoyed byindigenous and minority populations and/or due compensation inthe context of major irrigation or hydropower projects whereaccess to their livelihood base is affected; reservation of some quantity of water to be enjoyed as a free good,and for environmental protection, to sustain population groupswith little or no purchasing power and avoid degradation of theenvironmental/livelihood resource base(Solanas and Villarreal, 1999).

Changes in policies and legislation have a substantial impact on opportunitiesfor the poor. For example (World Bank, 2001), in 1992 Mexicopassed a new water law, which introduced

radical changes in the way in which water is managed. Of greatest importance were giving users much greater say, and introducing tradable water rights. Water markets can help improve water allocation and use, thereby promoting efficiency (Kemper, 2001); but unless their introduction is accompanied by appropriate provisions for vulnerable groups, and for environmental protection, the trading of water can promote social exclusion and environmental neglect. The same observations can be made in relation to the policy thrust for the private sector involvement in water services; providing water for customers whose small quantities and cannot afford to pay for service infrastructure is not an attractive market proposition. On the other hand, weak and politically manipulated public utilities often exclude poorer areas and under-charge wealthier citizens. Whether service providers are public or private the poor will only benefit with effective regulation that is based on equity and financial sustainability.

Changes in local and regulatory regime need to be accompanied by the allocation of sufficient financial, institutional and human resources to allow for their effective implementation. Many existing laws are not applied because there is no system of implementation or capacity in enforcement bodies. All regulatory and judicial systems are costly to administer. Equitable operation of laws and policies requires a degree of regulation capacity, and a climate of democratic accountability, lacking in most developing country contexts with large populations living in poverty. Laws and policies may be well intentioned, but where they are selectively applied they may be used to discriminate against disadvantaged and weaker groups while those with influence treat them with impunity. Greater transparency with more equitable access to information is a key factor in a more just enforcement of laws. Unplanned community level developments along the Pangani River in Tanzania has led to serious conflicts between poor communities as water resources have dried up in the lower catchment (Burton, 1997).

The role of women in poverty reduction

The last principle advocates the need of women to be recognized for and supported in the central role they play in the provision, management and safeguarding of water. The approach emphasizes the important synergy that exists between gender equity and sustainable water management. Worldwide, women play a key role in the collection of water for domestic – and often agricultural – use, but in many societies, women are excluded from water management decisions. IWRM includes an emphasis on empowering women in its focus on participatory management and capacity building.

One factor in many successful community schemes is women's participation in spite of initial resistance within traditional societies. This is evident in a large-scale gravity-feed water supply project in the water-short Hitosa district in the Arssi zone of Ethiopia (Silkin, 1998).

The technology is simple and cheap: capped springs in the surrounding mountains, with pipelines serving 122 public tapstands and connections to some individual buildings. An elaborate structure of representative bodies, at community and district level, with many women participants, was established over the period of three years during which the pipelines were built. Community funds and labour quotas were agreed, and a collection system for water tariffs put in place. Water is bought for many purposes, including livestock in the dry season, and beer-making in the wedding season. In spite of the deep sense of vulnerability to water shortage in the area, the transformation from a situation in which water was scarce but free, to a situation in which it is plentiful but paid for, has been harmonious.

Conclusions

Water's role in poverty reduction is significantly under-estimated among decision-makers and development practitioners of all kinds. In all competitions over resources, there are always winners and losers. IWRM establish a framework in which all the different users and stakeholders can have their say. In order for people living in poverty to do so effectively, significant affirmative action on their behalf will be needed. The need to secure the rights of vulnerable groups to their natural resource base of land and water should not be sacrificed in the cause of service efficiency and cost-recovery.

Recommendations

Sectoral approaches to water resources management need to be abandoned, not only on grounds of inefficiency, unsustainability, and lack of environmental protection, but because they are unlikely to promote equity. If sectoral policies were brought within one framework, allocations between users, including lower- and higher-income groups, could be managed in a transparent, democratic and equitable way.

Reforms to laws, policies, institutional and management structures designed to promote integration of policies and services should place an important emphasis on equity and poverty reduction. Within IWRM frameworks, specific policies and programmes should be undertaken to redress the disadvantages of at-risk and vulnerable groups, especially those living in marginal, drought or flood-prone environments, and those already suffering from exclusions such as indigenous groups, those in shanty-towns and illegal squatter settlements, and those suffering from other forms of disadvantages such as women and children.

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FACTORS INFLUENCING PUBLIC PARTICIPATION IN COMMUNITY PROJECTS

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Abstract

Nationally, resources for social welfare services are shrinking. Population pressures, changing priorities, economic competition, demands for greater effectiveness and project efficiency affect the course of social welfare; there is increased focus on citizen involvement mechanisms for sustained livelihoods, poverty eradication, humanitarian purpose and some for commercial purposes among other reasons. The Kenyan constitutions under article 10(2) underscore the right of public to participate in community projects. Economic Stimulus Project (ESP) was introduced through an act of parliament to jumpstart the Kenyan economy and brings economic and social services closer. This study was necessitated by the low level of public participation in these projects in Kenya. The study investigates factors that influence public participation in community projects with specific reference of ESP projects in Embakasi central Constituency. The researcher will adopt a descriptive research design to collect data from sampled project representatives and committee members. Stratified random sampling technique will be utilized where target projects are grouped into homogenous sectors and simple random sampling used in each subgroup to obtain desired sample. This study benefits central and local government and project managers with regard to designing policies to streamline ESP program to enhance public participation. Improved project ownership sustained through enhanced participation in the control of the resources and decisions making. Besides forming the basis for further studies on public participation in ESP projects in a growing economy. The findings revealed that public awareness of community projects, literacy level of the local people and accessibility to community projects offices significantly influence public participation in ESP project at five percent level of significance. There is negative correlation between availability to attend project meetings and community public participation in community projects in Kenya

Key words: Public participation, Economic stimulus projects, project planning, Monitoring and evaluation, capacity building, public awareness.

Introduction

The concept of public participation in development projects is not a new phenomenon as far as rural development is concerned (Guijt and Shah, 1998). Public participation has become a political principle provided under Article 10(2) (a) of the Constitution. The objective behind public participation is to facilitate the involvement of those potentially affected by or interested in a decision. It is believed that people's participation can increase the efficiency, effectiveness, self-reliance, coverage and sustainability of development projects and programmes. There is an implied assumption in this, that public participation can influence the decision that is eventually reached. Public participation is part of a 'people first' or 'people centered' methods of management, which avoids centralized, hierarchical decision-making.

Studies have found low level of community participation in government funded projects thereby undermining proper monitoring of projects (Dulani, 2003). Because of low participation in project operations, there is a high level of dissatisfaction in the projects and hence poor project ownership by the beneficiaries. Constituency characteristics that hinder participation of the beneficiaries or weaken their capacity to monitor the utilization of funds can be expected to lead to more inefficient outcomes (Dulani, 2003). There are fears that wider involvement in the projects is less controllable, less precise and so likely to slow down planning and implementation process. Nonetheless, the public must have the opportunity of participation the entire project cycle. Community participation is both a process toward an end and an outcome in itself (Gikonyo, 2008).

Nonetheless, people must have the opportunity of participation in all developmental processes, whatever they may be, planning, implementation and or evaluation. They should decide about the direction and trend of developmental programs and projects. Community involvement can take many forms: community members can be informants in formative and evaluative research relevant to the delivery of services; they can design or shape interventions or projects; they can deliver services; they can be advocates; and so forth. Community participation is both a process toward an end and an outcome in itself (Gikonyo, 2008).

Citizens are people funding these projects through taxation and are expected to act as watchdogs to ensure financial transparency. Where citizens are involved their selection are political and perpetuate the political agenda of the appointment authority. There is need for transparency in selection of local participants in these projects that are representative of locals. This can be traced from the national office where initial plans were drawn without wide consultation with organs representing wananchi. By failing to provide safeguards for inclusivity and widespread citizen involvement, local elites have captured the benefits of local development in Kenya. From these worrying trends and issues of participation, this study seeks to investigate the factors affecting the levels of public participation in economic stimulus projects.

Economic Stimulus Projects

Since the inception of the ESP projects, there are a number of projects that have been started in various constituencies across the country. Less than half of the ESP projects started in most constituencies are not completed as at the end of 2011/12 financial year. Delayed funding from the treasury coupled with lack of local participation and poor planning by the project team has been cited as the main reasons for poor performances of economic stimulus projects.

Statement of the Problem

The main purpose of participation in development projects is to actively involve people and communities in identifying problems, formulating plans and implementing decisions over their own lives (DFID, 2002; Guijt and Shah, 1998). It is argued that participation is usually asserted, not demonstrated, as few development organizations have time to examine the indicators or follow the process of how participation happens and what its effects are on participants and in the wider society (DFID, 2002). Factors that influence community participation include community awareness, availability of the constituents to take part in the development initiatives, the level of education and accessibility to project leaders.

ESP project committees are the ones recognized as the bodies responsible for implementing projects. These bodies have not been representing the community interests and are not transparent or accountable (Gikonyo, 2008).

Political elites have been accused of converting project funds into campaign tools. Other accusations are non-inclusiveness of community in the operations of the fund. Since its inception in 2009, the implementation of ESP programs has encountered a number of operational and policy challenges amongst which include poor community participation and contribution to projects. From these worrying trends and issues of participation, this paper wants to articulate the factors responsible to the low levels of public participation in community projects.

Objectives of the Study

General objective of the study

The purpose of this study is to determine factors influencing the level of community participation in development projects with specific reference to ESP projects in Kenya.

Specific objectives of the study

The specific objectives of the study are:

To assess how community awareness influences the level of public participation in the ESP projects in Kenya.

To examine how availability of the constituents in attending vocational meetings affects the level of community participation in the ESP projects implementation.

To establish the relationship between educational level of the constituents and the community participation in development projects.

To investigate the relationship between accessibility to the ESP leadership (offices, etc) and the level of public participation in development projects.

Research Questions

1. How does community awareness influence the level of participation of the community in the ESP projects in Embakasi central Constituency?
2. How does availability of the constituents in vocational meetings affect the level of community participation in the projects implemented in the constituency?
3. What is the relationship between educational level of the constituents and the level of community participation in the ESP projects?
4. How does accessibility to the ESP leadership (offices, etc) affect the level of community participation in development projects in Embakasi central constituency?

Significance

The study will inform government policy with regard to designing changes to streamline management of public projects to enhance community participation. The findings will enhance community ownership of projects. The non-governmental organizations (NGOs) and international agencies will use the findings to inform. The study will also form the basis on which academic researchers can do further studies on public participation and ESP.

Scope of the Study

The study will focus on the ESP projects in Kenya and will utilize secondary information contained peer review journal, articles, project reports, books and committee meetings. The ESP projects are in the following sectors: education, public health and sanitation, industrialization, fisheries, local government and food production. ESP was chosen since it is one of the highly publicized community projects in Kenya with many ongoing or projects that have stalled.

Literature Review

Introduction

A project is an interrelated set of activities that has a definite starting and ending point and results in the accomplishment of a unique often major outcome (Heller, 1984). With regard to ESP, a project means an eligible development project as described in the Act (The Constituencies Development Fund (Amendment) Act, 2007. Participation is the process through which stakeholders' input and share control over development initiatives, decisions and resources which affect them (Odhiambo and Taifa,2009). Participation is categorized as either direct or indirect. This paper will focus on direct public participation in government projects

Economic Stimulus Projects

The Kenya Economic Stimulus Program (abbreviated as ESP) was introduced in the 2009/2010 Budget Speech in parliament by Finance Minister Uhuru Kenyatta. Its aim was to jumpstart the Kenyan economy towards long term growth and development, after the 2007/2008 post election violence that affected the Kenyan economy, prolonged drought, a rally in oil and food prices and the effects of the 2008/09 global economic crisis (Valerie, 2011). The total budget allocated amounted to 22 Billion Kenya Shillings (260 million US

The key objectives were to boost the country's economic recovery, invest in long term solutions to the challenges of food security, expand economic opportunities in rural areas for employment creation, promote regional development for equity and social stability, improve infrastructure and the quality education and healthcare, invest in the conservation of the environment, expand access to, and build the ICT capacity in order to expand economic opportunities and accelerate economic growth. The choice of intervention measures of the ESP are framed within broader policy objectives, as stipulated in the Vision 2030. The money comes from ordinary government revenue which is drawn from value added tax (VAT) on foodstuff, clothing, books among others; income tax (PAYE); Licenses and customs excises duty on imported and manufactured goods (Gikonyo, 2008).

ESP Management

The basic project cycle should be used to provide good basis for project success. This entails project identification, preparation, appraisal, implementation and evaluation. ESP projects were supposed to be identified by the chief or the District Officer of the local area. Incorrect perception of needs by the people with inadequate knowledge of the project area can have serious implications for the sustainability and acceptance of a project (Bretty, 2003).

Implementation process should entail a call for community meeting by the chief to identify priority projects to be implemented. Recording of identified projects is done by the ward committee. Projects are prioritized and list given to the CDC which categorizes projects into sectors. The SPMC distributes funds with assistance of assistance of the District Development Officer. The ward committee monitors the projects in their ward with the assistance of the CDC.

Community Participation in ESP Projects

Kenya's ESP funds face a number of challenges that have prevented it from realizing its full potential. Generally community involvement in ESP programs has been low, and the funds are seen to have had little impact on the quality of life of the population. Studies have found low level of community awareness as well as constituents' availability in vocational meetings and limited access to ESP leaders (Kimenyi, 2005). Poor participation is further heightened by low level of literacy in most rural constituencies. Communities have questioned the various processes for identifying and implementing ESP projects, as well as the monitoring and evaluation of projects and management of project funds, and have expressed concerns about project accountability and transparency.

Low awareness by communities of their roles and responsibilities in the management of the funds has contributed to their poor performance, and total failure in some cases. Poor participation, particularly for marginalized groups, results in twisted prioritization of projects and exclusion. Monitoring and evaluation is difficult due to inadequacy of data and general information about the funds. There is a general misconception by communities that the funds are 'free' or are the personal gifts from political leaders and not taxes from the public. Poor monitoring and evaluation has led to abuse of funds and fostered a sense of impunity amongst perpetrators.

Social-economic characteristics of a constituency have a bearing on community participation. KIPPRA (2007) study, respondents were asked to rate their participation in relation to different kinds of involvement in the management of decentralized funds. The survey found that, generally, participation is very low particularly in decision-making processes. Respondents indicated that while 32.8% of them were involved to the extent of receiving information or listening at barazas, less than 10% attended meetings to discuss specific issues and less than 5% felt that they were involved in decision-making.

Over 90% of respondents indicated that they were not involved in the setting of the development agendas for their areas. This underlines the appropriateness of efforts aimed at increasing public participation. Overall, there is a lack of professional supervision hence poor project quality.

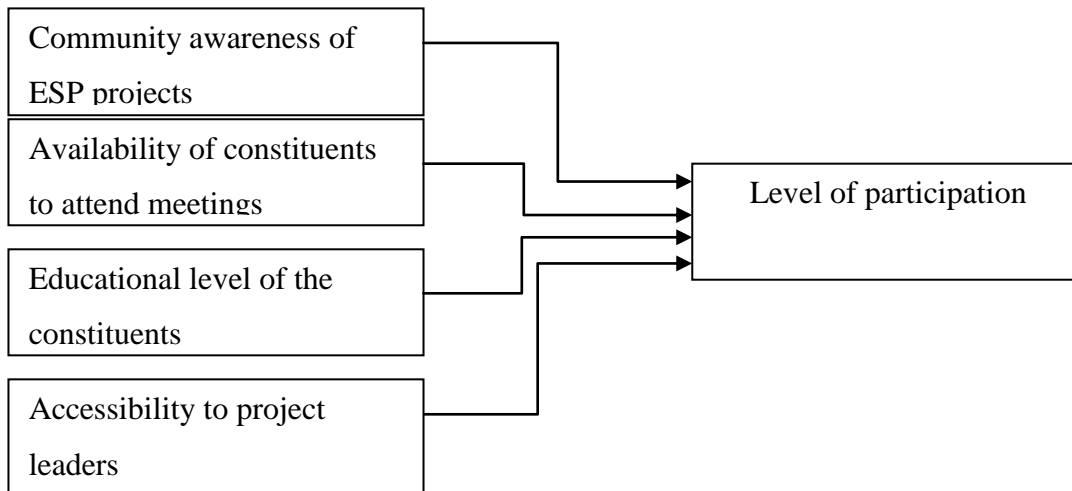


Fig 2.1 Diagrammatic presentation of factors influencing public participation in community projects

Methodology

Secondary data was used in this study from various sources, such as books, journals, lecture notes, ESP committee minutes among others. The selection of literatures for inclusion in the study followed systematic reviews of recent studies. In order to identify the relevant articles for this study, I first identified the essential and widely used search terms by scanning previous research. Then I conducted a systematic literature search by combining search terms. The search engine searched these words in journal titles, abstracts and key words. I used six search terms related to public participation in community projects, which were Public participation, Economic stimulus projects, project planning, Monitoring and evaluation, capacity building, public awareness. This study examined factors that influence public participation in community projects with specific reference of ESP projects in Kenya. The terms employed for searching literatures for review were chosen according to Verbeek et al, (2005). Titles and abstracts formed the basis for selection of articles for review. The screening provided twenty two studies that were included in the review. Data obtained were graded based on the quality and type of evidence it presented. The study data was analyzed systematical according to the objectives of the study.

FINDINGS

Kenya’s ESP projects face a number of challenges that have prevented it from realizing its full potential. This paper addresses seven thematic areas that are core for public participation.

Public awareness: Only a few people know about the existence of the fund but still don’t know its objectives and the earmarked projects. Absence of elaborate and well publicized timetable of events from the processes of information gathering to monitoring and evaluation denies the public an opportunity to participate at each stage. Frequent postponement of meeting lethargies the public and can be interpreted as deliberate to deny them opportunity to participate in the process. There is poor flow of information on the progress of the ESP projects and confusion between projects funded by ESP and those funded by CDF since the Member of Parliament is the patron of both funds. Poor participation, particularly for marginalized groups, results in twisted prioritization of projects and exclusion.

Capacity building: To engage effectively, citizens not only need an awareness of their roles and responsibilities but knowledge and skills on how to execute the responsibilities. Lack of capacity result to poor sustainability of project ones handed over

Planning: The voice of citizens in various planning forums would be more effective if the citizens were organized in groups to present their priorities collectively. During the planning, communities should have a vision founded on desirable and achievable social-economic wellbeing, social justice and equity, sustainability and gender equity. There is weak institutional and regulatory framework for promotion of community participation in the inherent processes as well as the massive political influence on the decisions regarding the management of the funding kitty. Furthermore, the statutory requirement and governance structure does not adequately provide for citizens involvement in the projects.

Implementation: Participation is relatively high during the identification cycle, this remained low at the implementation, monitoring stages of development projects. Very few people attend meetings to discuss specific issues and involved in decision-making. A majority of citizens are not involved in the setting of the development agendas for their areas. This underlines the appropriateness of efforts aimed at increasing public participation

Inclusivity and Composition of Citizen Forums: Another challenge facing community participation in implementation processes is the failure or apathy of the middle class and local elite to engage in development processes. The middle class rarely attend chiefs' barazas or project committees, the grassroots community are more involved whereas thee intelligent middle class are disconnected. Generally, participation is very low in the various funds, particularly in decision-making processes.

Monitoring and evaluation: The absence of participation in effective monitoring and evaluation fundamentally undermines performance and accountability of projects. A good Monitoring and Evaluation (M&E) framework should include development outcome and service delivery performance. Overall, there is a lack of professional supervision hence poor project quality. There is a low-level community participation in monitoring and evaluation due to the inadequacy of data and the general information about the funds. Poor monitoring and evaluation has led to abuse of funds.

Feedback and reporting mechanism: Good quality of report communicates the right information to beneficiaries. The public require information on a regular basis to enable them engage better.

Generally socio economic factors – The Social-economic characteristics of a constituency e.g. education, rural or urban residence, sex, age, marital status, income, religion and family size have a bearing on community participation. The average level of education of constituents influences the involvement of the community and also the extent to which they are able to monitor the utilization of funds. It was found that ESP projects would be more in line with priorities in areas where the average level of education is higher. However, the analysis of the responses has revealed a very weak linkage between community participation in the ESP projects and socio-economic circumstances of various constituencies. This is to the degree that both education and occupation were found to be not strongly associated with participation in the planning and implementation of the ESP projects. The impact of educational level has the greatest influence in rural constituencies. Accessibility to project leaders and offices was found to be highly correlated with community participation in project planning and implementation.

Conclusions

The study findings lead to the conclusion that institutional and regulatory frameworks upon which the ESP is anchored as well as the political factors fundamentally bear on the extent of community participation in the planning and implementation of the inherent projects in the Constituency. However, socio-economic perspectives like level of education and occupation of the residents are not likely to have a strong effect community participation in the ESP projects. Thus, it is recommended that various actors in the ESP planning and management realm need to develop appropriate strategies for promotion of community participation in the ESP projects, notably focusing on campaigns and awareness creation about the importance and means of local people's participation. Also, possible directions for further research about the phenomenon pointed out.

Recommendations

There is need for the stakeholders and project designers to increase resource allocation for public capacity building and operation capacity. A participative framework to maximize the ability of the public to influence development outcome at all stages of the project development

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DEVELOPMENT COMMUNICATION

THE GEMBA KAIZEN MANAGEMENT MODEL AND PUBLIC SECTOR SERVICE DELIVERY IN NAKURU DISTRICT

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Abstract

The reliance on management model has become a common practice in management institutions whether public, private or civil. Through application of prudent work ethic and practical management models institutions can greatly reduce on operational costs and maximize on quality and efficiency of services offered to their consumers and clients. Through the utilization of Gemba kaizen by sampling of 8 out of 24 Government departments this study examined this influence in Nakuru district. This study also sought to unravel the strategic parameters of the model and the unique attributes that makes the model an ideal management approach especially in high volume and low budget public institutions in the third world countries like Kenya. The Republic of Kenya being the most strategic and the biggest economy in East and Central Africa has made enormous stride in public affairs management and prudent service delivery. The appreciation of Public sector reforms and performance-based management has positioned the Kenyan public service as an ideal agency of study. This study examined the reform areas and contents of various state policies and legislative instruments related to public service delivery systems. The researches purposefully examine the Gemba Kaizen model practices in the Kenyan public sector management and service delivery structures in Nakuru District. The appreciation and depth of public servants awareness and customer satisfaction and perception levels was analyzed using a variety of secondary and primary data collection and analysis tools. The study also analyzed the feedback from clients and process users who have assessed public services in the district. In conclusion, the findings offers policy and management proposals on service delivery improvement with a view to cost, time and efficiency, as well as recommended salient areas of reforms and re-invention of public service delivery systems in Kenya and other developing countries.

Key words - Gemba kaizen model, public sector, service delivery

Background

Since independence, the Kenyan civil service has undergone phenomenal transformations that have attempted to keep pace with the equally momentous economic and political growth of the country. At independence, with the unveiling of Sessional Paper No 10 of 1965 on African Socialism and its application to planning in Kenya, the Kenyan government aspired to domesticate local practices and personnel to drive the mainstream public service. It was hinged on common adage in management that locals would easily integrate and drive tailored services to the national population. This was achieved by the first drive was to indigenize the civil service, second to take over settler agriculture and thirdly to replace Asian commercial bourgeoisie. The Africanization of the upper levels of the civil service took place rapidly save for a few technical positions that took a few more years. Recruitment and promotion in the lower and middle ranks of the civil service was based on qualification and performance while appointment to top positions was largely political, (Karugu 2013).

The Kenyan civil service is managed by the Public Service Commission of Kenya, which exists courtesy of Article 233 of the Constitution of Kenya, among other things vested with roles to;

“investigate, monitor and evaluate the organization, administration and personnel practices of the public service” Article 234 (d), “ensure that the public service is efficient and effective” Article 234 (e), “review and make recommendation to national government in respect to conduct of service, code of conduct and qualification of officers in the civil service” Article 234 (g).

The current structure of public service as derived from Chapter thirteen of the Constitution also importantly sets the values and principles of public service as

Article 232 (1a) High standards of professional ethics, (b) efficient, effective and economic use of resources; (c) responsive, prompt, effective, impartial and equitable provision of services (Constitution of Kenya 2010).

Statement of the problem

Public sector provision of services has continued to be a major source of focus in management circles since the operations of private sector is also largely dependent on government efficiency in view of licensing, regulations, provision of basic infrastructure and amenities. The pressure and public expectation to deliver prompt and quality services bears heavily on public sectors’ practitioners owing to the strong work ethic and progressive output outlay found in private and commercial sector. Its expected public officers and systems to perform equal or better as those in the private sector. To improve performance, the government has continued to undertake a number of reform measures. However, these measures have not provided a framework for guiding behavior towards attainment of results or ensured accountability in the use of use of public resources and efficiency in service delivery (GOK, 2005).

The challenge of mismatch between inputs and outputs based on behaviorist parameters calls for system analysis and evaluation of theoretical and ethical inclination within the service delivery chain. A number of early evaluations of e-commerce and e-government have concluded that these projects were only limited successes or outright failures. These shortcomings most frequently cited were missed deadlines, cost over-runs, unworkable technologies and training inadequacies (Ramnarine and Endeley, 2008)

Public service in most developing countries has been characterized by lack of well-defined roles across management circles, as well as loose controls of supervision and d control functions. In some scenarios, there has been absence of concrete planning for management development. Analysts have lauded efforts so far made in state offices in terms of efficiency in service delivery. Some setbacks that include political patronage, rampant corruption and acts of impunity have prevented real progress in some state-owned organizations.

Even with the new Constitution in place, Corruption remains a huge challenge in progressive public sector service delivery. Kenya still ranks number 139 out of 174 economies globally in Corruption Perception Index 2012 Report commissioned by Transparency International. This pointer indicates purposeful interventions are greatly needed since issues of nepotism and discrimination based on various factors like ethnicity still loom large.

General objective of the study was to;

To assess the Gemba Kaizen management model and public sector service delivery in Nakuru District Headquarters.

The specific objectives of the study were;

To analyze Gemba Kaizen Model and its general application in civil service in Nakuru district, to evaluate the application and awareness of Gemba kaizen among civil servants and clients in Nakuru district and to examine possible areas of waste reduction and workplace innovation in service delivery in Nakuru district.

Justification of the study

The cardinal premise of any system is value creation. This study has been necessitated by the inherent obligation of African nations to up their game in matching the public and private practices of the developed countries' systems.

Meager and thin allocation of funds to Government departments for office automation and process amenities as well as non regular training on modern management practices calls for the design and application of cost cutting strategies, adoption of leaner process and elimination of duplicative functions in service delivery process. Gemba Kaizen management model seeks to reduce process costs and elimination of wastages therefore can offer relevant solutions to government departments especially in the Third World.

Nakuru District is the administrative, industrial and political hub of communities and agencies in the Rift Valley. It's inhabited by a multiplicity of ethnic communities the obligate huge cultural and social prowess by public officers offering services to appreciate. It is therefore ideal to study the efficacy and application of strategic Gemba Kaizen management model.

This study will assist the public sector institutions and civil servants in Nakuru district Headquarters in gauging the client feedback on their service delivery. The study sought to help policy makers in the public service in considering design and rollout of management process policies that are sensitive on cost implications, optimally utilizes current public service workforce and re-engineer conduct, culture and approach in public service in Kenya. The study will eventually help human resource policy makers in aligning and benchmarking the management of public services in Kenya with internationally tested approaches.

Scope of the study

Due to high number of government departments and agencies in Nakuru this study is limited to the District Headquarters on the premise that most service and reporting activities are condensed in the head quarters. As noted in Kiggundu, (1989), the challenge for developing countries is to develop organizational and management systems that facilitate the most effective performance of the organizational major task by taking to account the society core cultural values and the threats to too the external environment..

The study maintained and aligned with the mergers and linkages of various government departments and ministries following the implementation of the new Constitution, conclusion

of March 2013 General Elections and subsequent rationalization of government organizational structure.

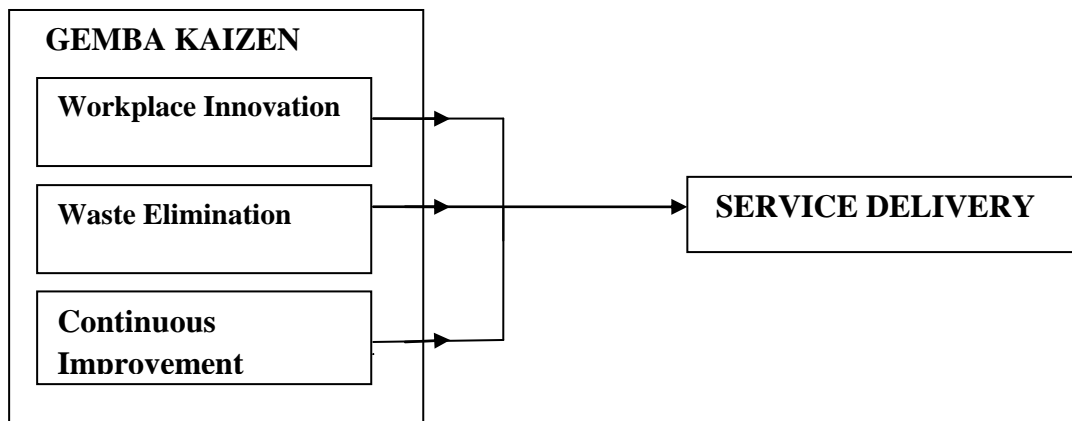


Figure 1: Conceptual Framework

Literature Review

Kenyan public sector

In 2007, Kenya was awarded the United Nation’s Public Service for Public Sector Reforms, the most prestigious International recognition for excellence in Public Service. The Performance Contracting System won in the first category of Accountability, Transparency, and Responsiveness in Public Service. The Kenyan Government's program on the implementation of Performance Contracts in Management of Public Services is among the only three African country’s program to make it to the top list, with the rest drawn from the developed countries. The other African countries in the Top 20 list in the IBM sponsored are South Africa and Egypt. Performance Contracts in Kenya now join a select group of initiatives whose impressive accomplishments warrant this special recognition, (PSC, 2013).

Public-Private Sector comparison

One of the most influential people to have approached this question is Herbert Simon. In Simon’s highly regarded discussion on fact and value, Simon claims that public and private sector management, while sharing similarities in management methods, are not entirely similar. By accepting that the means of administration are different from the ends (the values), one can assert that the values of the public sector differ from that of the private sector. The public sector values the public interest and political compromise, while the private sector values profit.

The private sector operates without the checks and balances of the public sector. They are accountable to shareholders and their focus remains on maximizing the bottom-line. There is a blurring of the public and private sector, and the business man is certainly more subjected to public scrutiny than in the past, but on the whole, the private managers maintain accountability to far less people than the public managers do (Mangen, 2003).

Since the 1970s, development analysts began to engage in a new and more fundamental debate over the respective roles of government in public affairs. Initially this led to fierce debate between the neo classical economists who held that state intervention should be kept

to a minimum and economists of mainly Keynesian persuasion looked to government as the main engine of economic growth and social development (Ginneken, 1991).

Performance contracting and continuous improvement

Governments everywhere seek various way of improving the performance of public enterprises and agencies. A performance contract is contract between the owner of an enterprise on one side and the management on the other side, setting out certain targets and results to be achieved in a given timeframe. It also enumerates the mutual obligations of the two parties in achieving the targets set in the contract (Commonwealth Secretariat, 1995).

In an organizational setting, it is argued that the criteria for an individual or groups performance need to be mutually decided in advance. In making these decisions, managers and their subordinates should consider output, intervening variables as well as short and long-term goals. This process permits the subordinates to participate in determining the basis on which their efforts will be judged and involving them in planning process increases their commitment to the goals and objectives established (Hersey and Blanchard, 1988).

Organization goals should be set high enough so that a person has to stretch to reach them but low enough so that they are attainable. Thus, goals must be realistic before a person will make a real effort to achieve them,

Subordinates will not be motivated to reach high levels of productivity unless they consider the boss high expectations realistic and achievable. If they are encouraged to strive for unattainable goals, they eventually give up trying and settle for results that are lower than they are capable of achieving...., in other words, the practice of ‘dangling the carrot just beyond the donkeys reach’ endorsed by many managers is not a good motivational device’ (Hersey and Blanchard, 1988).

Quality service delivery

Franklin and Ripley, (1982) noted that belief systems and bureaucratic policies greatly affect the output of public officers ion service delivery, they pointed out that bureaucrat tend to adopt the ideological coloration of the agency that employ them and the they are quite circumspect about stating their beliefs while they are in the office.

Maintenance of quality services to the public is a key intent of performance contracting. Service Delivery Standards are quantifiable performance reference points. The drive for efficiency and setting of standards in the public service has two fundamental purposes; to avoid wastefulness in public expenditure, and to increase the productivity of the public service workforce. The primary goal remains to improve quality of services, commonly measured by the degree of satisfaction or dissatisfaction of the customer (DPM, 2002).

Gemba Kaizen Model

Kaizen is a Japanese management strategy that means “change for the better” or “continuous slow improvement, a belief that all aspects of life should be constantly improved (from the Japanese words “kai” means continuous or change and “zen” means improvement, better). Japanese make a distinction between Kaizen and innovation: Kaizen is gradual, uses small steps, conventional knowledge and a lot of common sense, while innovation is viewed as being more radical because it comes in big steps, (Totota 2001).

According to Drucker (1977), Companies are resorting to reorganization as a kind of miracle drug in lieu of diagnosing their ailments. Every business observer can see dozens of cases where substantial, even massive organization surgery is being misapplied to take care of a minor procedural problem or- even more often - to avoid facing up to personnel decisions. Equally common is the misuse of re organization as a substitute for hard thinking on objectives, strategies and priorities. Few managers seem to recognize that the right organization structure is not performance in itself, but rather a prerequisite of performance. The Japanese way of corporate practice encourages small improvements; the key aspect of Kaizen is that it is an on-going, never-ending improvement process. It's a soft and gradual method opposed to more usual western habits to scrap everything and start with new.

Kaizen is the word that was originally used to describe a key element of the Toyota Production System that means "making things the way they should be" according to the basic, sensible principles of profitable industrial engineering. It means creating an atmosphere of continuous improvement by changing your view, your method and your way of thinking to make something better. The kaizen system is based on incremental innovation, where employees are encouraged to make small changes in their work area on an ongoing basis. The cumulative effect of all these little changes over time can be quite significant, especially if all of the employees within a company and its leaders are fully committed to this philosophy (Toyota 2001). In Kenya according to the Directorate of Personnel Management,

“the goal of the public service reform is to create a leaner, efficient and more productive public service that concentrates public finances and manpower on the delivery of core services and the implementation of high priority capital investment projects” (DPM, 2001).

Organizational structure and flow of functions and processes inform the output and performance of an organization. Gemba Kaizen model seeks to re-engineer the functions and processes of an organization. Public sector organizations are modeled with the primary aim of offering timely, quality and efficient services to the public. The wrong structure is guarantee of non-performance; it produces friction and frustration, puts the spotlight on the wrong issues and makes mountains out of trivia (Drucker, 1977).

Kaizen approach premises on principles of profitable industrial engineering and modern day institutional management in a competitive business environment creating an atmosphere of continuous improvement by changing views, methods and ways of thinking. Improvements are usually accomplished at little or no expense without sophisticated techniques or expensive equipment. Instead of sinking more money in buying machinery, Kaizen veers an organization towards paying attention to small but significant details. Managers are encouraged to improve the efficiency of existing infrastructure instead of investing in more of the same. Measuring efficiency entails checking how well the manager “does things right”. Inputs include checking the indicators of the efficiency of systems and procedures and the degree of adherence to the standards of services rendered (Sagimo, 2002).

Improvements are usually accomplished at little or no expense without sophisticated techniques or expensive equipment. Instead of sinking more money in buying machinery, Kaizen veers an organization towards paying attention to small but significant details. Managers are encouraged to improve the efficiency of existing infrastructure instead of investing in more of the same.

System and workplace innovations

The fundamental idea behind kaizen comes straight from the Deming's PDCA cycle approach which hold that; someone has an idea for doing the job better (Plan), Experiments will be conducted to investigate the idea (Do), The results evaluated to determine if the idea produced the desired result (Check), if so, the standard operating procedures will be changed (Act).

In this regard, Kaizen is a system that involves every employee, from upper management to the cleaning crew. Management should make every effort to help the workers provide suggestions, no matter how mundane for the improvement of the worker's job and the workplace. Secondly, management should stress employee education so that employees can provide better suggestions. To enable workers to provide better suggestions, they should be equipped to analyze problems and the environment. Behavior modification theorists hold that behavior is controlled by its immediate consequences, To increase the probability that desired behavior will occur reinforcement should immediately follow the response (Hersey and Blanchard, 1988).

Drucker (1977), observed that resistance to change, by executives and workers alike are considered as a central problem of management. He noted that in traditional managerial organizations, top management is the final judge and its most important role is the veto power and to say no to proposals and ideas that are not completely thought and worked out.

In modern management there is a movement from functional organization based upon workplace and knowledge silos towards more fluid integrated and flexible organizations. Team based structures and systems that facilitate shared knowledge are key to successful change initiatives (Minja, 2011).

Workplace waste elimination

Kaizen approach focuses on elimination of waste, measurement of standardized operations, gauging measurements against requirements and continuous improvement. One of the key concepts of Kaizen is that "If there is no action there can be no success." The goal is not a 100% solution that solves all the problems at one time. But rather a 70% solution that can be accomplished in a one-week time frame with the intent to hold another event in several weeks that further improves the processes.

In Kaizen model, management's role in continuously encouraging and implementing small improvements involving everyone. For instance, a manager spending a week on the shop floor working with employees to help and encourage them to develop suggestions will be spot on. That manager should also ensure employees see their suggestions acted on immediately. Suggestions should not be implemented next month or next week, but immediately. In some cases, a suggestion submitted in the morning can be implemented that afternoon, or sooner. Keeping employees informed about what happens with their suggestions is important as well as ensuring that suggestions don't disappear into a management oblivion. Every department in Nakuru district is obligated to mount a suggestion box to receive the feedback and opinion from the clients since this helps in internal review and enhanced service delivery.

It is perhaps not widely known that the 'just in time' approach to production that has now gained almost universal acceptance in world manufacturing was actually pioneered by

Toyota. Essentially, 'just in time' manufacturing consists of allowing the entire production process to be regulated by the natural laws of supply and demand. Customer demand stimulates production of a vehicle for instance. In turn the production of the vehicle stimulates production and delivery of the necessary parts and so on. The result is that the right parts and materials are manufactured and provided in the exact amount needed - and when and where they are needed. Under 'just in time' the ultimate arbiter is always the customer. This is because activity in the system only occurs in response to customer orders. Production is 'pulled' by the customer rather than being 'pushed' by the needs or capabilities of the production system itself (Toyota, 2001).

The linkage between customer demand and production is made by analysing takt time, a device for measuring the pace of sales in the market in relation to the capacity of a manufacturing plant. For example, if a plant operates for 800 minutes per day and daily demand is for 400 vehicles, then takt time will be 2 minutes. Time as key factor in production and business process should be prudently utilized.

An organizational culture is influenced by task, problems, activities, and values. Culture consists of shared values such as aggressiveness, defensiveness, conservatism, liberalism, which set a pattern for organizations activities and methods of behavior (Hay 1990). Incidentally, Shicey (2001) notes that in practice of governance, citizens do more than just obey the laws of government has laid down. Authority in a democracy is a two way street where citizens and their government interrelate recognition with quality services.

Toyota management case study

Toyota Motor Corporation has emerged as a key reference point of efficacy and applicability of Gemba kaizen as a management approach. Previously it had been losing touch with Japanese customers for years. For instance, when engineers redesigned the Corolla in 1991, they made it too big and too expensive for Japanese tastes. Then, four years later, in an attempt to lower costs significantly, they stripped out so many features in the car that the Corolla looked too cheap. Competitors, on the other hand, had also done a much better job of identifying the boom in recreational vehicles - especially the sport-utility market. Decision making was painstaking; a decision that took only five minutes to filter through at Suzuki Motor Corporation would take upwards of three weeks at Toyota.

Toyota system strives for absolute elimination of waste, overburden and unevenness in all areas to allow members to work smoothly and efficiently. The foundations of TPS are built on standardisation to ensure a safe method of operation and a consistent approach to quality. Toyota members seek to continually improve their standard processes and procedures in order to ensure maximum quality, improve efficiency and eliminate waste (Toyota 2001).

Organizational culture and change management

Drucker, (1977) observed that resistance to change, by executives and workers alike is considered as a central problem of management. He noted that in traditional managerial organizations, top management is the final judge and its most important role is the veto power and to say no to proposals and ideas that are not completely thought and worked out. On the other hand, in innovative organization, the first and most important job of management is the opposite; to convert impractical, half-baked and wild ideas into concrete reality ... to listen to ideas and to take them seriously.

Change can be caused by various factors including; external environmental changes such as increased competition, recession, scarcity of resources, increased demand, technological development, new laws, change in political parties and changes in people's lifestyles; as well as changes in mission and related objectives (Hay 1990).

Automation and continuous improvement

There is a major need for changing the direction and speed of technical change in favour of Kenyas factor endowment. Kenya needs to develop a light capital goods industry to produce simpler agricultural and industrial inputs, in order to broaden the scope for innovation and adaptation o imported technology (ILO, 1972).

In Japanese 'jidoka' simply means automation. At Toyota it means 'automation with a human touch'. The Toyota Production System has inherited the principle of breaking down work into simple steps and distributing those steps amongst employees on the line. But employees in the Toyota system are in charge of their own jobs. Through their teams, they run their own worksites. They identify opportunities for making improvements and take the initiative in implementing those improvements in co-operation with management (Liker 2004).

Emergence and growth of usage of technology has given rise to concepts of e-governance and e-government. The 'e' part of both concepts stands for the electronic platform or infrastructure that enables and supports the networking of public policy and processes development and deployment. It is widely acknowledged that the original impetus for acquiring and using electronic apparatus in government and governance arose from earlier successes with the same kind of strategy in the commerce (Ramnarine, Endeley 2008)

The next seven principles are focused on process with an eye towards quality outcome. Following these principles, work processes are redesigned to eliminate waste (muda) through the process of continuous improvement —kaizen. The seven types of muda are overproduction; waiting, time on hand; unnecessary transport or conveyance; over processing or incorrect processing; excess inventory; motion and defects. According to Weber, a bureaucratic organization is technically the most efficient form of organization system possible. In fact, he defines it as,

Precision, speed, unambiguity, knowledge of files, continuity, discretion, unity, strict subordination, reduction of friction and of material and personal costs-these are raised to the optimum point in the bureaucratic administration (Sagimo, 2002).

To enhance efficiency officers are usually appointed based on technical and professional qualifications for arrangement, commands are obeyed as a legitimate right for the proper functioning of the generation of the offices. (Sagimo 2002).

Research Methodology

Research design :The study used a cross-sectional survey research design. A descriptive survey design was suited for the study since the study aimed at collecting and analyzing data in order to describe Gemba kaizen management model in public sector service delivery in Nakuru district. This design was ideal and appropriate as it involves collection of information from a cross section of respondents selected in the study area thus offering the researcher the advantage of focusing on specific description or characteristics.

Target population and area: The target populations were the members of the public service stationed in Nakuru Government departments and service seekers and clients in Nakuru District. The study was conducted in Nakuru District, Nakuru County. Nakuru District was created in December January 1960. The district borders Rongai district to the West, Nakuru North district to the North, Gilgil district to the East and Njoro district to the South. It covers an area of 297.2 square kilometers inclusive of 178.2 square kilometers comprising Nakuru National Park. It has a population of 309, 424 and a projected population of 473, 288 in the year 2013 (Nakuru District Profile, 2012).

Sampling strategy and frame: In this study, Stratified Random sampling technique was employed. This ensured that respondents are sampled from a wider section of government departments in Nakuru. It involved driving the population to homogeneous sub-groups and then taking a random sample in each sub group. When surveys are being conducted on non homogeneous population different inferential problems are bound to be experienced. In this case stratified random sampling was a sample of public officers from Government Department in Nakuru District and their service seekers and clients. This approach had several advantages since it assures of the representation not only for the overall population, but also key sub groups of the population. The sampling frame encompassed public officers, their supervisors and servicer users in eight Government Departments out of twenty four. The study was spread to capture staff from all key sections in departments that has direct bearing on the perspective of the service seekers (public). The survey was conducted on two clients per day for five days in each of the sampled eight departments as well as five members of staff and two supervisors in each of the eight sampled department in Nakuru District.

Key Findings

This study found out that there exists huge potential for public sector improvement in Kenyan civil service and in Nakuru District in particular. Over 80% of the civil servants in Nakuru were fully aware of the high public expectations of quality and prompt service. Training opportunities was found to be major source of attitude change among civil servants.

Performance contract have significantly helped breed a culture of accountability though enforcement and constant monitoring id crucial. Customers are more aware of their rights to quality and prompt service especially based on the benevolence on the provisions of the new constitution. The study found out that 70% of service seekers are satisfied with the quality and sped of service delivery while 86% held that automation is a key ingredient to prompt and efficient services. 79% of civil servants held that Gemba kaizen driven waste elimination practices are needed at workplace to enhance prudent utilization of public resources.

Concluision and Recommendations

The study concluded that policies that promote service delivery need constant review. The input of the consumer in policy design is crucial and the Kenyan civil service has adequate manpower to steer robust service delivery in public institution upon attitude changes and retooling of key Departments with requisite working tools and equipment. Reforms in the civil service would trigger deeper public –private partnerships that would trigger economies of scale and optimum utilization of resources and skills.

There is need for further research to analyze further how Kaizenian principles can be deepened in practice in public institutions s and offices. Through investment in training and research on the best suited strategies, the Government can help in re-orienting the mindset of

the civil service to change from its high regard to outputs and resources used but rather on the efficiency and outcomes of the services rendered.

The study recommends;

1. Remuneration system based on performance and outputs across the civil service,
2. Reward and reprimand among public servants be based on proven results over time
3. Inclusion of private sector best practices in public sector service delivery is crucial,
4. Benchmarking with world class public services and with successful private sector
5. Deepening of appreciation and utilization of Automation and technology in serviced delivery processes.

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COMMUNICATION MEDIA

MEDIA PORTRAYAL AND DISABILITY MAINSTREAMING

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Abstract

This paper is extracted from a literature review of an ongoing doctorate research in the field of Mass Communication. The paper looks at media portrayal of people with disabilities from a global perspective. People with disabilities have been grossly underrepresented in the media. This overview is across the board in both developed and developing worlds. From the documents reviewed, that is, secondary data, although many countries seem to be doing something to include people with disabilities in the contemporary world of work, some nations have not really managed to take up mainstreaming effectively. Disability mainstreaming means introducing the inclusion perspective/aspect of disability into the main social streams. Including the disability perspective into the main societal streams is a process that ensures that persons with disabilities may fully participate in all the events taking place in the society and be supported in that process. In some countries of the world, people with disabilities have successfully been made visible in the sense that they are able to work in media stations, hence increasing their voice and visibility. An example of a country where main streaming has been successful is Denmark, where TV glad, a station run by people with disabilities and for people with learning disabilities operates successfully. In other countries, people with disabilities and organizations that advocate for their mainstreaming lament that media coverage of their issues is scanty and not impacting positive attitudes concerning them to the wider society.

Key words: People with disabilities

Introduction

People with disabilities (PWDs) are a significant part of the population of all nations world over yet they lack an overt voice in many countries (Klepper, 1996). PWDs have grossly been under-represented in the mainstream media yet scholars such as Sanchez (2010), Hurst (1995) and Barnes and BCODP (1992) state that they are part of the population we have in the world today. ILO/UNESCO/UNICEF/WHO proclamation, December 3, 1997 has put it rightly, that “No country can afford to turn its back on 10% of its population.” Sanchez (2010) and Barnes (1992) state that one-tenth of the world’s population, or 650 million people, live with a disability. Sanchez (2010) gives the following specific examples of the statistics of disability in some countries; Cambodia 700,000, China 83,000, Ethiopia 5-8, 000,000, Kenya 3,000,000, Zambia 690,000-1,000,000.

Hurst (1995) goes beyond generalized statistics of PWDs and provides a more intricate statistical representation that, there are 500 million disabled people worldwide. Of these, 55 million are blind (11%), 70 million are deaf (14%), 130 million have a severe intellectual impairment (26%), 20 million have epilepsy (4%) and 160 million have some sort of

mobility impairment (32%).The incidence of impairment varies according to age, geographical and economic conditions.

Although organizations such as; Support of People with disabilities, Deaf and disabled people's organization, Handicap international and Kenya society for the blind, are formed to address the plight of PWDs; and media houses give a coverage on their issues, still, societal information concerning PWDs is not sufficient. Klepper (1996) states that 'the history of the portrayal of disabled people is the history of oppressive and negative representation. This has meant that PWDs have been presented as socially flawed able bodied people, not as disabled people with their own identities'. According to Barnes and BCODP (1992), the link between impairment and all that is socially unacceptable was first established in classical Greek Theatre. Today there are a number of cultural stereotypes which perpetuate this linkage. However, these depictions are not mutually exclusive; frequently one will be linked to another. This is particularly the case with fictional characterization. The disabled person as evil, for example, is often combined with the disabled person as sexually degenerate. The point is that the overall view of disabled people is decidedly negative and a threat to the well-being of the non-disabled community.

Catlet (1993) states that media images and stories influence thinking and establish social norms. People with disabilities have endured misrepresentation, defamation, and lack of representation in the media news and entertainment (Day, 2000). According to Cumberbatch and Negrine (1992), while the disability rights movement has made enormous strides in the past 30 years using law and policy development and civil rights advocacy, this movement has not yet altered the hearts and minds of many people who do not have personal experience with disability. Barnes and BCODP (1992) assert that many people still do not understand disability issues as rights issues. This lack of awareness is a problem in the sense that the wider society may not have a positive attitude towards PWDs and this may slow down the process of mainstreaming and their being included in the normal daily activities.

Catlet (1993) asserts that policy issues that a country has put in place to address the plight of people with disabilities affects the attitudes that the wider society may have towards them. Some countries such as China, America and Spain have put in place measures to ensure some form of parity for PWDs in the sense that persons with disabilities are portrayed as being able to do what everyone else can do including owning businesses and running media stations. ILO (2010), for instance, states that in Beijing, the 'One Plus One' Cultural Exchange Centre is a media operation run entirely by disabled journalists. In 2008, two of the company's staff became the first fully-accredited, disabled Chinese journalists in the history of the Olympics. Their radio shows now reach most parts of China (ILO, 2010). Byers (2004) states that in America, American with Disabilities Act (ADA) was introduced and put in effect. The ADA has profoundly changed how society views and accommodates its citizens with disabilities in America. Universal design, that is, the practice of designing products, buildings and public spaces and programs to be usable by the greatest number of people has helped create a society where curb cuts, ramps, lifts on buses, and other access designs are increasingly common. Curb cuts designed for wheelchair users are also used by people with baby carriages, delivery people, and people on skateboards and roller blades. The ADA has created a more inclusive climate where companies, institutions, and organizations are reaching out far more often to people with disabilities. Colleges and universities, for example, now accommodate more people with disabilities than they did before the ADA, even though they have been obligated by law for nearly 25 years to make their campus and classrooms accessible.

A number of mass communication scholars are in agreement that the depiction of disability in the media plays a major role in forming public perception of disability. Perceptions created by the media inform the way people with disabilities are treated in the wider society (Sanchez, 2010; ILO,2010; Catlet,1993). "The media have been cited as a key site for the reinforcement of negative images and ideas in regard to people with disabilities. Moreover, when PWD appear in media, they are portrayed in a stigmatizing and stereotyped way, appearing either as superheroes or as objects of pity and compassion. This portrayal according to Duncan (1990) sends messages to members of the society concerning PWDs. According to Penas (2007), PWDs lack a voice in the media because very few of them work in the media industry. In 1966 the disabled writer Paul Hunter expressed the views of many PWDs when he wrote 'We are tired of being statistics, cases, wonderfully courageous examples to the world, pitiable objects to stimulate funding' (Barnes, 1992:42).

Hurst (1995:22) states that the way that society is constructed, the characteristics of a particular built environment and the dominant attitudes and expectations of a people can lead to restrictions on certain groups which deny them equal opportunity to participate in all areas of life. This occurs either through conscious discrimination or because society has not adapted to those groups' needs. Hurst's statement can clearly be seen to infer that the media has a role to play in making the society understand the needs of persons with disabilities.

ILO (2010); Penas (2007) and Cumberbatch and Negrine (1992) assert that the media generally depicts people with disabilities according to common stereotypes such as pity and heroism. Disability advocates often call this type of societal situation the "pity/heroism trap" or "pity/heroism dichotomy" and call instead for its supporters to 'Piss on Pity' and push forward with inclusion instead. When reports are about the "plight of the disabled" they rely on the pity or medical model of disability.

Sanchez (2010) puts it rightly that the mass media in form of television, radio, newspapers, magazines, the Internet, social media and other forms play an important role in influencing public opinion and attitudes. The choice of words, images and messages can determine perceptions, attitudes and behaviour. It can also define what does or does not matter to individuals and the world around them. Haller (2000:13) agrees with Sanchez (2010) when he states that, 'How people with disabilities are portrayed and the frequency with which they appear in the media has an enormous impact on how they are regarded in society'.

While there are some disability-specific media programmes, such as television documentaries, disabled people rarely appear as part of mainstream programmes. When they do appear, they are often stigmatized or stereotyped, and may appear as either objects of pity or super heroic accomplishment and endurance. Sanchez (2010) states that including them in regular programmes on television and radio in addition to other types of media can help provide fair and balanced representation and help to counter commonplace stereotypes that perpetuate negative perceptions of disabled persons. Portraying people with disabilities with dignity and respect in the media can help promote more inclusive and tolerant societies (ILO, 2010).

Regarding global approaches on disability, Penas (2007) states that the creation of a Council for Disability on public television and radio has recently been agreed in Slovenia. This Council is made up by several representatives of the national disabled persons' organizations and must monitor the adequate treatment of this collective in the Slovenian public media.

TV Glad in Denmark is the first television channel in the world, for and about persons with disabilities related to learning. Its latest initiative has been the creation of a web page called "The Specialists". The aim of this web is to be a forum where persons with learning difficulties may express themselves, and make their interests, concerns and abilities known. Within its contents, the aim is to promote the video format, showing all types of stories that will be classified to facilitate the search of their content. The web page allows an inside look into the potential and abilities, mostly unknown, of persons with learning difficulties, and will also open up the possibility of hearing them with regard to issues that concern and affect them (Penas, 2007).

Penas(2007) asserts that in Spain, the Council for the Support of Persons with Disabilities in the Audiovisual Sector was created and is made up of a total 18 institutions in this sector (television, radio, advertising agencies, production companies, advertisers, etc.). The institutions that make up this Council signed a manifesto that includes the following principles:

- a) Respectful treatment of persons with disabilities based on their personal dignity.
- b) A transversal and normalized portrayal of disability, in proportion with their representativity.
- c) Promotion in accessibility to the media.
- d) Promotion of the labour integration of persons with disabilities in the media.

ABM (Arbeitsgemeinschaft Behinderung und Medien e.v.) is a non-profit organization that, for over 20 years, works in Germany to increase the levels of social awareness with regard to disabilities. Its aim is to facilitate access to the media for persons with disabilities from an integrating perspective between the media and NGOs of persons with disabilities. ABM's activity consists in promoting the visibility of this collective in all spheres of the media, especially in programmes that are not related to disability, from the perspective of the social model and human rights (Penas,2007).

Inclusion of disability into societal main stream is an integral part of the European Union Strategy for Persons with Disabilities and follows the principles of the UN Convention on the Rights of Persons with Disabilities. The principle of equal opportunities is at the very core of both the Strategy and the Convention, and including disability into all social activities is seen as the crucial intervention in achieving equal opportunities. Mainstreaming of disability is based on the understanding that physical, social and communicational barriers are the ones that prevent inclusion of persons with disabilities into society, and therefore requires elimination of these barriers in order to enable enjoyment of equal rights, equal life quality and participation in social events for persons with disabilities.

The term mainstreaming comes from the English and is difficult to translate directly into our language. The most adequate translation would be "including into the main streams". Thus disability mainstreaming means introducing the inclusion perspective/aspect of disability into the main social streams.

Including the disability perspective into the main societal streams is a process that ensures that persons with disabilities may fully participate in all the events taking place in the society and be supported in that process.

Mainstreaming is a strategy consisting of including the needs and the rights of persons with disabilities as an integral part of planning, implementing, follow-up and evaluating of policies and programmes in all areas, on all levels, and in all phases, so that it is ensured that persons with disabilities have equal benefits from them as persons without disabilities and that inequality between them is not further persisting. This implies that disability is taken into consideration in all sectoral reforms and in legislation.

Given the extent and complexity of all societal streams, mainstreaming is frequently additionally considered in specific fields. Thus we speak of disability mainstreaming in social protection, employment, policy creation, programming, health care, etc... These spheres are partly overlapping, but the fundamental principles, the idea and the goal are the same that is, provide equal access to all persons with disabilities into all the spheres of social activities through the accommodation process. The final goal of mainstreaming is achieving full equality of persons with disabilities.

There is a long history of separation between human rights and development. Contrarily to such a heritage, the Convention on the Rights of Persons with Disabilities merges them into one instrument. It is both an agreement on human rights and a method to work in development. On the one hand, the Convention explains the ways to apply all categories of rights to persons with disabilities, identifies areas that need adjustment in order to ensure full enjoyment of all the rights for persons with disabilities and areas where their rights are being violated, where their protection needs to be strengthened. On the other hand, the Convention also highlights measures for inclusive and accessible development work for persons with disabilities. Thus the Convention supports the shift of paradigm in development programming towards inclusive and binds the States parties to ensure participation of persons with disabilities in all societal events.

Despite all the cognizance and the accepted principles, in practice it often happens that the main developmental activities exclude marginalised persons. For persons with disabilities in all societies there is a greater risk of them being systematically deprived access to resources necessary for full respect of their human rights. Humanitarian activities alone cannot durably improve the status of marginalised people. Improved access to resources, processes and structures in the society is the key intervention for sustainable and durable improvement of living conditions for excluded individuals and groups.

Development work aimed at sustainable social development needs to strengthen the capacities of all the people involved in it. That is the reason why development work should focus specifically on empowering marginalised people to participate in and contribute to all the main activities on the social, economic and political scene. This is achieved through support and enabling marginalised people to gain greater control over their own lives by:

- i. Improving their living conditions and the environment in which they live
- ii. Improving access to resources, markets and other mainstream activities
- iii. Raising their awareness and building autonomy
- iv. Raising institutional capacities to enable their full participation and autonomy in decision making.

A disability perspective may be included into development activities via four strategies:

- i. Special approach for disability
- ii. Special disability component
- iii. Integrated approach
- iv. Inclusive approach

A special approach for disability is the most frequently used strategy and it is aimed only on persons with disabilities and their 'special needs'. They make the only target group and the activities are usually oriented towards their specific needs. Such as for instance in medical and physical rehabilitation.

A special disability component is a strategy that adds a disability component to regular-mainstream activities. An example of this strategy is when in the framework of a health programme a totally separate component is added that deals only with the health of persons with disabilities.

In the integrated approach the disability perspective is included into the main development activities, but as a special component. This means that, for instance, in planning mainstream programmes a separate, special service for the specific needs of persons with disabilities is planned. It is planned and placed within the mainstream programmes, but it will be used exclusively by persons with disabilities (for instance, special classes for children with disabilities in regular schools).

In the inclusive approach the disability perspective is incorporated into the main development activities as a central element. This approach requires maximum participation of persons with disabilities during the planning, programming and implementation as equal partners, and an appropriate adaptation of mainstream facilities so that both persons with and without disabilities could equally use them. Sometimes for full implementation of the inclusive approach it is necessary to add special components for the support and empowerment of persons with disabilities (for instance, special visual aids or providing sign language interpreters). The existence of all essentially indispensable elements of support so that persons with disabilities could fully and effectively participate in social events is of decisive importance and without them the inclusive approach cannot be implemented.

Each of these four strategies of inclusion of a disability perspective into development work may be used on all activity levels – from the level of setting up the conceptual framework (selection of goals and development approaches), through defining policies (formulation of national policies and necessary international assistance), at the level of programme and project planning (while assessing the observance of rights and planning interventions) as well as on the level of implementation, monitoring and evaluation of concrete activities. Still, regardless of difficulties and the requirements of the inclusive approach, it is desirable that all development activities at least adopt the inclusive conceptual framework, its values and basic goals.

While using the strategies of disability inclusion into the processes of drafting national policies and programmes, it is of crucial value to include this perspective in all the phases of drafting, starting with the first design and preparatory work, to monitoring and evaluation. It is particularly important to pay adequate attention to data and indicators that pertain to the situation of persons with disabilities and to concretise the impact of mainstreaming on

persons with disabilities. In this context, the EU introduced the "civil" concept of disability, meaning that persons with disabilities must have equal personal choices and control over their life as persons without disabilities. This means that policies must be designed in such a way that the rights and needs of persons with disabilities are central to the implementation process.

Norwegian Agency for Development Cooperation (2011) states that including disability into the processes of drafting national policies and programmes is a major challenge for policy makers. The basic difficulty resides in the joining of two seemingly opposite requirements – on the one hand the disability perspective should be included in every planning activity to the largest extent possible, and on the other, persons with disabilities, according to their individual needs may demand very specific measures to respond to them.

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THE DIGITAL AGE: INTERNET –THE UNCHECKED GLOBAL SENSATION?

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Abstract

As the latest of the series of information and media technologies that emerged during the twentieth century, the internet is a bearer of enormous hopes and deeply seated fears. With statistics showing a dramatic increase in internet usage, the emergence and popularity of the internet has brought concerns about representation, and the impact of the media on social values and cultural identity. This paper aims at exploring the impact of internet explosion on the socio-cultural, economic and political identities of the Kenyan audience. The paper is literature based. Literature reviewed shows that internet use has an impact on socio-cultural, economic and political environment of the Kenyan audience. The paper reviews censorship and its effects in countries where it has been enforced. Objectives of the paper are to study internet penetration in Kenya and its effects on the socio-cultural setting. One finding of the paper is that protection of the Kenyan cyberspace is lacking. Another finding is that Internet penetration is on the rise, and user awareness on secure internet practices is lacking. This paper is informed by Uses and Gratification Theory which suggests that media users play an active role in choosing and using media .The paper recommends an internet regulation policy to protect society, these regulation policies need to be within the rights of expression and free speech, and internet service providers should be compelled to provide internet user education.

Key Words: Internet, Impact, and Socio-cultural.

Introduction

Presentation Of The Topic, Thesis, Motivation And Importance Of The Topic

The internet has been playing an increasingly vital role in the political, social and economic sections globally. The past few years have seen the internet exalted to a new level as a communication medium in Kenya. The internet allows even the weakest of voices to be heard on an international platform. It allows banks to carry out transactions electronically with clients; politicians to campaign and communicate with an infinite number of citizens via websites and social media.

During the most recent elections in 2012, foreign journalists flooded the country. Perhaps in anticipation of a repeat of the 2007 post-election chaos; some foreign journalists' reported that communities were arming themselves. Kenyans from different ethnicities trashed the allegations in a show of unity, through a public outcry on Twitter and Facebook. Several public figures have also been exposed in their various shortcomings and brutally sacrificed on the altar of social media.

The estimated number of internet users rose by 11.6 percent to reach 16.2 million (2012) from 14.5 million users the previous quarter (2011). This increase is attributed to growing demand for internet and data services, including use of social media especially among the youth (CCK 2013). Statistics clearly show that the internet is a growing force in the media

industry. As the internet becomes increasingly influential in the country, so does the need of in-depth study by scholars into it. Thereby creating a reliable and effective means of dissemination of information. The internet as it is in Kenya today appears to be unmonitored a “free for all” with barely any rules governing it.

The internet in Kenya is unprotected by law from manipulation and misuse by the government or any other hostile party. This paper will look into the situation as it is and possible recommendations to help curb the many potential problems threatening internet in Kenya. A global debate has been controversially raging over whether it is ethical to censor the internet. Governments and civil rights activists have found themselves on opposite sides of the debate. This debate has not yet stirred up any controversy in Kenya. This paper aims at exploring the diverse role the internet plays in the country, how it can be governed and if it should be governed.

Objectives

The paper aims to critically study the role of internet as a media tool in political, economic and social aspects in Kenya in comparison with the global situation.

The paper’s specific objectives are:

- To discuss the socio-cultural impact of internet penetration.
- Comparatively examine the economic impact of internet use in Kenya and globally.
- To comparatively discuss the role of internet in political awakening in Kenya and globally.
- Explore internet censorship as observed globally

Literature Review

At the end of Quarter 2 of the 2012/2013 financial year, in the Internet/data market segment, the number of subscriptions rose by 11.5 percent during the period to reach 9.4 million from 8.5 million recorded during the previous quarter. Compared to the same period of the previous year, there was an increase of 75.1 percent. The estimated number of internet users was recorded at 16.2 million up from 14.5 million posted the previous quarter, representing an increase of 11.6 percent during the period. Internet penetration went up by 4.3 percentage points to reach 41.1 percent up from 36.8 percent during the previous period. (CCK 2013)

Socio-Cultural Impact Of Internet Penetration

No one today disputes that the Internet is likely to have a significant impact on social life; but there remains substantial disagreement as to the nature and value of this impact. Some people believe internet will change almost every aspect of our lives private, social, cultural, economic and political because it deals with the very essence of human society: communication between people. The social changes over the coming decades are likely to be much more extensive, and to happen much faster, than any in the past, because the technologies driving them are continuing to develop at a breakneck pace. (Manasian 2003) Several scholars have contended that Internet communication is an impoverished and sterile form of social exchange compared to traditional face-to-face interactions, and will therefore produce negative outcomes (loneliness and depression) for its users as well as weaken neighbourhood and community ties.

Sproull & Kiesler's (1985) "filter model" of CMC focuses on the technological or engineering features of e-mail and other forms of computer based communications. According to this perspective, CMC limits the "bandwidth" of social communication, compared to traditional face-to-face communication settings. They considered CMC to be an impoverished communication experience, with the reduction of available social cues resulting in a greater sense or feeling of anonymity. This is said to have a deindividuating effect on the individuals involved, producing behaviour that is more self-centred and less socially regulated than usual. This model of Internet communication assumes further that the reduction of social cues, compared to richer face-to-face situations, must necessarily have negative effects on social interaction.

Spears et al. (2002) contrasted the engineering model with the "social science" perspective on the Internet, which assumes instead that personal goals and needs are the sole determinant of its effects. In the domain of communications research, Blumler & Katz's (1974) "uses and gratifications" theory is an influential version of this approach. According to this viewpoint, the particular purposes of the individuals within the communication setting determine the outcome of the interaction, regardless of the particular features of the communication channel in which the interaction takes place.

According to research the internet's deindividuating nature causes increased hostility and vulgarity in online communication. Individuals feel free to say in cyber space what they would not otherwise dare in a room full of people. This has been observed locally as several celebrities and political figures have been crucified at the altar of social media e.g. Emmy Kosgei, Ciku Muiruri, Caroline Mutoko and Willy Mutunga. They have been the objects of vicious Twitter and Facebook attacks which are sometimes unjustified. The deindividuating nature sees that no particular person can be held responsible for their vicious and often slanderous comments. It is important to note that most of the victims are women.

From the perspective of social identity theory, (Spears et al. 2002) have argued that CMC is not so much deindividuating as it is depersonalizing that the decreased salience of personal accountability and identity makes group -level social identities all the more important, so that the real effect of CMC is to increase conformity to those local group norms. Thus, whether the depersonalizing effect of CMC leads to more negative or more positive behaviour relative to face-to-face interactions is said to depend on the particular content of those group norms (Postmes & Spears 1998).

In Kenya the situation is proving to be so with many internet savvy youth spending too much time on Twitter, Facebook and other social sites leaving their relatives exasperated. Due to their internet addiction, they prefer to exist in cyberspace which satisfies their social and entertainment needs rather than interact physically with their relatives and friends. The internet has become the reference for youth on fashion, entertainment events and what is trending. This has led to the mushrooming of blogging sites and websites on virtually any and every interest area to the youth. This has led to thousands of youth with internet access being parented by strangers on the internet; dictating aspects such as dressing, 'cool' events, and lifestyle in general. Due to this, corrosion of culture caused by interaction with more liberal cultures online has occurred.

There has been a worrying upward shift in 'un-African' trends among our youth. Young men are dressing in tight and brightly coloured attire promoted by online fashion bloggers and music videos. Men have become increasingly feminine as witnessed by the increasing male

clientele at beauty salons. In my opinion, the recent trends are contradictory to the male African persona, who is portrayed as independent, responsible and macho. Young ladies have adopted an increasingly materialistic attitude due to their desire to feed the need for an expensive lifestyle popularized by the internet. In 2012 a controversial Facebook page “Campus Divas for Rich Men” left the nation in shock. Young ladies auctioned themselves online to the highest bidder. This fades in comparison to the shockwaves sent through the nation as the police arrested six girls and a German man for acts of bestiality with a dog on film to be relayed via the internet. Clearly, the traditional place of the woman in Kenya is shifting with females becoming more aggressive in the pursuit of ‘happiness’. The family front is headed for a nosedive with the culture that holds the moral fabric of our society together weakening at an alarming rate; internet being a major culprit.

Media reporting of the effects of Internet use over the years has consistently emphasized this negative view (McKenna & Bargh 2000) to the point that, as a result, a substantial minority of (mainly older) adults refuse to use the Internet at all (Hafner 2003). Others believe that the Internet affords a new and different avenue of social interaction that enables groups and relationships to form that otherwise would not be able to, thereby increasing and enhancing social connectivity. To that effect, some relationships have been formed on the net some have flourished some have been complete scams. Many criminals have preyed on innocent users, gained their trust and proceeded to mete out unbelievable acts on them including murder.

Research, however, suggests that online communication is less beneficial than offline communication. For example, communication on-line is less interactive than face-to-face or telephone conversation, and it conveys less contextual information per unit of time (Sproull & Kiesler, 1991). Relationships developed or maintained online are slower to develop (Walther, 2002) and weaker than those developed or maintained in more traditional settings.

The main reason people use the Internet is to communicate with other people over e-mail and the principal reason why people send e-mail messages to others is to maintain interpersonal relationships (Hampton & Wellman 2001, Howard et al. 2001, McKenna & Bargh 2000, Stafford et al. 1999). As Kang put it, “the ‘killer application’ of the internet turns out to be other human beings.” The HomeNet project by Kraut et al. (1998) and a large-scale survey reported by Nie & Erbring (2000 & Nie 2001) concluded that Internet use led to negative outcomes for the individual user, such as increases in depression and loneliness, and neglect of existing close relationships. Several other surveys have found either that Internet users are no less likely than non-users to visit or call friends on the phone, or that Internet users actually have the larger social networks (DiMaggio et al. 2001). Howard et al. (2001) concluded from their larger random-sample survey that “the Internet allows people to stay in touch with family and friends and, in many cases, extend their social networks. A sizeable majority of those who send e-mail messages to relatives say it increases the level of communication between family members these survey results suggest that on-line tools are more likely to extend social contact than detract from it” Wellman et al. (2001) similarly concluded from their review that heavy users of the Internet do not use e-mail as a substitute for face-to-face and telephone contact, but instead use it to help maintain longer distance relationships (Wellman et al. 2001)

Nie (2001) has responded to his critics by arguing that time is a limited commodity, so that the hours spent on the Internet must come at a cost to other activities. “We would expect that

allthose spending more than the average of 10 hours a week on the Internet would report substantially fewer hours socializing with family members, friends, and neighbours. It is simply a matter of time”.

It is important to note that Kraut carried out his research earlier when the internet craze was just hitting America. His results, that internet use increased depression and loneliness though later contradicted by other surveys may not have been wrong for that timeframe. Kenya has not yet reached internet maturity, the internet is still a fad that the youth are excited about and some addicted to. Therefore, Kraut’s research is more applicable to our unique setting.

Internet As A Political Tool

One could argue the internet has had a greater impact on politics than any technological invention since the invention of the printing press nearly six hundred years ago. (Nelson; Olson 2009) While this statement is not yet a fact in Kenya and many third world countries, the internet is certainly gaining momentum as a tool in politics. The vast amounts of information available on the web, the speed at which this information moves, and the capacity of any individual with internet access to communicate with broader audiences is changing the political scene. As seen with more traditional forms of media, any influential media comes under scrutiny and attempted control from the government. This is no different for the internet.

Internet has a number of diverse uses in politics, it impacts the art of politics in the form of strategic decisions made by political leaders and the civilian population they rule. In the March 2013 general elections, some presidential contenders such as Peter Kenneth and Martha Karua launched an intense online campaign which had much following especially from the youth. This however didn’t translate into votes as their performance was below par. Their competitors, the current president and his deputy however campaigned on the same platform of digital generation, even promising to issue class one pupils with laptops in the year 2014 as a demonstration of their commitment in digitizing the country. In my opinion, their strategy favored them by using youth’s desire to be progressive in a changing world.

Surveillance of the internet and mobile phones has become a growing concern in Kenya over the past years. In March 2012, the CCK announced its intention to set up a surveillance system aimed to monitor private emails, citing a rise in cyber security threats. The regulator notified telecom service providers on the need to cooperate with the installation of the internet traffic monitoring equipment known as the Network Early Warning System, which was to be set up by International Telecommunication Union (ITU) experts and was expected to be operational in mid-2012. This was viewed as a breach of Article 31 of Kenya’s Constitution, which grants citizens the right to privacy, including preventing infringement of the privacy of their communication.

Compelling telecom service providers to cooperate with such activities is viewed as the first step in internet censorship and regulation as observed in countries with stringent internet policies e.g. China. Much of the responsibility for censorship is devolved to these Internet service providers, who may be fined or shut down if they fail to comply with government censorship guidelines. To comply with the government, each individual site privately employs up to 1,000 censors. Additionally, approximately 20,000–50,000 Internet police (wang jing) and Internet monitors (wang guanban) as well as an estimated 250,000–300,000 “50 cent party members” (wumao dang) at all levels of government—central, provincial, and local—participate in this huge effort.

One potential case of online surveillance was reported in March 2012, when blogger Dennis Itumbi was arrested on suspicions that he had hacked the International Criminal Court (ICC) website. While no evidence was produced to prove Itumbi guilty, it was suspected that his communications had been monitored. However, he was never arraigned in court and was released after questioning, pending further investigations.

The main reason for internet censorship is to control the information relayed via the internet, the audiences it reaches and the time taken for relaying information. Internet and social networks have been conclusively established as tools for protest, campaigning and circulating information, and as vehicles for freedom. More than ever before, online freedom of expression is now a major foreign and domestic policy issue.

This was demonstrated by the Arab Spring, a revolution that swept through Arabic nations that were geographically dispersed. With internet bridging the geographical distance and enabling the citizens to disseminate information and inspire the revolution. After the revolution in Libya, the Egyptian government tried to control the internet access by shutting down the internet for five days. It was however too late, their youth had already undergone the political awakening that saw the end of Hosni Mubarak's and Muammar Gadhafi's dictatorial era

In January 2009, the government passed a controversial Communications Amendment Act despite warnings from civil society groups that it could hinder free expression. The Act established that any person who publishes or transmits obscene information in electronic form commits an offense. It also outlines other forms of illegality associated with the use of ICTs. The prescribed punishments include up to KSh 200,000 in fines and two years' imprisonment. In January 2012, the National Integration Cohesion Commission (NICC) announced that one of the new areas offocus for the commission's work would be to monitor hate speech on the internet ahead of Kenya general elections, which were held in March 2013.

The internet continues to be an important platform for political debate and mobilization around critical issues such as the rising cost of living and insecurity affecting ordinary Kenyan citizens. For example, the Unga (Flour) Revolution protests against rising food and fuel prices throughout 2011 were organized largely through Twitter, Facebook and other websites. In July 2011, a demonstration against Kenya's Minister of Education over unaccounted funds from the Free Primary Education Fund was also organized through text messages, Twitter, and Facebook. Nevertheless, the Unga Revolution protests did not translate into a reduction of food prices, and the Minister of Education did not resign, reflecting the limits of ICT activism in affecting change in Kenya. The scenario has since changed as the activists successfully held a demonstration in June 2013 against the proposed taxation on basic products such as Unga which is a staple food. The current government beat a hasty retreat on learning on how unpopular the proposal was; the demonstration against the Members of Parliament press for pay hike however didn't yield fruits as they still went ahead and had their salaries increased.

Digital media has revolutionized the way that human rights groups in Kenya network and share information. Today, they mobilize its members and discuss issues primarily through online communication. In February 2012, Mzalendo.com re-launched its portal designed to allow citizens to communicate with their representatives in parliament and rate their services. The website has played a key role in online debates, and Mzalendo comments are moderated to guard against abuse. Kenyans have unrestricted access to the social-networking site

Facebook, the video-sharing site YouTube, and the blog-hosting site Blogger, all of which rank among the ten most popular sites in the country. All major television stations now use YouTube to rebroadcast news clips and have accounts on Facebook and Twitter.

Kenya is known to be the birthplace of Ushahidi.com (Swahili for “testimony”), theCrowd sourcing website that was created in the aftermath of the country’s disputed 2007presidential election to document and map eyewitness reports of violence around thecountry, which were collected via text messages. The Ushahidi open source software and platform has since become a popular tool for social activism and citizen journalism around the world.

Internet And Economic Advancement

Kenya, East Africa's biggest economy, has benefited from being the first country in the region to install fibre-optic cables, but industry insiders say the price for Internet use needs to come down further and services need to increase."Speed and reliability have significantly improved, and this has had an impact of increasing the number of Internet users in the country," said Jonathan Somen, managing director of AccessKenya, one of the country's leading Internet service providers. "Today, many people have moved from basic checking e-mail to undertaking business online."

The Internet has, in a short space of time, become fundamental to the global economy. It offers access to a host of activities through both wired and wireless technologies. It also raises concerns, notably in the area of reliability, scalability, security and openness of access. If global supply-chain management depends on the Internet, a breakdown or security breach could cause major economic damage. If people’s personal data are compromised online, it may breach their privacy or affect many other aspects of their lives.

The Internet is making economic activity more efficient, faster, and cheaper, and extending social interaction in unparalleled ways. Increasingly, the largest productivity gains for businesses come from using online networks in some form. The multinational food giant Nestlé, for example, now receives all of its orders directly from supermarkets over the Internet. Locally, Kenya Power Company has enabled their clients to pay their bills online and via mobile money transfer services. This undoubtedly saves on manpower and improves efficiency by reducing queues at their offices.

The Internet has also brought unprecedented user and consumer empowerment as well as opportunities for new innovative and social activities. Individuals have greater access to information, which facilitates comparisons and creates downward pressure on prices. Internet users are extremely active, creating new content themselves and interacting in new ways. OLX and N-Soko are two websites that promote this. People buy and sell products and services online via these sites. Consumers being able to compare prices by a click rather than previous tedious window shopping, and buy products at competitive rates from their smartphone or computer.

The Internet is quickly permeating all economic and social domains, and most public policy areas. For instance, e-government has become the prime tool for supporting government functions and interaction with citizens and businesses. There have been an increased number of government portals seeking public feedback on availability and quality of services offered e.g. the Kenya judiciary has recently unveiled an effective system that enables citizens to look up when and where there cases will be heard and by whom; online. Many positive

economic campaigns such as Hands off Our Elephants - which is an anti-poaching crusade - have been championed online

The Internet and information and communications technologies (ICTs) are profoundly changing how research and creative activity are undertaken, for example by enabling distributed research, grid and cloud computing. They are also changing the organisation of science, research and innovation, by linking the creativity of individuals and allowing organisations to collaborate, pool distributed computing power and exploit new ways of disseminating information. This is fostering competition, stimulating the restructuring of industries and institutions, with potentially major impacts on innovation and growth. ICTs and the Internet account for a significant share of total research and development, patent applications, firm start-ups and venture capital. The global nature of the Internet is further spurring the pace and scope of research and innovation, and encouraging new kinds of entrepreneurial activity.

An important use of CMC in the corporate world and elsewhere has been to conduct negotiations between parties who are separated by physical distance (Carnevale & Probst 1997). Thompson et al. (2002) have conducted extensive research on the process and outcomes of such negotiations, compared to those of traditional face-to-face negotiations, and have noted several pitfalls and traps to watch out for. The main problem with such “e-gotiation,” according to these researchers, is the implicit assumptions people have concerning time delays in hearing back from their adversaries as well as about the motivations of those adversaries. For example, people tend to assume that the other party to the negotiation reads and is aware of the content of the e-mail message one just sent to them as soon as that message is sent thus any delays in hearing back are attributed to stalling or intentional disrespect by the other party.

Since 1998, Kenya has made progressive reforms in its mobile telephony and Internet services (Mbeke, Ugungu, Okello-Oriale, 2010). The policy reforms coincide with Kenya's international commitments initially under the General Agreement on Tariffs and Trade, now the World Trade Organization. Progress from the commitments includes: Communications Commission of Kenya (CCK) independence from telecommunications suppliers and government; the 2010 CCK regulations, which safeguard anti-competition practices; and the promulgation of procedures for interconnection negotiations, dispute settlement and for the allocation and use of scarce resources. The cost of communication via internet and mobile phone, while still prohibitive for most Kenyans, has gone down as Kenya has liberalized ICT policy (Internet World Stats, 2011).

Cyber criminality has become a multi-million dollar industry that takes advantage of the borderless nature of the Internet. Cybercriminals develop malicious software or “Malware” to infiltrate or damage computer systems and to steal identities and confidential data such as credit card details. However, “Internet criminals” can be on another continent, and frequently route through several third-party countries, making their precise location difficult to determine and creating challenges for law enforcement.

Protecting privacy is also becoming much more difficult in the Internet age. The Internet makes it possible to store or transfer huge amounts of data at little cost. At the same time, vast amounts of personal information are searchable, linkable and traceable. As a result, privacy-related risks are increasing. The information accessed could be used for fraud or

identity theft purposes, it could be made public and severely damage a large number of individuals' privacy or it could simply be lost or damaged if no backup copy had been made.

Kenya has a considerably higher percentage of computers infected with malicious software compared with the global average. The most common type of malware were Worms which affected 36.1 percent of all computers cleaned, compared to the worldwide average of 11 percent. The second most category in Kenya was Miscellaneous Trojans, it affected 29.6 percent, compared to the 20 percent worldwide average. More worryingly, The Kenya Cyber Security Report exposed four banks and a leading media house that had been compromised online due to poor website design and protection policies. The fact that our banks have been hacked, leaves one to wonder just how safe our money is.

The challenge for the government to put in place serious measures to protect Kenyans against cybercrime, a hard task considering 103 government websites were hacked into by an Indonesian hacker. The hacker defaced the websites and left them inaccessible to the public. Kenyan organisations, our government included, are ill-equipped and unprepared to respond to information security threats. They need to train and grow security experts needed to secure this infrastructure. It is imperative that local organizations take action before the situation worsens and the cost of inaction becomes even greater.

Conclusion

While the internet in Kenya is growing at an exponential rate, it remains largely unchecked. It has a great influence on the socio-cultural, economic and political scenes in Kenya. The security of Kenyans online is alarmingly low.

Recommendations

- The government should put in place clear policies on cybercrimes and their penalties.
- Internet service providers should be compelled to offer public awareness on proper and safe internet practices.
- Professionals on cyber security should be trained by the government.

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YOUTH AND DEVELOPMENTAL ISSUES

THE ROLE OF THE YOUTH ENTERPRISE DEVELOPMENT FUND ON PERFORMANCE OF YOUTH OWNED MICRO AND SMALL ENTERPRISES. A CASE STUDY OF GATUNDU SOUTH DISTRICT

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Abstract

The purpose of this study was to assess how funds attained through YEDF have influenced performance of youth owned micro and small enterprises. The study was conducted in Gatundu South District and targeted young entrepreneurs who have benefited from the YEDF through the financial intermediaries and the constituency Youth Enterprise scheme. The research was descriptive in nature. Stratified random sampling technique was used to collect the sample from the registered youth groups in Gatundu district. The researcher used questionnaires and personal interviews to collect data from the respondents. The data was analyzed both quantitatively and qualitatively using MS Excel and the results presented in tables, graphs and charts. The main findings of the study revealed that the amount of loan given is minimal with 42% getting twenty thousand, 26% less than twenty thousand. The procedure followed to access the loans took between one month and six months which the respondent said was too long. Majority of respondent (85%) got money from micro-finance intermediaries (mfis) and some form or collaterals was required. Most of the respondents had some basic training in running business and majority felt (88.9%) business performance had improved after the loan. The study recommends that the amount given should be increased and pegged on the Youth Businesses funds proposal.

Keywords: Youth, Funds, Performance, Micro and Small Enterprises

Introduction

Kenya's youth unemployment rate stands at 65 percent, among the highest in the world. Three in five unemployed Kenyans are 18 - 35 years old. The situation is exacerbated by a shrinking economy, political instability, and pervasive income inequality. In order to make a smooth transition to adulthood, young people require decent work and the ability to actively contribute to economic and political development and stability. Significantly, youth are engaged in the informal sector, which is largely unregulated and subjects workers to low earnings and long hours, without any formal contract (ILO, 2009). Suffering under a slow-growing economy, youth, whether well educated or uneducated, have increasingly turned to crime and violence, serving as handymen to the ruling elite.

Against this backdrop, the Kenyan government established the Youth Enterprise Development Fund (YEDF) in the year 2006 to enhance entrepreneurship and create employment among the youth. The Fund seeks to enhance youth participation in socio-economic development through the provision of credit to youth enterprises. The target of the fund is young people within the age bracket of 18 to 35 years who number approximately 13 million. The fund seeks to increase access to capital by young entrepreneurs in order to reduce the level of youth unemployment in the country. Through YEDF, groups of up to 12 people can submit a business plan and apply for funding, as well as other services such as training, mentorship,

and market access. As a group of at least 10, members can access the Constituency Youth Enterprise Scheme (C-YES Rausha) loan up to a maximum of Ksh. 50,000. To get loans as an individual, one needs to be in a group that has had a good history in the repayment of any group loans of C-YES which provides loans to groups at the constituency level. Individual members can get a loan of up to Ksh. 25,000 to start their businesses. The Fund has also established a component that will enable it advance big loans directly to youth whose enterprises demonstrate capacity to create many jobs for young people.

An estimated Kshs 5.96 billion has already been disbursed to 315,076 groups and individual enterprises all over the country (MOYAS, 2012). YEDF loans do not attract securities. However, loans above Ksh.100,000, in addition to the guarantees, attract very flexible securities which include business assets bought by YEDF loan proceeds, household assets and stocks.

Loan applications are done at the District level. A proposal or a business plan is mandatory since funds are for business purpose only and these two documents reflect goals, focus and the road map for an enterprise (Oduol, et al, 2012). No interest is charged on any of the YEDF loans. The principle amount is paid off as granted. Youth are encouraged to save on time to access a higher amount of credit. There is also a special loan product that targets youth groups carrying out special business projects whose proceeds are generated on periodical or pre-determined irregular periods (Oduol, et al, 2012). This study sought to discover and understand role of the youth enterprise development funds on performance of youth owned micro and small enterprises.

Statement of the Problem

In the developing world, the high youth unemployment represents lost potential for national economic transformation. In Kenya, youth unemployment constitutes 70 percent of total unemployment (Amenya, et al, 2007). Millions of youth are unemployed, underemployed or are in the swelling ranks of the working poor (Oduol, et al, 2013). This can easily contribute to the country's social stability as unemployed youth are readily available for anti-social criminal activities that can undermine the stability of society (ILO, 2011). It is with this in mind that Government of Kenya conceived the idea of institutional financing to provide young people with access to finance for self employment activities and entrepreneurial skills development as a way of addressing unemployment and poverty which essentially are youth problems (GoK, 2007).

Objectives of the study

The main objective of this study was to assess the role of the Youth Enterprise Development Funds on performance of youth owned Micro and Small Enterprises in Gatundu South District.

Literature Review

Conceptual Frame Work

The following framework illustrates how the independent variables influence the success of the youth enterprise development fund.

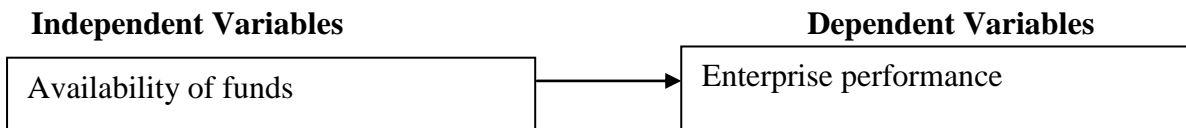


Fig. 2.3 Conceptual framework

Access to Funding by MSEs owned by youth

According to the Euro barometer survey (2004), lack of adequate start-up finance is one of the most significant barriers to young people seeking to create their own business. Young entrepreneurs face key constraints and challenges in accessing funding for their business ventures and in order to promote effective micro credit programmes, there is need to reduce access barriers and design programmes that meet the needs of potential youth entrepreneurs and existing youth run enterprises (Chigunta, 2002). However, due to inadequate start-up capital, most MSEs entrepreneurs are unable to acquire the proper types of machinery for their operations (Namusonge, 2006).

Many small and medium enterprises do not have the resource base to embark on high-growth trajectories. Such growth may demand significant capital infusions. It is not unusual for business owners in the early growth stages to rely first on their own resources which include personal savings, home mortgages, pension funds, etc. followed by funding from family and friends (Mwangi & Wanjau, 2012). For some companies, financing may not be available at all and they may be forced to find ways of achieving goals when capital is limited, minimizing the need for outside financing, maximizing the impact of the entrepreneur's investment, and/or optimizing cash flow (Stevenson, et al, 2003). Smaller firms may not have access to traditional sources of capital. They may not have collateral or credit lines for borrowing and are not likely to be publicly traded, so they cannot seek equity investment (Bwisa, 2010).

Financing MSEs requires creativity (Hisrich, et al, 2005). The role of finance has been viewed as a critical element for the development of small and medium-sized enterprises (Namusonge, 2006). Smaller enterprises face higher transaction costs than larger enterprises in obtaining credit (Kimando & Sagwa, 2012). Improving access and building inclusive financial systems is a goal that is relevant to economies at all levels of development. According to Kamando & Sagwa, 2012, the Micro and Small Enterprise (MSE) sector has been estimated to account for 20% of the total output and over 20% of the total labour force in Africa. These small enterprises have enormous potential to create these much-needed employment opportunities for a country's youth population. The challenge of better access means making financial services available to all, thereby spreading equality of opportunity and tapping the full potential in an economy (Mwangi & Wanjau, 2012). Encouraging entrepreneurship as well as providing sources of sustainable and inclusive access to finance is a crucial ingredient towards achieving this goal (Oduol, et al, 2013). Empirical research suggests that access to finance enhance the performance of firms in terms of income and employment generation (Kilonzo, 2012). It has also been established that individuals with large stocks of financial capital are most likely to start and grow new enterprises (Kimando & Sagwa, 2012). This set of research findings is usually connected to the theory of liquidity constraints. The general implication of this theory is that people with financial capital are able to acquire resources that better help them exploit entrepreneurial opportunities (Mwangi & Wanjau, 2012). Therefore, access to financial capital may be an important predictor of the performance of youth owned enterprises (Kilonzo, 2012).

Measurement of Enterprise Performance

Firm performance can be measured with different indicators, such as profitability, and growth in employment, production level, or even sales. In addition, firms also have their own performance indicators. However, performance seems to be conceptualized, operationalized and measured in different ways thus, making cross-comparison difficult (Stevenson, et al, 2003). Among the most frequently used operationalizations are survival, growth in employees and profitability (Fadahunsi, 2012).

Methodology

Research design A descriptive survey approach was adopted to obtain information concerning performance of MSEs owned by youth. The purpose of descriptive survey is basically to observe, describe and document aspects of situations as it naturally occurs. The fact that it is not concerned with characteristics of individuals but provides information about population made the preferred research design (Kothari, 2009).

Target Population The Target population was youth who have benefitted from the Youth Enterprise Development Fund (YEDF) and own micro and small enterprises within Gatundu South district. This information was retrieved from the list of registered youth groups at the Ministry of Youth and Sports in Gatundu South District. There were a total 289 registered youth entrepreneurs at the district records.

Sampling Frame The sample size was determined by the number of registered youth entrepreneurs in Gatundu South District. These were retrieved from the Ministry of Youth Affairs and Sports District records.

Sample and Sampling Technique A sample size of 30 youth entrepreneurs was drawn using stratified random sampling technique. According to Mugenda and Mugenda (2003), a sample size of 10% of the total population is considered adequate for descriptive study. Each sub-location formed a stratum. The sizes of the samples from the different strata were kept proportional to the sizes of the strata. This method helped improve the representation of each stratum within the population, as well as ensuring that these strata are not over-represented (Srivastava, et al, 1993). Each entrepreneur was given a number out of which 30 were picked randomly using Microsoft Office Excel. A random sample is preferential because it is free from bias as each unit has a chance to be included in the sample (Srivastava, et al, 1993).

Instruments of Data Collection

Primary Data Primary data was collected using a questionnaire that was administered by the researcher. A questionnaire enabled the researcher get first hand information about the problem. It is also provides an opportunity for anonymity to promote high response rate, (Mugenda and Mugenda, 2003). The researcher also interviewed personnel in the enterprises to get a greater insight into the problem under investigation. A certain degree of flexibility was permitted to allow the respondents ask questions and raise issues as this was enriching in trying to solve the problem (Srivastava, et al, 1993).

Secondary Data The Secondary data was obtained through literature review of the Ministry of Youth Affairs and Sports annual reports on YEDF and other relevant research on impact assessment of YEDF.

Data Collection Procedure The researcher made original field visits to obtain more information on the variable under investigation. The researcher conducted personal interviews on information on YEDF funding so as to get more clarification from the respondents through continuous probing. Similar techniques have been used with significant success, (Srivastava, et al, 1993). This method was used to compliment the questionnaire and improve the quality of information gathered.

Pilot Testing A pilot test was conducted on five YEDF beneficiaries within Gatundu South District using a pre-test questionnaire. This helped identify potential problem areas and clarify the respondents' interpretation of each question. The questionnaire was then revised based on the results of the pilot study.

Data Processing and Analysis Completed questionnaires were edited for completeness and consistency. Data collected was coded using a predetermined coding scheme and analyzed both qualitatively and quantitatively. The researcher used Microsoft Office Excel. Quantitative analysis was done using descriptive statistics i.e. frequency counts, percentages, tables and graphs to describe distributions, per-charts to show differences in frequencies and bar charts to display nominal or ordinal data. The data was presented using pie charts, graphs, and tables as was found appropriate for each set of data.

Research Findings and Discussions

Introduction

The data collected was presented in tables and pie charts and to provide a picture of the variables under investigation and were analyzed by computing percentages. The study sought to establish the Role of the Youth Enterprise Development Fund on the Performance of Micro and Small Enterprises owned by Youth. A total to 30 youth Micro and Small Entrepreneurs responded by completing the questionnaires issued by the researcher.

Age of respondents

In this section, the respondents were requested to state their ages. It was established that the majority (69%) of the youth were between 20-30 years old while those below 20 years were 11% and those above 30 years accounted for 20% of the respondents (fig. 4.2).

Form of business ownership

The respondents were asked to state the form of business ownership. As indicated in figure 4.2.1 above the respondents running sole proprietorships were 78% of the while 12% were in partnerships (groups). Majority of the youth had quickly formed groups in order to secure funds from YEDF though each was running a separate business on their own. This is due to the fact the YEDF lends mainly to groups and not individuals.

Access to YEDF funds

The respondents were required to state whether they had received any funding from the Youth Fund. The findings as presented in Table 4.3 indicate that 93.33% of the respondents had received a certain level of funding from the Youth Enterprise Development Fund while 6.67% of the respondents had not yet received any funding. This indicates that the timing of the establishment of YEDF and the sensitivity of the target group is making the fund an

initiative that enjoys high youth interest as many of them do not have the resource base to embark on high-growth business activities.

Average loans received

Findings on table 4.3.2 indicate that 42% of the entrepreneurs had received loans amounting to Ksh.20000 while 26% had received less than 20000. 25.3% of the respondents had received loans ranging from 20000 to 500000. Only 6.67% of those interviewed had received loans above Kshs.100,000/= although the Fund has established a component that will enable it advance big loans directly to youth whose enterprises demonstrate capacity to create many jobs for young people.

Institutions Proving YEDF Loans

Results in table 4.3.3 indicate that 6% of the respondents had received their YEDF loans through commercial banks while the majority (85%) had acquired their loans through micro finance institutions with only 9% having acquired their loans through SACCOS.

Number of times obtained loans

The study sought to establish the number of times the respondents have received loans from YEDF. It was established that 26.67% of the youth have received loans only once while 50% have received twice after fully repaying the first loan. 23.33% have received loans thrice (Table 4.3.4). This shows that most youth are able and willing to repay their loans in order to request for more finance.

Usage of loans obtained through YEDF

The respondents were asked to state the various ways they had utilized the loans received from the youth fund. 23.33% had taken loans to start new business and divert from their existing businesses while majority (63.33%) used the loans to expand existing business. 13.33% of the respondents had accessed loans and changed the type of business they were earlier operating (Fig. 4.3.5).

Level of Enterprise Empowerment through YEDF

The findings relating to the level of business empowerment achieved through the YEDF are presented in the table 4.3.6. Most youth (59%) indicated that they were able to expand their existing businesses using the loans. 13.33% started new business while 20% cited that they were able to generate income to sustain themselves and their families. Other reasons (like simply survival of business) were identified as 16.67%

Reaction to the loan amount of loans given

Majority of the respondents (90%) felt that the loans given were too little and added that they would have done a lot with more funds. 6.67% of the respondents indicated that the money was just enough to buy the basics while 3.33% said they were not sure (Table 4.4).

Ways business performance had improved

The research study sought to establish how the businesses had improved as a result of the Youth Funds. Figure 4.5 shows that 68% of respondents felt that their businesses had

recorded improved sales while 16% stated that their businesses had recorded improved market share. Another 16% indicated that they had improved on management practices respectively as a result of the skills learnt. The funds gained have undoubtedly enabled them to have a better grasp of their respective entities and as such, there is a greater possibility of enhancing their ability to undertake entrepreneurial tasks to improve performance of their enterprises on their own.

Opinion on how YEDF programmes have empowered the youth

The respondents were asked to give their opinion on how the felt YEDF have empowered them. The results are as tabulated in Table 4.6 indicate that only 20% felt that the YEDF programmes were excellent in empowering the youth. 23.33% felt that the programmes were very good while a majority of 40% of the respondents felt the programmes were good. This could be taken to mean that although the YEDF programmes have an overarching aim to ensure provision of skills training and capacity building to young people, a lot needs to be done to improve on the programmes so as to empower the youth.

Summary

The study established that majority of the respondents (93.33%) had received a certain amount of funding from the Youth fund. However the amounts received vary as the fund only lends to those who have managed to repay their first loans. To borrow as an individual requires one to be a member of a group that has repaid its loan and has a good credit history. The results also established that 50% of the respondents had already accessed the fund more than once and used the funds to expand on their existing businesses. The study further established that majority of the respondents felt that the amount of loan given was too little to enable the young entrepreneurs engage in a meaningful businesses.

Conclusions

From the summary above the results implied that youth felt that the amounts given were not enough to engage in meaningful businesses. The inaccessibility of credit and capital is a major impediment to the development of youth owned MSEs, particularly because it prevents them from acquiring the new technologies that would make them more productive and more competitive management and entrepreneurship that will improve the performance. Most youth are unaware of the various products offered by YEDF and as a result, millions of Kenyan shillings go back to the national office of the Ministry of Youth Affairs untouched by the youth in Kenya. In conclusion, it is evident that there is a strong relationship between access to finance and performance of MSEs.

Recommendations

Basing on the conclusions, it is recommended that the government should ensure that the youth can easily access the funds by simplifying the process and doing away with the many bureaucratic procedures which make it difficult for the youth to access the funds. The study also recommends that the minimum amount given to start business should be increased so as to enable the young entrepreneurs engage in a meaningful business. Preference should be given to groups that have been in existence for sometime. The Fund should also invest more in public sensitization and education on the Fund's operations and progresses as getting money into the hands of youth businesses has proved to be challenging, partly due to the

poor flow of information to the public and partly due to lack of business skills among the youth.

Areas for Further Research

The overall purpose of the study was to establish the role of the Youth Enterprise Development Fund on performance of MSEs owned by youth entrepreneurs in Gatundu district. The study therefore recommends that a longitudinal study be carried out in all parts of Kenya in order to ascertain the role of the Fund on performance of micro and small enterprises owned by youth

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TABLES AND FIGURES

Age of respondents



Figure 4.2 Age of Respondents

Form of Business Ownership

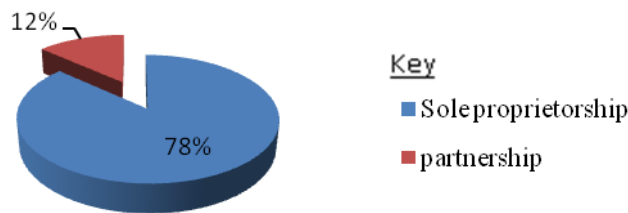


Fig. 4.2.1 form of business ownership

Table 4.3 Access to YEDF funds

Funds received	Frequency	Percentage
Yes	28	93.33
No	2	6.67
Totals	30	100

Table. 4.3.2 Average loans received

Loan	Frequency	Percentage
Below 20000	7	26
20000	13	42
20000 -50000	8	25.33
100000	2	6.67
Totals	30	100

4.3.3 Institutions that provided the loans

Inst. providing loan	Frequency	Percentage
Commercial banks	2	5
MFI	25	85
SACCOS	3	10
Totals	30	100

Table 4.3.4 Number of times respondents have received loans

No. of times received loans	Frequency	Percentage
once	8	26.67
twice	15	50
thrice	7	23.33
Total	30	100

Usage of YEDF Loans

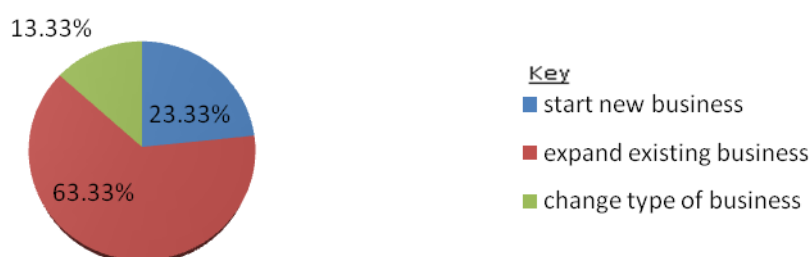


Fig.4.3.5 Usage of loans obtained through YEDF

Table 4.3.6 Enterprise empowerment through YEDF

Empowered	Frequency	Percentage
Start new business	4	13.33
Expand existing business	15	50
Generate income	6	20
Others	5	16.67
Total	30	100

Table 4.4 reaction to the level of funding

Empowered	Frequency	Percentage
Too little	27	90
Okay	2	6.67
Not sure	1	3.33
Total	30	100

4.5 Ways business Performance hand Improved

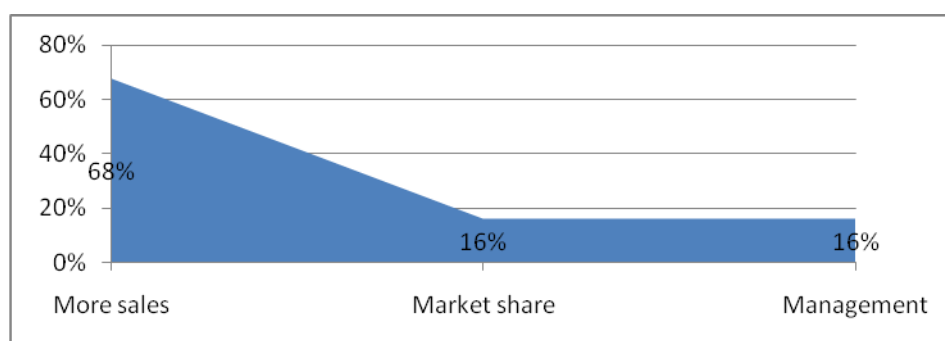


Fig. 4.5. Business improvement

Table 4.6 Opinion of the YEDF programmes in empowering the youth

Opinion	Frequency	Percentage
Excellent	6	20
Very good	7	23.33
Good	12	40
Fair	5	16.67
Poor	0	0
Total	30	100

ENTREPRENEURSHIP AS A STRATEGIC TOOL FOR YOUTH-RUN VENTURES' GROWTH IN KENYA: CASE STUDY OF THIKA-WEST DISTRICT.

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Abstract

Within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a valuable additional strategy to create jobs and improve livelihoods and economic independence of young people. The purpose of the study was to assess the extent, to which entrepreneurship has been a strategic tool for the growth of youth-run ventures in Kenya. The study focused on the youth entrepreneurs in Thika-West District. A descriptive research design was used in conducting this research. The study employed the stratified random sampling to collect data using questionnaires from 40 youth entrepreneurs who are members of the 154 registered youth groups that formed the target population. The data was analysed descriptively and presented using tables, graphs, and pie charts. The findings indicate that entrepreneurial skills whether in-born or gained through training, influences the entrepreneurial process. However, even if the youth entrepreneurs have entrepreneurial skills, they are not specific to the needs, talents and passion for entrepreneurship. The accessibility of finances to fund growth of youth-run ventures had been hampered majorly by lack of collateral security leading to the retarded growth of the same. It is therefore recommended that, the policy makers must ensure that the curriculum for entrepreneurial training is tailor-made to meet the specific needs of young people, their talents and passion for entrepreneurship. Secondly programmes or even clubs should be set up to encourage successful entrepreneurs to offer mentorship to young entrepreneurs. Finally, innovative steps are needed for new types of collateral such as the business plan.

Key words: Youth, Strategic tool, enterprise growth.

Introduction

The world's population is growing at a time when traditional, stable labour markets are shrinking. More than 1 billion people today are between 15 and 24 years of age. The International Labour Organization (ILO, 2006) estimates that 47 percent of all unemployed persons globally are young women and men and 660 million young people will either be working or looking for work in 2015 (World-Bank, 2006). The vast majority of jobs available to youth are low paid, insecure, and with few benefits or prospects for advancement (International Labour Organization, 2008).

A lot of literature suggests that young entrepreneurs are job and wealth creators. Through their entrepreneurial activities they create jobs, ventures and in addition they increase not only their living standard but at the same time others living standard. Promoting entrepreneurship and enterprise creation is high on the policy agenda of almost all countries in the world, as successful enterprises generate additional employment (Haftendorn and Salzano 2003).

Young entrepreneurs play a fundamental role because they contribute simultaneously to both economic growth and unemployment reduction. Nevertheless, according to Chigunta,(2002), they face tough challenges in the present socio-economical scenario. The constraints that YREs face are largely in the following areas: lack of access to institutional capital; lack of access to lucrative markets; poor marketing and branding; inadequate planning; lack of access to suitable working space; lack of business management skills and abilities; inadequate, inaccurate and non-existent financial records, lack of new product development, and; lack of on-going business support. Research in the OECD and in Australia has also found that, in addition to the above problems, many young people face the challenge of their age, limited life and work experience (OECD, 2001; Kenyon and White, 1996). As a result, strong support is needed for those youths in order to overcome such challenges and pursue their entrepreneurial activity. Through support programmes such as access to credit, business incubators, entrepreneurship education and business training, mentorship programs and market linkages youth can acquire the needed capacities and assets that increase their chances of starting and operating their own businesses. Such support can be often given by either governmental or non-governmental agencies.

Many programs have been developed and successfully executed in different countries with the aim of enforcing entrepreneurial education and activities. As white and Kenyon (2000), puts it, the promotion of an enterprise culture and the development of enterprising skills and attitudes are also significant and valuable strategies.

The Kenya Government like the rest of the world has now embraced entrepreneurship development through formulation of policies favourable to development of small businesses particularly in the recent years. Policies like, the vision 2030, (R.O.K, 2007)the youth employment Marshal plan, have identified youth entrepreneurship as one of the strategic objectives whereby entrepreneurship strategies such as entrepreneurial training, access to entrepreneurial finance and business management skills have been put in place to boost the growth of business activities started by the youth.

Problem statement

Within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a valuable additional strategy to create jobs and improve livelihoods and economic independence of young people, (Ryan, 2003).The youth are known to possess qualities of risk taking and creativity which are important for the growth of ventures, (Ghai,1988) .

In addition entrepreneurship strategies like, resources for example financial resources and training like entrepreneurial skills through policies like the Vision 2030, (R.O.K, 2007) have been put in place to boost the growth of business activities started by the youth. However there is still an inadequate in-depth research on the growth of youth-run ventures, (Chigunta, 2010), based on the above. As such, this study sought to assess the extent to which entrepreneurship has been a strategic tool for the growth of youth-run ventures in Kenya.

Objective of the study

The overall objective of this study was to assess the extent to which entrepreneurship has been a strategic tool for the growth of youth-run ventures in Kenya, A case-study of Thika-West District.

Literature Review

Strategies in entrepreneurship

These are measures which seek to create an enabling environment for the development of successful and sustainable youth-led businesses. They aim to provide a framework which supports the rationalization and synchronization of existing policies, programmes and legislation in a way that will promote entrepreneurship among youth while identifying the gaps and addressing them. Lichtenstein & Lyons, (1996), recommends that small business promotion programmes should be based around four key objectives: To increase the rate of new business formation; to increase the rate of survival and success of new enterprises; to increase the rate of development of new enterprises, i.e. to help them grow faster and more efficiently; and to increase the efficiency of the dissolution process if a firm fails.

YEN, Chigunta (2002),Curtain, R (2003),defines five key elements that influence young people's decision to start and run a business: cultural attitudes, regulations, education and training, finance, and business support. While the framework of this entrepreneurship roadmap is based on the promotion of self-employment, it is important to consider these elements in designing sustainable interventions.

According to white and Kenyon,(2000), The promotion of youth enterprise should involve two basic steps. First, it should create awareness of what enterprise is and what it takes to own and manage a business. This awareness should allow young men and women to consider realistically self employment as a career option. Then, if a young person decides to explore further, or to start his or her own business, the second step – the provision of practical support services (e.g. training, advice, access to finance) – can be provided. Youth enterprise programmes should highlight the success of young women and men in business, so that self employment is seen as a viable career alternative.

Entrepreneurial skills

Education and skills are needed to run small enterprises. To be able to leverage their growth and competitiveness, SME's are required to constantly and deliberately strengthen the skills of their managers by tapping from entrepreneurship education and training programmes that are anchored on best practices that utilize transferable models to business enterprises. Accord to Orangi A (2006) training adds value to the enterprise. It equips the owner with the necessary skills and knowledge without which, the growth of an enterprise is hampered (bird 1989).The education system should be reformed to give individuals a good combination of specialist and generalist skills.

The main tenets of entrepreneurship should be a required course for all students so as to equip them with skills like writing a business plan, preparing a proposal to present to investors, the steps necessary to register a company, general accounting skills, and other important business skills. Training, consultancy, marketing services, business information, promotion of business-to-business linkages, and other non-financial services offered to MSME's are vital to the growth and sustainability of enterprises operated by young women and men .(Ilo,2006). According to Ghai (in Chigunta et al., 2005), entrepreneurship among young people is mired by a number of factors, including lack of skills, social capital, knowledge and experience which have lead to poor overall performance of youth enterprises. On this account, youth enterprise is highly vulnerable to failure (Entwistle, 2008).

Many SME's owners lack entrepreneurship training and experience. The typical owners of small business develop their own approach to management through a process of trial and error. As a result, their management style is likely to intuitive than analytical, more concerned with day to day operations than long-term issues and more opportunistic than strategic in its concept (Hill, 1987. In Kenya, Lack of business skills has been identified as a key barrier to youth's entrepreneurship. The young entrepreneurs in the SME's lack the entrepreneurship skills to match their talent and passion for entrepreneurship (Matogo, 2008).

Entrepreneurial finance

All businesses require financial resources in order to start trading and to fund growth. Lack of access or availability of finance can be a constraint on business growth (Cassar, 2004). Whether business owners can access adequate and appropriate finance to grow is a particular concern for policymakers. New SMEs can be financed from founders' own wealth and/or by accessing external sources of finance, whether from 'informal' sources such as family and friends, or from 'formal', market-based sources such as banks, venture capitalists and private equity firms. Once businesses are trading, further development can be financed using retained profits.

Okwany (2010) identified access to finance as one of the primary challenges youth face in trying to increase their employability or expand their business since they have been termed as risky in terms of loan repayments. Youth often obtain access to finance through a variety of informal sources, such as family, friends, selling labour, and informal money lenders

According to Chigunta (2002), young entrepreneurs face key constraints and challenges in accessing funding for their business ventures. These include lack of personal savings and resources, lack of securities and credibility (for debt financing), lack of business experience and skills (for debt financing), strict credit-scoring methodologies and regulations, complex documentation procedures, long waiting periods (time needed to decide on an application for funding), lack of knowledge, understanding, awareness of start-up financing possibilities, unfavourable firm characteristics and industry and legal status/form of enterprise.

Securing start-up finance is also often highlighted as being particularly difficult for young people to achieve due to their relatively lower securities, e.g. adequate credit history, collateral or guarantees, as well as lack of credibility as a result of limited experience compared to 'older' entrepreneurs (World Bank, 2008).

Research Methodology

Research Design: A descriptive research design was used in conducting this research. This involved the collection of data by administering a questionnaire to a sample of individuals. The use of similar design on impact studies have been successfully used with good results (Kothari, 2008).

Population: The population of the study was composed of all the youth groups registered with the Ministry of Youth Affairs and Sports (2012) in Kenya. This made up the target population.

Sampling Frame: The sampling frame was composed of the 154 youth groups registered with the Ministry of Youth Affairs and Sports (2012), in Thika West District and have been operating for the last five years in Thika west District.

Sample and Sampling technique: Stratified sampling was used, whereby; the five divisions of the larger Thika-West District served as the strata. From each stratum, the researcher randomly selected approximately 20% of the groups adding up to 40 and therefore a sample of 40 respondents selected using simple random sampling from targeted strata, was used. According to Mugenda & Mugenda ,(2003), for the descriptive studies ten percent of the accessible population is enough. The research design employed in this study was descriptive in nature.

Instruments of data collection: Questionnaire was the main research instrument for the study and consisted of open and closed ended questions. The questionnaires were self administered. A pilot test was conducted to ensure the questionnaire's validity and reliability.

Data collection tools and procedures: The primary data was collected using a questionnaire schedule that was administered by the researcher. This tool is appropriate especially when dealing with respondent of low education levels. The researcher is able to probe and also get clarification of information, from the respondents due to the close contact with them (Mureithi, 1992). Secondary data was from textbooks, magazines, newspapers, journals and the internet.

Pilot Testing: A pilot test on at least 5 respondents was conducted to pre test the questionnaire. The five included one representative of each of the five divisions of Thika West District. The purpose of this was to assess if the questions would be effective in obtaining answers towards the stated objective. Secondly to help in making any adjustments for an accurate findings and lastly to assess if questions were properly understood and well framed.

Data Processing and Analysis: The data was labelled using codes; the rules of data exhaustiveness and exclusiveness was applied based on recommendations from Kothari, (2003). Each variable was clearly labelled and coded to ensure accuracy. The data collected was then analysed by using SPSS programme and the results presented in graphs, tables, and pie charts among others and then inferences were made.

Results and Findings of the Reserch

The information collected was analyzed from thirty two questionnaires out of a possible target of forty distributed, representing 80% response rate. The representation of male was higher (62.5%) compared to that of female (37.5%). This indicates that majority of the youth entrepreneurs are males. According to Schoof (2006), entrepreneurial activity significantly varies according to gender, with men more likely than women to be entrepreneurially engaged. These figures appear to suggest the existence of socio-cultural constraints, which tend to affect the participation rate of young women in entrepreneurial activity (ILO, 2004).

Age is an important factor determining the extent of youth participation in entrepreneurship because different youth sub-groups attain different levels of participation in entrepreneurship (Chigunta, 2003). It was established that the majority of the youth were between 28-32 years old (56.25%). Those between 18-22 years were (6.25%) while those between 23-27 years were (31.25%) and those between 33-35 years accounted for (6.25%) of the respondents. This collaborated with studies reported by bird (1989) who concluded that the percentage of young people (18-24 yrs) participating in entrepreneurial and start-up activity tends to be much lower than those of older age.

The study established that majority of the respondents highest academic qualification was secondary school level at (37.5%), (18.75%) had reached the college certificate/Diploma (28.125%) and the university level accounted for (15.625%). and hence they were literate and well placed to understand youth entrepreneurship which is the focal point of this study.

The study also established that majority of the respondents were married (59.375%) while those who were single consisted of (40.625%). None of the respondents were widowed, separated or divorced.

Strategies in Entrepreneurship.

Training received: The study established that majority (75%) of the youth entrepreneurs had received some form of entrepreneurial training while only a few (25%) had not received some form of training especially offered by the youth enterprise development fund. This was contrary to the studies done which reported that the young entrepreneurs in the SME'S lack the entrepreneurship skill to match their talent and passion for entrepreneurship (Matogo, 2008). For those who had received the training (25%), the training was beneficial since it led to the productivity of the business resulting from better record keeping skills, financial management skills and this had lead to an increase in sales and consequently an increase in profits.

Forms of training received: The results of the study indicated that majority of the youth have received training in management (53.12%) while marketing was cited second at (18.75%). I.C.T came third with (16.67%) while Accountancy and export tied at (6.25%).The youth entrepreneurs need to know how to develop a business plan, business management, financial management (budgeting), time management, stress management, improving sales, managing and reducing costs, debt recovery techniques, stock control techniques, marketing and recruitment (Chigunta, 2002).

Ways in which the the business improved: The results of the study revealed that majority of the respondents 78% felt that their business had recorded improvement in sales while 15.625% had recorded an increase in the number of their employees. Another 6.25% indicated that they had recorded an increase in their market share. The entrepreneurship training impacted positively on youth entrepreneurs by inculcating positive attitudes toward self employment, improving business management skills and acquiring credit advice while accessing start up finance. Schoof (2006) sees entrepreneurship training as one of the initiatives that can be designed to enhance skills and knowledge in entrepreneurship.

Entrepreneurial financing: Okwany (2010), identified access to finance as one of the primary challenges youth face in trying to increase their employability or expand their business since they have been termed as risky in terms of loan repayments. Youth often obtain access to finance through a variety of informal sources, such as family, friends, selling labour, and informal money lenders. Young entrepreneurs face key constraints and challenges in accessing funding for their business ventures. Majority of the youth entrepreneurs cited lack of collateral security or guarantees as the major challenge that they faced in accessing the finances. This had lead to the poor overall performance of the

enterprise. In order to promote effective micro credit programmes, there is need both to reduce access barriers and design programmes that meet the needs of potential youth entrepreneurs and existing youth run enterprises (Chigunta, 2003). The study also established that majority of the youth entrepreneurs (78.125%) had accessed the fund at the start-up stage and few had accessed the funds for growth and expansion. This is an indication that few enterprises had reached the growth stage. An abundance of capabilities in the firm ensures survival, rapid growth and profitability (Chandler and Hanks, 1994).

Conclusions

It was evident from the findings of the study that entrepreneurship has been an effective strategic tool for the growth of the youth – run ventures in Kenya. For Kenya to realize the goals and aspirations of the vision 2030, then empowering and exploring the huge potential in youth is the only way towards the vision.

It also emerged that entrepreneurial skills are important for growth and competitiveness of youth – run ventures. Entrepreneurial skills whether inborn or gained through training influences entrepreneurial process and the effectiveness of an entrepreneur adds value to the enterprise performance. However, even if the youth entrepreneurs had the skills, these skills were not specific to their needs, talents and passion for entrepreneurship.

The education system must recognize the need for developing skills and attitudes that make up entrepreneurial mindsets such as lateral thinking, questioning independence and self reliance. The fact that, as the enterprise begins to grow, the owner/ manager require new skills to take the enterprise to the next level of growth should also be put into consideration.

It was also evident that all businesses require financial resources not only to start trading but also to fund growth. The accessibility of the finances has been hampered majorly by lack of collateral security or guarantees by the youth entrepreneurs and has led to the poor overall performance of their enterprises.

Recommendations

The policy makers must ensure that the curriculum is relevant to the specific needs of young people to find decent and productive work. They must ensure that the curriculum for entrepreneurial training is tailor-made to meet the specific needs of young people, their talents and passion for entrepreneurship. The training should be directed towards developing in young people those skills, competencies, understandings, and attributes which equip them to be innovative, to identify, create, initiate and successfully manage personal, community, business and work opportunities, including working for themselves.

Programmes or even clubs should set up to encourage and facilitate successful entrepreneurs to support young entrepreneurs during the first few years their new businesses. They can do this by mentoring them even if it's at a small fee. This can even be done through digital platform like the social media, use of the internet or even the e-mails, where the young entrepreneurs can get information from experienced entrepreneurs and the experts.

Innovative steps are needed for new types of collateral such as the business plans, level of education. There should also be an increase in the micro- finance institutions specifically targeted at the youth to increase the access to credit. The institutions should offer micro or

small loans with lower capital requirements, limited processing time, limited business experience, simple documentation procedures and shorter repayment periods should be advanced (Chigunta, 2002). Skills on how the young entrepreneurs can re-invest in their businesses should be imparted so that they can plough back the profits instead of misusing it.

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HOW TRANSITORY ARE BANKS' EARNINGS? EVIDENCE FROM THE EARNINGS QUALITY OF COMMERCIAL BANKS IN KENYA.

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Abstract

This longitudinal empirical survey, which covers the 12 year period of January 2001 to December 2012, examines the persistence of earnings among commercial banks in Kenya. It tests two null hypotheses first that earnings among banks are transitory over time and second that there is no significant difference between the earnings persistence of size based portfolio quartiles. The persistence of earnings of size-based portfolio quartiles is measured by obtaining the coefficient of the autoregressive model of order one of current common size earnings against one financial period lagged common size earnings. Commercial banks are ranked on the basis of their size and divided to four size based categories to generate annual quartile portfolios. It is on the basis of the regression results that the significance of the coefficient of the autoregressive model is assessed relative to one to assess the quality of earnings. The study rejects the first null hypothesis for all the size portfolios and finds that the earnings of commercial banks are not transitory and are therefore of a high quality. However it also rejects the second null hypothesis and finds that the large size commercial banks have higher persistence coefficients than the small size commercial banks. In a nutshell, the large size quartile portfolio is found to generate higher quality earnings compared to the small size quartile portfolios given the lower persistence coefficients for the small banks. The findings suggest that the investors in a Kenyan commercial bank can have access to highly predictable earnings data given the high quality of financial reporting by the banks. On the flipside however, the large commercial banks seem to have relatively better quality earnings data than the small commercial banks. This could be attributed to the difference in financial reporting resources available to the different sizes of banks. The results are however limited by the small size of the commercial banking sector in Kenya which limits the opportunities available for the assessment of earnings' quality inherent in financial reports.

Key words: Earnings Quality, Earnings Persistence, Transitory Earnings.

Introduction

The futility of the widely held belief of the efficiency of security markets (Kaza, 2000) as evidenced by the now common financial market anomalies (Schwert, 2003) has given impetus to fundamental analysis of equity securities. One of the central tenets in fundamental examination of financial assets is the evaluation of the earnings' quality of financial reports particularly the statement of comprehensive income. In its general nature, earnings' quality relates to the reliability of the reported earnings in providing information about future earnings. It can be described as the overall reasonableness of reported earnings and it concerns itself with the assessment of the extent to which earnings are repeatable or controllable. This is important because it helps financial analysts evaluate the degree to which earnings reflect the underlying fundamentals of a business. In this respect, earnings quality is perceived as an indicator of information risk for investors (Easley and O'Hara, 2004; Yee, 2006; Kravet and Shevlin, 2009; Armstrong et al., 2011).

In a nutshell, an evaluation of the transitory nature of earnings is a quest to appraise the persistence of earnings over successive financial periods. Schipper and Vincent (2003) indicate that earnings persistence as a measure of earnings quality indicates the sustainability of earnings. From this standpoint, highly sustainable earnings are indicative of high quality financial reporting which points to good earnings quality. Persistence as a method of earnings information quality has been used by Francis et al. (2005) and Mehri et al. (2011) who measure earnings persistence as the slope coefficient of the regression function of a period's earnings per share (EPS) against the previous periods' EPS values. A slope coefficient that has a value closer to 1 points towards high earnings persistence while that whose value is closer to zero indicates a low persistence of earnings. Oei et al. (2008) replicates the Francis et al. (2005) model but modifies it by replacing EPS with the ratio of earnings before interest and after tax to total assets. They show that unreliable accruals quality has great persistence as shown by the slope coefficient in their modified model.

Hypothetically, high quality financial reporting should greatly help reduce the information asymmetry between corporate insiders and the investing outsiders. This should greatly improve the ability of current reported earnings to indicate future actual earnings of the accounting entity. In conventionality with the efficient market hypothesis (EMH) of Fama (1970), security prices should readily incorporate the earnings information of a reporting business entity. Markets react to reported earnings data because the accrual concept of accounting splits earnings into cash earnings and accruals, a condition that is likely to affect the time series consistency of earnings reported by businesses including commercial banks. The accrual related accounting rules in effect introduce opportunities for managers to smooth out reported earnings which essentially compromise the quality of the reported earnings. This is likely to affect the reliability of reported earnings in predicting future earnings by compromising their persistence.

It is from this perspective that it is important to evaluate the quality of earnings reported by commercial banks in Kenya. The banks are an important segment at the Nairobi Securities Exchange (NSE) not only because they constitute the most active counter at the market but also because their combined capitalization constitute over 40% of the entire market value. It is important that this value should correspond to high quality earnings because of the investor interest in the banks. The quality of the reported earnings by commercial banks can easily be evaluated from the level of persistence of these earnings. The dilemma however is that there is a literature breach in this respect such that it is not clear how persistent or transitory the earnings reported by commercial banks in Kenya are. This is critical when considered from the unique regulatory environment in which Kenyan banks operate and prepare earnings reports. Suffice it to note that the existing regulatory framework is shaped by the Capital Markets Authority (CMA), Central Bank of Kenya (CBK), the Institute of the Certified Public Accountants of Kenya (ICPAK) and the NSE.

The NSE (2013) regulations require that for continued listing, the accounting measurement rules and procedures followed by a business must ensure that the resulting financial information is reliable. They further indicate that a business should select and apply accounting policies such that financial statements are consistent with all the relevant and applicable international financial reporting standards (IFRS). This requirement implies that the provision of IAS 18, revenue, with regard to revenue accrual and deferral are consistent with the expectations of NSE for accrual accounting and the International Accounting Standards Board's (IASB) framework of accounting. The CBK through the provisions of the Banking Act, Cap.488 also has sections 21, 22 and 23 dealing with treatment of financial

statements and emphasizes the importance of the International Financial reporting Standards. The relevant sections however apply to the Kenyan banking financial institutions which are regulated by the Central Bank of Kenya. In a nutshell, the regulatory environment in Kenya seems to be very clear with regard to the recognition rules in the financial statements. However, it should be noted that the International Accounting Standards Board framework of accounting has very general accounting provisions and allows individual accounting entities to develop their individual accounting policies. It is this fact that introduces possibilities of managerial opportunism. Coupled with the Kenyan idiosyncratic regulatory environment and capital markets, there arises a need to evaluate how these affect the persistence of earnings in the Kenyan capital markets particularly for banking institutions.

In summary, the problem necessitating this study is two-fold. Firstly, there is lack of knowledge about the level of earnings persistence as a quality of earnings among Kenyan commercial banks. Secondly, with respect to Choi (2008) who shows that corporate size influences the quality of reported earnings, the effect of corporate size on earnings persistence among the Kenyan commercial banks is not yet known. In addition, it is noteworthy that Kenya has a unique regulatory and capital market orientation whose effect on earnings persistence has hitherto not been explored by literature. It is this dilemma that this study aims to resolve by establishing the levels of earnings persistence in general and among the various size based portfolio quartiles formed from commercial banks quoted at the NSE.

The study is grounded in several theoretical expectations. Firstly is the corporate governance and agency conflict theory which presupposes that the general quality of financial reporting is a function of the managerial incentive to report in their best interests. This may lead to the misreporting of earnings through discretionary reporting actions that skew and reduce the quality of reported earnings. This school of thought advocated by Doyle et al. (2007); Ashbaugh-Skaife et al. (2008); Kent, Routledge and Stewart (2010) and Lu et al. (2011) postulates that managers may use reported earnings to mislead investors about the performance of their firm in an effort to achieve preconceived objectives and/or maintain their managerial status quo.

Besides the foregoing earnings, investors' and market postulations, Fama's (1970) efficient market hypothesis (EMH) provides a basis for studying earnings persistence at the NSE given that the market has been shown to be efficient at least in the weak form (Dickson and Muragu, 1994). Just like the theoretic literature, the empirical evidence on earnings quality, earnings persistence and the related variables is confounding. Choi (2008) examines the relationship between the quality of earnings and firm value among the listed firms at Korean Stock Exchange over the period between 2003 and 2005 in a bid to test the hypothesis that earnings quality and firm value are positively related. The study uses two stage multiple regression analysis having the dependent variable as the firm value measured as Tobin's Q and the independent variable as accruals quality, measured by Dechow and Dichev (2002) approach over the 1,397 firm years in the sample. The findings are in conformity with the hypothesis and high accruals quality firms are valued highly in the stock market. Accrual quality as an aspect of earnings quality is a priced information risk factor in the Korean equity markets. Although the study breaks from the norm of evaluating accruals quality among firms listed in the USA, it relies on a small sample of 1397 firm years alone over a three year period yet the data requirements for evaluating.

Doyle and Ge (2007) examine the relationship between earnings quality as indicated by accruals quality and the strength of internal controls. They test over the August 2002 to November 2005 period whether a weak control environment allows for biased accruals through earnings and unintentional errors in the estimation of accruals in the United States of America. Out of the population of 1210 firms, they select a sample of 705 firms that disclosed at least one material weakness in their internal control system. They test two null hypotheses that firstly material weaknesses in internal controls are negatively associated with accruals quality and secondly that company level material weaknesses have a stronger negative relation with accruals quality than account specific material weaknesses. Their findings indicate that weaknesses are generally associated with poorly estimated accruals that are not realized as cash flows. This indicates that there is a relation between a weak internal control system and lower accruals quality that is driven by disclosures relating to the overall company level controls. This enriches literature by looking at control aspects of discretionary accruals quality.

Arising from the evaluation of literature, earnings persistence evaluation is facilitated by interrelating reported market weighted EPS with their market weighted lagged values over the 12 year study period of January 2001 to December 2012. The independent variables are determined as the lagged periods' value weighted EPS as influenced by the component bank returns and the attendant earnings quality. These when looked at together help in determination the current period's value weighted EPS. It is from this interrelationship that it is possible to estimate the earnings persistence coefficients for each of the various size based portfolios. The methodology is described in the ensuing section.

Research data and methodology

The longitudinal empirical survey design used in this study relies on the population all the 10 commercial banks that have been quoted in the equity securities market of the Nairobi Securities Exchange for the twelve year period between January 2001 and December 2012 (144 months) as delineated in appendix 1. Secondary was data obtained from the NSE (company capitalization) and the individual banks' financial statements (EPS). The annual company capitalization data for determining the size quartiles to which the banks belonged was obtained at the beginning of the each of the 12 years. This is because portfolio rebalancing was done at the beginning of each of the years to implement the relevant data cleaning exclusion criteria. For this purpose each bank's respective size is determined as a quotient of its capitalization and the total quartile capitalization.

Although a census of all the banks quoted at the NSE is used in the study, data cleaning for analysis purposes led to the exclusion of some companies in some of the periods under the study. For this purpose delisting and listing in the course of the study period were identified as the exclusion criteria. Companies delisted or listed in the course of the study period do not have full trend data for evaluation of earnings persistence and determine the transitory nature of earnings. For use of t-test in the regression of earnings against lagged earnings, the EPS is log-transformed on the basis of natural logarithms. To test null hypothesis 1 that the earnings persistence coefficients are approximately zero, the market weighted EPS of respective periods are regressed against the one year-lagged market weighted earnings per share for all the four size quartiles.

$$\text{LnWEPS}_{i,t} = \beta_0 + \beta_1(\text{LnWEPS}_{i,t-1}) + e \text{ --- (i)}$$

$$\text{WEPS} = \frac{\text{Proportionate capitalisation of a bank in the size quartile}}{\text{Total Size Quartile Capitalisation}} * \text{EPS} \text{ --- (ii)}$$

Where; EPS is earnings per share and WEPS is the market weighted EPS

The regression in equation (i) provides β_1 , the measure of earnings persistence. The inferential statistics are used by testing the significance of β_1 for all the four size quartiles at 95% confidence interval. By running the regression equation, the value of β_i and their 2-tail statistical significance at 95% confidence interval is determined. To test the null hypothesis II the earnings quality of the different size portfolio are not significantly different, the single factor ANOVA test is used to test the difference in the variances and means of the various quartile earnings persistence coefficients. This combined with null hypothesis 1 helps infer from the regression and F-test results the relative levels of earnings persistence in the various portfolio sizes of banks quoted at the NSE.

Results and analysis

Descriptive statistics provided in table 1 provide the coefficient of variation (CV) of the various portfolio size market weighted earnings per share.

Table 1: Cross Size Comparison of the EPS Descriptive Statistics

	Mean EPS	δ EPS	Median EPS	CV
QTL 1	3.1778	0.7688	2.5329	0.2419
QTL 2	4.2645	0.8165	3.4192	0.1915
QTL 3	4.8619	0.8150	4.8950	0.1676
QTL 4	6.3818	1.3217	3.7253	0.2071

The measure relates the standard deviation of the EPS to the mean EPS. CV hence indicates the size adjusted degree of variability in EPS. The results indicate that the small size portfolio has the widest mean variability in EPS (0.2419) alluding to a volatile EPS experience. This is followed by the large size quartile (0.2071), the second quartile (0.1915) and the third quartile (0.1676) respectively. This indicates that the mid size banks have less volatile EPS experiences compared to the large and small size counterparts.

The first null hypothesis tests the proposition that the earnings quality for the four quartile portfolios is transitory. This would be the case if the earnings persistence coefficients are individually each tending towards zero. For the small size banks indicated by quartile 1 (QTL 1), the results from equation (i) are presented in table 2.

The R square of this estimated regression equation is 0.65497 indicating robust results. The regression output serves two purposes. Firstly it helps estimate the small size quartile earnings persistence coefficient (β_{QTL1}) as 0.54654. In this case beta is closer to 0.50 indicating a moderate level of earnings persistence.

Table 2: QTL 1 Size Portfolio Regression Statistics

Multiple R	0.80930							
R Square	0.65497							
Adju. R Square	0.61663							
SE	0.44867							
N	11							
	<i>Coeffs</i>	<i>SE</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	0.57751	0.17011	3.39491	0.00794	0.19269	0.96232	0.19269	0.96232
B	0.54654	0.13223	4.13333	0.00255	0.24742	0.84566	0.24742	0.84566

This corroborates the variability values of EPS provided in table 1. Secondly, the output is used to test if β_{QTL1} is statistically significant. In this instance the significance test is taken at 95% confidence interval using the t-statistic. The regression t from the equation is determined as 4.1333. Accordingly we reject the null hypothesis and conclude that the earnings persistence coefficient for the small banks is not zero and that since it is statistically significant and more than 0.50, the earnings quality from the small banks are of a relatively good quality.

Table 3: QTL 2 Size Portfolio Regression Statistics

Multiple R	0.93368							
R Square	0.87177							
Adju. R Square	0.85752							
SE	0.22794							
N	11							
	<i>Coeffs</i>	<i>SE</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	0.41560	0.13883	2.99354	0.01511	0.10154	0.72966	0.10154	0.72966
B	0.81107	0.10369	7.82201	0.00003	0.57651	1.04564	0.57651	1.04564

For the second size quartile (QTL 2) the findings are shown in table 3 the R square of the estimated regression equation is 0.87177 points to a robust model.

The earnings persistence coefficient, β_{QTL2} , is 0.81107. This is indicative of higher quality earnings quality than those in the small size quartile. For this size portfolio, we again reject the null hypothesis and conclude that the earnings are not transitory and are indeed of a high quality since β_{QTL2} , is not zero since it is statistically significant given a t-value of 7.82201. For the third size quartile banks (QTL 3), the results from equation (i) are presented in table 4.

Table 4: QTL 3 Size Portfolio Regression Statistics

Multiple R	0.76647							
R Square	0.58747							
Adju. R Square	0.54163							
SE	0.41955							
N	11							
	<i>Coeffs</i>	<i>SE</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	0.68434	0.26166	2.61545	0.02802	0.09244	1.27625	0.09244	1.27625
B	0.61202	0.17095	3.58003	0.00593	0.22529	0.99874	0.22529	0.99874

The R square of this estimated regression equation is 0.58747 indicating robust results. The regression output provides an earnings persistence coefficient (β_{QTL3}) of 0.61202. In this case beta is higher than 0.50 indicating high level of earnings persistence, albeit not as high as that of the second size quartile. The output is also used to test if β_{QTL3} is statistically significant.

In this instance the significance test is taken at 95% confidence interval using the t-statistic. The regression t from the equation is determined as 3.58003. Accordingly we reject the null hypothesis and conclude that the earnings persistence coefficient for the third quartile banks is high and that those earnings are not transitory but are of a relatively good quality. Similar conclusions are arrived at for the large size portfolio (QTL 4) where the null hypothesis is rejected after the regression output provides an earnings persistence coefficient of 0.71738 at a statically significant t-value of 3.61223 as indicated in table 5.

This indicates that the earnings in all the four size segments are of a high quality for the banks quoted at the NSE.

To test the null hypothesis II that there is no significant difference between the earnings persistence coefficients for the four size bank categories, the segmental betas and their respective means are subjected to a single factor ANOVA test at 0.05 level of significance. The results are indicated in table 6.

Table 5: QTL 4 Size Portfolio Regression Statistics

Multiple R	0.76929							
R Square	0.59180							
Adju. R Square	0.54645							
SE	0.43402							
Observations	11							
	<i>Coeffs</i>	<i>SE</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	0.34386	0.35814	0.96015	0.36206	0.46630	1.15403	0.46630	1.15403
B	0.71738	0.19860	3.61223	0.00564	0.26812	1.16664	0.26812	1.16664

Table 6: Single Factor ANOVA

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>			
β	4	2.68701	0.671753	0.013579			
Mean LnEPS	4	5.4155	1.353875	0.06093			
ANOVA							
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>	
Between Groups	0.930582	1	0.930582	24.97892	0.002457	5.987378	
Within Groups	0.223528	6	0.037255				
Total	1.15411	7					

The resulting F value of 24.97892 is greater than the critical F of 5.98739 hence the study rejects the null hypothesis and concludes that the earnings persistence coefficients of the different size portfolio quartiles are different from each other at 95% confidence interval. Combining this with the findings from the tests of hypothesis I imply that the magnitudes of the earnings persistence coefficients as indicated in table 7 can be used to rank the relative earnings quality of the various sizes of banks quoted at the NSE.

Table 7: Cross Comparison of Size-based Portfolio Earnings Persistence Coefficients

Rank	B_{QTLi}	Standard Unitary β	Variance
1. QTL 2	0.81107	1	0.18893
2. QTL 4	0.71738	1	0.28262
3. QTL 3	0.61202	1	0.38738
4. QTL 1	0.54654	1	0.45346

The nature of earnings persistence coefficient as a measure of earnings quality is such that when the coefficient is 1, the reported earnings are persistent and therefore are of a high quality. If the value is zero, the earnings are transitory and therefore of a poor quality. All the four size portfolios register earnings persistence coefficients that are closer to 1 than zero indicating highly persistent earnings among the commercial banks and therefore high quality reported earnings. When compared with each other however, the small size portfolio shows a variance of 0.4535 from 1 reflecting the least earnings quality among the four size portfolios of banks. The second size quartile on the other hand records the highest earnings quality as reflected by the lowest variance of 0.1889 between the portfolio β and the standard 1. Quartile 4 and quartile 3 follow respectively in the order of their earnings qualities.

Discussion

The coefficient of variation (CV) that relates the market weighted EPS with the variability of the EPS identifies that the dispersion of the earnings per share across various bank sizes in Kenya is not very wide. This implies that holding the quality of earnings as given, then investors in Kenya face similar returns irrespective of the bank size they invest in. In a nutshell however, the variability of the earnings among the small banks is higher than that of the larger banks. This could easily be attributed to the relatively small size of the Kenyan banking sector compared to other developed markets. The relative small size has largely limited the opportunities available to the Kenyan investors. The study rejects the first null hypothesis with the findings that the earnings in the banking sector are not transitory. This is reflected in the reasonably high earnings persistence coefficients across all the four size portfolios. This can easily be attributed to the strict regulatory requirements from the Capital Markets Authority, the Central Bank of Kenya, The Nairobi Securities Exchange and the Institute of the Certified Public Accountants of Kenya (ICPAK). In fact ICPAK organizes annual competition, financial reporting (Fire) award, which aims to recognize the best financial reporting practices in the banking industry. This is likely to have contributed to the observed high quality of reported earnings in the banking industry.

It is noteworthy however that the second null hypothesis is rejected by the study which finds that the earnings persistence coefficients are widely varied among the different bank size portfolios. The findings suggest that the smallest banks in Kenya have the least persistent earnings coefficient (0.54654) over successive per share while the larger banks have higher earnings persistence coefficients ranging between 0.61202 to 0.81107. The implication is that smaller banks have less reliable earnings data from their financial statements than the larger banks. This can easily be attributed to the audit and accounting resources available to the different banks relative to their sizes. It is reasonable to expect that small banks may not allocate greater resources for internal control, auditing and financial reporting services than their larger counterparts. The degree of competition in the capital markets among the large banks is likely to force the managers of such banks to provide high quality financial information which basically puts to check the agency conflict with investors. Regardless of the above finding, it is noteworthy that all the bank size portfolios have earnings persistence

coefficients of less than 0.82. This indicates that there is still room to improve the quality of financial reporting in the banking sector. Greater efforts are particularly necessary for the small sized banks in the market.

Conclusion

The study concludes that firstly the quality of earnings in the Kenyan banking sector is high as evidenced by the moderately high earnings persistence coefficients. In rejecting the second null hypothesis, it is found out that the earnings quality though high, is varied among the different bank sizes. The conclusion from the findings is that small banks have less reliable earnings data than larger banks and that the quality of earnings is lowest among the small banks in Kenya. The study shows that the various banks have their own unique challenges presented by their relative sizes. This also shows that each of the banks in the market has unique reporting idiosyncrasies and that the small banks have the largest challenges in the portrayal of their earnings in their financial statements. It can also be concluded that that medium and large size banks have more persistent earnings that point to the high quality of the earnings they reflect in the financial statements. Investors are likely to experience reduced uncertainties in their returns if their portfolio has higher weightings of large and medium size banks. It is also instructive that the small banks are relatively risky as evidenced by the volatility of earnings per share and the corresponding coefficient of variation.

Despite the above conclusions, the study faced some limitations that may require further studies to bridge the gap in the current knowledge about earnings quality in the Kenyan financial markets. The first limitation relates to the differences in the sizes of the various banks. Whereas the large portfolio included the largest multinational banks in Kenya, the small one included local banks that are not as heavily endowed financially. This affects the market weighting of the respective banks since this is a function of the market prices of the equity securities of the respective banks. The second limitation is mainly structural emanating from the fact that the number of quoted companies is very few such that the banking segment at the NSE barely has a dozen banks. This heavily limited the size of the portfolios and it may be necessary to expand a similar study to the non quoted banks. In addition, the twelve year period for the study, deemed necessary since it corresponds to the time the financial reporting regulatory regime has been tight, is not long enough. Despite this, it is taken that a study for 12 years is nonetheless long enough to generate acceptable earnings persistence data.

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