

THE ROLE OF MICRO AND SMALL ENTERPRISES (MSEs) IN ACHIEVING KENYA VISION 2030

Phyllis Muthoni Muturi

Dedan Kimathi University of Technology, Nyeri, Kenya

Phyllismuturi@gmail.com

Abstract

The economic development of any nation depends on the various ingredients and how they are coordinated. Kenya is faced with myriad of challenges among them unemployment, political instability, corruption diseases, natural disasters etc. to address these, the Government is governing on micro and small enterprises (MSEs) and in extension to generate job opportunities and increase incomes for better living standards. The paper addresses the challenges faced by MSEs and the role of MSE in achieving Kenya vision 2030. Kenya vision 2030 has three pillars economic, political and social pillars. These pillars are founded on infrastructure, energy, science, technology and innovation (STI), Land Reform, Human Resource Development, Security, Public service, Macro Economic stability, continuity in governance reforms and enhanced equity and wealthy creation for the poor. MSEs will assist in realization of Kenya Vision 2030 by; employment, job creation, adoption of appropriate technology in MSEs, development of a pool of skilled and unskilled labor, capital and wealth creation, increasing revenues and promotion of gender empowerment.

Keywords: MSEs, Kenya Vision 2030, Development, Employment, Empowerment, Wealth Creation

INTRODUCTION

Since time in memorial many people have developed the need to go into business. This has been occasioned by changes in the economy whereby many people are unable to get formal employment. Since people need a source of income to raise their standards of living, there is need to go into business as the only way to earn their living.

This paper addresses the definition and challenges faced by Micro and small Enterprises (MSEs), the foundation of Kenya Vision 2030, how it was developed and the role of MSEs in

economic development in order to realize Kenya Vision 2030. At the end of the seminar the participants will appreciate the role played by MSEs engaging Kenyans to foster economic development hence facilitate the Government to achieve Kenya Vision 2030.

Kenya vision 2030 is a long-term development blue print for the country. It is motivated for a much better society than the one we have today. The aim of the Kenya vision 2030 is “the globally competitive and prosperous country with a high quality of life by vision 2030.” It aims at transforming Kenya into a “newly industrialized, middle income country by providing a high quality of life to all its citizens in a clean and secure environment (GOK, 2007)

The vision is based on three ‘**pillars**’- the economic, the social and the political. The adoption of the vision by Kenya comes after the successful implementation of the Economic Recovery Strategy (ERS) for Wealth and Empowerment Creation which has seen the country’s economy back on the path to rapid growth since 2002, when GDP grew from as low as 0.6% and rising gradually to 6.1% in 2006.

The **economic pillar** aims to improve the prosperity of all Kenyans through an economic development program, covering all the regions of Kenya, and aiming to achieve an average Gross Domestic Product (GDP) growth rate of 10% per annum beginning in 2010. It focuses on moving the economy up the value chain, addresses tourism, Agriculture, wholesale and retail trade, manufacturing, business process outsourcing (BPO), and financial services.

The **political pillar** aims to realize a democratic political system founded on issue-based politics that represents the rule of law, and protects the rights and freedoms of every individual in Kenyan society. It aims at driving to the future as one nation, addresses Rule of Law, Electoral and Political Processes, Democracy and Public Service Delivery, Transparency and Accountability, Security and Peace-building and Conflict management.

The **social pillar** seeks to build a just and cohesive society with social equity in a clean and secure environment. Social Pillar aims at investing in the people of Kenya including Education and Training, Health sector, Water and Sanitation, the Environment, Housing and Urbanization and Gender, Youth and Vulnerable people.

MSE pillar is the source of livelihood for many people who cannot access the formal employment market, the future when its unregulated comes with other social and environmental cost such as environmental degradation , non-enforcement of health standards and infringement of copy laws e.g. in music and film industries. One of the greatest challenges facing Kenya is the creation of productive employment for its rapidly increasing work force: MSEs have greatly assisted in the employment of a majority of Kenyans who have not been absorbed in formal employment.

Delivering the country's ambitious growth aspirations will require a rise of national savings from the current 17% in 2006 to about 30% in 2010. Kenya vision 2030 targets that the informal sector will employ 75% of the country's workers. The informal sector must be supported in ways that will raise productivity, distribution and increase job owners' and public revenues (GOK, 2007).

The government of Kenya has initiated some funds to promote the women and youth through devolved funds directed to the constituencies. Constituency Youth Enterprises Scheme (C-YES) and Constituency Women Enterprise Scheme (C-WES) and also women and youth funds disbursed through some banks and Micro Finance Institutions (MFIs) in order to empower these groups to start businesses. The loans are for on-lending to youth and women enterprises, bearing in mind that women in Kenya constitute more than 51% of the total Kenya population. The youth aged between 18years-35years constitutes 38% of the population in this regard, Kenya's vision 2030 aims at mainstreaming gender equity in all aspects of society by making fundamental changes in four key areas to opportunity, empowerment, capability and vulnerability (GOK, 2009)

Due to Government's downsizing and the retrenchment of many large private sector and foreign owned firms, formal sector employment has been decreasing. Lack of employment alternatives has thrust a growing number of people into self-employment activities to ensure a livelihood, hence the need to boost MSEs for economic development.

Objectives of the study

1. To identify some of the challenges faced by MSEs
2. To describe Kenya vision 2030 and its foundations
3. To appreciate the role played by MSEs in achieving vision 2030

Definition of MSEs

The definition use to describe MSE sector in Kenya is based on empowerment size of a business. A micro enterprise is defined as having at most 10 employees, a small enterprise with 11-50 employees, and medium/large enterprise with more than 50 employees. The micro and small enterprises (MSEs) are businesses in both formal and informal sectors employing 1-50 workers classified into farm and non-farm categories. Farm holdings are excluded except those involving some sort of value addition before marketing. These enterprises cut across all sectors of the Kenyan economy and provide one of the most prolific sources of employment creation, income generation and poverty reduction (Sessional Paper 2 of 2005).

Challenges Faced by the MSEs

MSEs Sector provides goods and services and also a driver in promoting competition, innovation and enhances the enterprise culture which is necessary for private sector's development and industrialization despite the significant role played by the sector. It has continued to experience many binding constraints and outlined in Sessional of Paper of 2005, that has inhibited the realization of its full potential as outlined below:-

- a) **Unfavorable policy environment;** - the government has an inappropriate policy design, weak implementation framework and failure to institute and effectively monitor policy implementation.
- b) **Inhibitive legal and regulatory framework environment;** - A number of existing laws and regulatory framework still remain cumbersome to MSEs, some by-laws applied by local authorities are not standardized, registration of business and the requirement of permanent physical address is a challenge to MSEs. Judicial system is complex and therefore complicates issues of dispute resolutions, time wasting and expenses.
- c) **Limited access to markets;** - lack of access to markets and marketing information is a major challenge due to low aggregate demand, cheap imported goods and over production.
- d) **Limited access to financial services;** - Lack of access to credit is a major constraint inhibiting growth and more so for women entrepreneurs and due to lack of tangible collateral to MSEs.
- e) **Inadequate skill and technology;** - MSEs are characterized by restricted levels of technology, inappropriate technology and inadequate institutional capacity to support adaptation and absorption of modern technological skills.
- f) **Limited access to infrastructure;** - MSEs have inadequate physical infrastructure which leads to low levels of investment and unsatisfactory performance.
- g) **Inadequate business skills;** - MSEs lack basic business management, exposure and entrepreneurship.
- h) **Limited linkages with large enterprises;** - Linkages between MSEs and large enterprises in Kenya are either weak or non-existent.
- i) **Gender inequality;** - Women are vulnerable to poverty because of gender inequalities, lack of access to credit education and training, multiple roles of women, and also due to gender biases in labor markets.
- j) **Limited access to information;** - MSEs face a problem in acquiring information, capacity to interpret and effectively utilize the acquired information, dissemination of information on legal and regulatory issues to the public and MSEs is also poor.

- k) **Unfavorable taxation regime;** - The tax system in Kenya increases compliance costs and restricts upward mobility of MSEs and discourages businesses to register or pay taxes.
- l) **Entry barriers;** - Informal barriers especially those relating to self-regulatory bodies hinder entry into the sector such as the Matatu Industry and insecurity.
- m) **Health and safety in workplaces;** - Occupational health and safety is critical for enhanced productivity, enterprise growth and expansions.
- n) **HIV/AIDS;** - The scourge has affected productivity, skilled manpower, social and increased economic burden due to high mortality rate of entrepreneurs.

KENYA VISION 2030

The Context of Kenya Vision 2030

Kenya Vision 2030 is the country's new development blueprint covering the period 2008 to 2030. It aims to transforming Kenya into a newly industrializing, 'middle-income country providing a high quality life to its citizens by the year 2030'. The vision has been developed through an all-intensive and participatory stakeholder consultative process, involving Kenyans from all parts of the country. It has also benefited from suggestions by some of the leading local and international experts on how the newly industrializing countries around the world have made the leap from poverty to widely-spared prosperity and equity.

The Kenya vision 2030 is to be implemented in successive five-year Medium-Term Plans, with the first such plan covering the period 2008-2010. As the country makes progress to middle-income status through the development plans, it is expected to have met its Millennium Development Goals (MDGs) whose deadline is 2015. The MDGs are eight internationally-agreed goals for socio-economic development that emphasize the following: elimination of extreme poverty and hunger ; universal primary education; gender equality; reduction in child mortality; improvement in maternal health; lower HIV/AIDS and major disease incidence; environmental sustainability; and better partnerships with international development partners. Some of the goals have already been met. The vision 2030 spells out action that will be taken to achieve the rest of MDGs.

How the Vision Was Developed

Kenya vision 2030 focused on economic growth up to the year 2030, its approach involved an assessment of two critical components:

- (i). The potential of the different sectors to make a wide economic impact; and

- (ii). The feasibility of unlocking that potential for the benefits of economic growth, empowerment and poverty-reduction.

Other factors were also considered, particularly the potential to increase Kenya's global competitiveness, to promote growth based on efficiency, and to attract more investment locally and internationally. This analysis was based on a sound understanding of the impact each sector would make on the economy and other additional factors necessary to increase the level of resources available nationally.

Foundations of Kenya Vision 2030

The economic, social and political pillars of Kenya Vision 2030 are anchored on macroeconomic stability, continuity in governance reforms, enhanced equity and wealth creation opportunities for the poor; infrastructure, energy; science, technology and innovation (STI); land reform; human resources development; security as well as public sector reforms.

a) Macroeconomic Stability for Long-Term Development

Kenya vision 2030 places the highest premium on the stable macroeconomic environment the country now enjoys and expects it to continue in the future as a matter of policy. This is the only way in which confidence among investors and ordinary Kenyans can be maintained which works in favor of the poor who stand to lose the most in periods of high inflation.

b) Continuity in Governance Reforms

Kenya remains fully committed to continuing governance reforms. These will be deepened and accelerated in order to create a better environment for doing business, and for the full enjoyment of individual rights that Kenyans are entitled to under the constitution.

c) Enhanced Equity and Wealth Creation Opportunities for the Poor

No society can gain the social cohesion predicted by vision 2030 if significant sections of the population live in abject poverty. To that extent, Kenya Vision 2030 includes equity as a recurrent principle in economic, social and political programmes. Special attention has been given to investment in arid and semi-arid (ASAL) districts, communities with high incidence of poverty, unemployed youth, women, and all vulnerable groups. Under Vision 2030 'devolved funds', deployed in more efficient and transparent manner, is expected to play a key and enhanced role in correcting existing economic and social inequalities.

d) Infrastructure

The Vision 2030 aspires for a country firmly interconnected through by a network of roads, railway ports, airports, water and sanitation facilities, and telecommunication by 2030.

e) Energy

The government is committed to continued institutional reforms in the energy sector, including a strong regulatory framework, encouraging more private generators of power, and separating generation from distribution. New sources of energy will be found through exploitation of geothermal power, coal, renewable energy sources and connecting Kenya to energy-surplus countries in the region.

f) Science, Technology and Innovation (STI)

Vision 2030 proposes intensified application of STI to raise productivity and efficiency levels across the three pillars. It recognizes the critical role played by research and development (R&D) in accelerating economic development in all the newly industrializing countries of the world. The Government will create and implement an STI policy framework to support vision 2030.

h) Land Reform

Land is a critical resource for the socio-economic and political developments spelt out in the Vision 2030. Respect for prosperity rights to land, whether owned by communities, individuals or companies, is an important drive of rapid economic transformation.

i) Human Resources Development

Kenya intends to create a globally competitive and adaptive human resource base to meet the requirements of a rapidly industrializing economy. This will be done through life-long training and education.

j) Security

The vision for security is a 'society free from anger and fear'. The Government is determined to improve security in order to lower the cost of doing business and to provide Kenyans with a more secure living and working environment

k) Public Service

An efficient, motivated and well-trained public service is expected to be one of the major foundations of the vision. Kenya intends to build a public service that is more citizen-focused and results-oriented, a process whose achievements so far have received international recognition and awards.

Role of MSEs in Achieving Vision 2030

The Kenya vision 2030 is a long term development blue-print that is expected to transform the country rapidly industrializing middle-income nation by the year 2030 to be implemented by way of 5 year rolling plans known as the Medium Term Plans (MTP). The first of such MTP covers the period of 2008-2012.

The government of Kenya started the implementation of vision 2030 with the phase by Medium Term Plan (MTP). In first Medium Term Plan (2008-2010), overall objective was to realize a higher and sustainable growth of the economy in a more equitable environment, accompanied by increased employment opportunities. The MSEs sector has a significant role to play in achieving vision 2030. Below are some of MSEs roles;

Employment and Job Creation

MSEs create employment for the business owners as well as of others. Unemployment is one of the major problems in Kenya and can only be achieved by encouraging MSEs to be initiated, expanded and developed. To increase employment, the Medium Term Plan (2008-2012) targets the creation of an additional 3.5 million jobs within the next five years. In order to address equity and poverty reduction, it aims at significantly reducing the number of Kenyans living in poverty from 46 percent to 28 percent raising average annual incomes from estimated US\$650 to US\$992 by 2012

Most of the employment in trade is found in the informal sub-sector, which refers to businesses that are not registered by the Registration of Companies. This sector is characterized by ease of entry and exit, reliance on indigenous resources, family ownership, small scale operations, labor intensive and adaptive technology, skills acquired from and outside of the formal sector and unregulated competitive markets among others. These enterprises are found in every part of the country and have a great potential for creating a variety of jobs while generating widespread economic benefits (First Medium Term Plan, 2008). The First Annual Process Report (2010) of the implementation of the first MTP reported that with regard to employment, the target for total job creation in 2008 was 425,000. Actually creation was 467,300 which were above the target 42,300. Out of the 467,300 jobs created in 2008, the bulks 433,500 were in the formal sector 33,700 were in wage employees in modern establishments and 100 self-employed.

According to Economic Survey 2010, total employment excluding rural small agriculture and pastoralists activities stood at 10,399.5 thousand in 2009 up from 9,953.6 thousand in 2008.

As shown in the table 1, below a total of 390.4 thousand new jobs were created in the informal sector in the year under review compared to 440.7 thousand in 2008, constituting 87.6 percent of all new jobs created.

Table1; Total Recorded Employment 2005-2009 in '000'

Modern Establishment	2005	2006	2007	2008	2009
Wages Employees	1,811.6	1,857.6	1,909.8	1,943.9	1,993.3
Self Employed & Unpaid Family Workers	66.8	67.2	67.5	67.4	67.5
Informal Sector	6,626.6	7,068.6	7,501.6	7,942.3	8,332.7
Totals	8,505.0	8,993.4	9,478.9	9,953.6	10,399.5

Source: Economic Survey 2010

The informal sector in Kenya is defined to cover all small-scale activities that are semi-organized and use low and simple technologies. The MSEs play a central role in the economy with their activities growing over the years. These activities are mainly in the manufacturing, building and construction, distributive trades, transport and communication, and community and personal services industries.

The policy challenge is for the sector to create an enabling environment that would enhance probability and competitiveness in order to graduate into the modern sector. MSEs play a key role in employing and creating jobs for the entrepreneurs and other Kenyans hence facilitating realization of Kenya Vision 2030.

MSEs Contribute to Gross Domestic Product (GDP)

The mission of MSEs is to facilitate trade and investment by championing an enabling environment for domestic and export business to thrive. The trade sector remains one of the key sectors to drive the Kenya economy towards vision 2030 goals. The vision of the domestic trade is to have wholesale and retail sub-sector to move 'towards a formal sub-sector that is efficient, multi-tied, developed in product range and innovativeness' (Government of Kenya, 2010). They offer opportunities to indigenous Kenyans to participate in productive activities promote the standards of living of the owners and also improves on savings which boosts the economy.

The MSEs have contributed greatly to economic development as its contribution to GDP increased to 10 percent in 2008 from 92 percent in 2005. Economic development can be defined as 'an increase in real per capita income of a person resulting in implementation in the levels of living' (Khanka, 2009). The role of entrepreneurship in economic development involves more than just increasing per capita output and income; it involves initiating and constituting change in the structure of business and society. This change is accompanied by growth and increased output which allows more wealth to be divided by various participants.

According to Sessional Paper 2 of 2005, the vision of the policy statement is to promote a strong Kenyan economy into the MSEs are effectively integrated and able to make significant contribution in the production of goods and services. As compared to the other sectors of the

economy the contribution of the MSE sector to the country's GDP has been impressive, increasing from 18.8 percent in 1993 to over 18 percent in 1999. Considering the tremendous expansion and growth in the last three years, value addition with the sector is envisaged to have correspondingly increased.

MSEs Provide Business Linkages

MSEs provide forward and backward business linkages to large business through sub-contracting therefore helping them to increase production of products without investing in plant and machinery. This is possible through establishment of trade information centers, improvement of quality of MSE products and provision of incentives that are fiscal and appropriate to both large and small firms to encourage market/supply linkage to MSEs. Khanka S.S (2009) defines sub-contracting exists when a company called a contractor places an order with another company (sub-contractor) for the production of parts, components, sub-assemblies to be incorporated into a product sold by the contractor.

The Department of Micro & Small Entrepreneur Development (DMSED) and National Council of Small Enterprises (NCSE) have initiated studies on the feasibility of subcontracting between large firms and MSEs (Sessional Paper 2, 2005). MSEs have played a key role in Vision 2030 as incubators after the Kenya Investment Authority Act was enacted in 2006 to provide 'one-stop-shop' for licensing and registration of business. In addition 8 of the identified 52 sites were established within the various local authorities to facilitate development of basic infrastructure.

The Private Sector Development Strategy (PSDS) was formulated in 2006 to promote the participation of the private sector. Partnerships with the private sector have been enhanced through formation of Sector Working Groups (SWGs), Inter-ministerial/Stakeholders forums and tasks forces (First Medium Term Plan, 2008). The business linkages in Kenya Vision 2030 promote quality of products and increase the volume of products which improve exports and hence increase in GDP. Kenya aims to increase annual GDP growth rates to an average of 10 percent over the vision horizon.

MSEs engage in vertical and horizontal linkages to promote business. Vertical linkages help MSEs in buying and selling in market and non-market interactions while performing different functions or different levels in the value chain. This kind of relationship can facilitate to achievement of mutually beneficial relationships, knowledge transfer, quality standards, embedded services and financial flows.

Through vertical linkages MSEs can upgrade production processes, technology, equipment, management systems which are critical for the survival and growth of the business

competitive advantage in the market. Horizontal linkages can be achieved through cooperation and competition. Cooperation help firms to achieve economies of scale and overcome constraints to pursue opportunities while competition encourages innovation and drives firms to upgrade. Upgrading is done through collective learning, cost and risk sharing, enhanced management capacity and better access to support services (Khanka, 2009).

Development of a Pool of Skilled and Semi-Skilled Labour

Kenya's journey towards prosperity also involves of a just and cohesive society that enjoys equitable social development in a clean and secure environment. One of basics of transformation the society is Education and Training. Under education and training MSEs play a key role in creating more entrepreneurs through on-job training like apprenticeship, understudy and coaching by the people with special skills.

The vision for the Education Sector for 2030 is 'to have globally competitive quality education, training and research for sustainable development'. There are a number of entrepreneurs who have opened up vocational training schools, private primary schools and secondary schools. Some of the vocational training centers are beauty therapy, colleges, driving schools, tailoring and dress making, mechanical engineering, entrepreneurial courses, Informational Communication Technology courses (ICT), e.g. Cybercafé. These help the country to get a pool of skilled and semi-skilled labor which enhances the equality of Kenya achieving the social pillar the social pillar in vision 2030.

On the health sector, MSEs assist in improving the overall livelihood of Kenyans by providing an efficient high quality health care system through the many medical clinics opened by clinical officers and doctors in rural and urban centers who supplement the government provision of medical care in hospitals. The people who work in MSE sector are to access quality medical care and their families in government and private hospitals by contributing money for the National Hospital Insurance Fund (NHIF).

Increasing Efficiency in Business Operations

Increased competition in MSE sector tends to increase efficiency in the business enterprises involved. This is because the less efficient firms will either produce at higher costs or will produce goods and services lesser quality. Such firms will therefore be forced out of the business. To survive, the firm operating under such conditions will therefore have to become more efficient. By establishing many business enterprises, the entrepreneurs thus promote efficiency in business operations. This translates into better prices and higher quality products which eventually benefit the customers.

According to Kenya Vision 2030, the government intends to improve the quality of the products by reducing the informal handling of goods, and by enforcing quality control standards, this initiative will enable primary producers to increase earnings because it will reduce the number of intermediaries. This initiative will further enable consumers to benefit from lower prices and higher product quality.

MSEs Promote Equity and Wealth Creation for the Poor

MSEs are found in every corner of Kenya and they have great potential for creating a variety of jobs, while generating widespread economic benefits. These help people to invest in productive enterprises and a competitive industrial sector. These mechanisms encourage the establishment of agro-processing enterprises, especially in food production processing and packaging for value addition for agricultural products.

In order to achieve Vision 2030, the rural people are vibrant in ensuring that they have increased their income through establishing of MSEs, through promotion of group-based finding strategy through a Revolving Loan Fund. This Revolving Loan Fund targets people living below the poverty line who also acquire credit to carry out their income earning activities. District Table Banking Services is currently being piloted in Thika, Siaya and Bondo Districts to help people to start small businesses, (First Annual Progress Report, 2010).

Vision 2030 aims to 'create a socially just and equitable society with extreme poverty'. The ultimate objective will be to improve the livelihoods of the poor for example through better technologies, better livestock management, better ASAL technologies, targeting more income-earning opportunities for disadvantaged groups and regions. MSEs create opportunities for technology transfers through licensing, patents and trade names for example Safaricom Company has licensed some agents for its products like SIM Cards, Airtime and M-Pesa, M-Kesho Services. These agents have opened a number of outlets in the rural areas that have helped the rural poor to access airtime, credit from M-Kesho and money transfer through M-Pesa services. The MSEs open up remote areas to development, through assistance from a Constituency Development Fund (CDF), and Women Enterprise Fund (WEF) and Youth Enterprise Fund.

MSEs Facilitate Transfer of Appropriate Technology in Kenya

Appropriate technology is defined as that technology suited to the needs of small enterprises operating in the labor intensive, low skill sphere and using local materials and resources. Technology is key to productivity increase in MSEs and allows MSEs to develop new products

and access markets, however MSEs face challenges due to high costs in implementation of technologies e.g. ICT.

Technology is judged as appropriate not just in terms of their level of sophistication and complexity but also with regard to their suitability to particular social context and their constituency with desired social goals. MSEs have focused on technologies and processes that enhance national competitive and facilitate the creation of jobs. This is in accordance with Vision 2030, the availability of TEAMS and SEACOMS Cables have facilitated the use of internet and many emerging businesses related like cybercafés, mobile phones and computers.

MSEs as a Source of Revenue for the Government

Taxation imposed on MSEs includes for example investment and tax incentives, taxes applying to starting and operating a business, and capital based and income based taxes. In Kenya, businesses also have to pay Value Added Tax (V.A.T) submitted to the Kenya Revenue Authority (KRA). This fact is in accordance with vision 2030 to ensure that Kenya does not become over dependent on foreign financing for its future development, it will be imperative to ensure the bulk of the investment effort is domestically funded. Funding of national budget comes from the taxes collected from businesses and people.

Gender Empowerment

MSEs help in facilitating the direct participation of women in income generating activities and decision-making capacity, which make significant contributions towards women empowerment. This enables women to take the initiative for their development in their own hands. Women are concentrated in the unskilled and semi-skilled categories in trade and service sub-sector of the MSE. Entrepreneurship helps women to gain economic independence and improve their social status. The society is therefore able to appreciate their abilities, enhance their status and this leads to integration of women in nation building and economic development (Khanka, 2009).

In Kenya, it is not easy for women to find jobs that are responsible with their family responsibilities and household chores. Thus many women are attracted by the idea of self-employment in enterprises adjoining their house premises, with flexible hours, which allows them to take care of both home and business.

Vision 2030, aims at mainstreaming gender equity in all aspects namely opportunity, empowerment, capabilities and vulnerabilities. Women entrepreneurs in MSEs sector play a key role in their empowerment therefore helps the government to achieve vision 2030.

Most women have formed groups that have assisted them in keeping some money aside for savings and borrowing credit from micro financial institutions.

The flagship projects for vision 2010 for women include;

- ✓ Provide financial support to women to raise their incomes and reduce the gap in estimated incomes between men and women and this will be by increasing funds and training available to women entrepreneurs.
- ✓ Gender mainstreaming in government policies, budgets and programmes.
- ✓ Affirmative action for 30 percent representation of women at all decision making levels.

CONCLUSIVE REMARKS

MSEs in Kenya cut across all sectors of the economy. They have great potential for creating a variety of jobs, adoption of technologies and a breeding ground for medium and large industries, which are critical for industrialization.

The economic, social and political pillars of Kenya vision 2030 are anchored on macroeconomic stability; continuity in governance reforms; enhanced equity and wealth creation opportunities for the poor; infrastructure; energy; science, technology and innovation (STI); land reform; human resources development; security as well as public sector reforms.

However MSEs face a number of challenges which hinder economic development. They include unfavorable policy environment, inadequate access to skills and technology, limited access to markets, unfavorable tax regime, inhibitive legal and limited linkages with large enterprises, gender inequality, health and safety in work places and HIV/AIDS.

MSEs though small and with the above limitations play a major role in promoting entrepreneurship and economic development. Some of their roles are to provide training for more entrepreneurs, create employment for the owner as well as others, develop a pool of skilled and unskilled labor, provide avenue for equitable distribution of income, improve forward and backward linkages between sectors, and help the country to earn foreign currency by exportations.

There is therefore a dire need that the government places mechanism to enhance and enabling environment in terms of legal and regulatory framework, policy framework, infrastructure and networking of business linkages so that MSEs will effectively play their role and Kenya will realize its vision 2030.

In order to realize vision 2030, the MSEs are Kenyan in provision of products that create wealth and capital hence increase GDP, empower women through creation of business hence able to improve their standards of living, promote business linkages through subcontracting, and a source of revenues to the government through taxation.

Kenya's population has been growing and especially the population of the youth. Many of them have been absorbed in formal employment; therefore MSEs have assisted the young people through employment and job creation in the informal sector. It will also be necessary to deal with a significant informal economy employing 75% of the country's workers. The informal sector must be supported in ways in order to raise productivity, distribution and increase jobs, owner's incomes and public revenues. The country will continue with the governance and institutional reforms necessary to accelerate economic growth. Other critical problems that will be addressed will include infrastructure and high energy costs.

RECOMMENDATIONS

Based on the above conclusions, the following recommendations are offered as some of the best ways to improve MSEs in order to foster economic development in Kenya hence the realization of vision 2030, these include;

The private sector has a major role to play in complementing the government's effort of creating opportunities particularly for the youth and women by encouraging partnerships through subcontracting, franchising and licensing in order to enhance importation of relevant technologies.

The government should focus on promoting business by enhancing expansions and new investment opportunities in order to create employment to absorb the youth. Government should provide an enabling and conducive environment for business in stable and safe political climate.

The government should improve security, infrastructure and efficiency in government bodies that deal with businesses to deal firmly with corrupt practices in tendering procurement procedure. There is need to provide MSEs with permanent services, facilities, training and access to credit and markets. Planning and zoning should be done to ensure the space allocated for MSEs is accessible, with proper communication network, and with proper sheds.

The government should give enough support to entrepreneurs by minimizing the taxes rates, trade licenses and simplify business registration procedures in order to save on time and costs. The business registration services should be decentralized to district levels.

The Youth Enterprise Fund and Women Enterprise Fund has been good initiatives by the government but should be reviewed to reduce contain stringent conditions, which limit access to the target population especially in the marginal areas. Efficiency in the devolved funds should be improved in order to enhance MSEs development e.g. Juakali sheds, small business centers and vocational training centers.

In order to promote entrepreneurial skills the government should encourage Research & Development in universities, polytechnics, technical institutions and NGOs to support and

develop certified demand-driven courses on entrepreneurship development. This will be used in schools and other training institutions.

The government should establish bodies that can catalyze, coordinate and encourage participation of voluntary agencies in rural development and also provide financial assistance to them in their rural development projects. The bodies should directly deal with voluntary agencies and their projects and hence help monitor the development of MSEs in the rural areas.

Enhance training of entrepreneurs by establishing a training body that can train MSEs in business matters. The body should be undertaking training, research and consultancy functions in MSEs development sector. Its mission should be to facilitate governmental and non-governmental initiatives. It should be engaged in planning and coordination of national level training to promote MSEs capacity building.

The policy regarding MSE sector should create an enabling environment that would enhance probability and competitiveness in order to graduate into the modern sector. MSEs play a key role in employing the entrepreneurs and others hence is creating jobs for Kenyans therefore facilitating the realization of Kenya vision 2030.

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