An Industrial solution for Kenya and Africa

Using home-grown ideas to create sustainable livelihoods

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Abstract

The poor performance of large scale industries that is characteristic of most African countries has led to the emergence of micro and small scale industries. These industries remain small and uncompetitive and therefore do not offer sustainable livelihoods.

African Governments and other stakeholders have failed to create an enabling environment for these small industries to grow. On the other hand, the efforts at large scale production have been mostly fruitless.

This paper looks at two case studies of small scale producers with the aim to explore their potential to grow into sustainable Medium sized industries. In its conclusion the paper proposes ways in which stakeholders can forge the path towards industrialization and in so doing create sustainable livelihoods.

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1. The industrial situation

In Africa, the Western model of industrialisation has not met with much success. This remarkable failure at industrializing that is characteristic of most African countries has been blamed on a host of problems ranging from poor governance to the transfer and use of inappropriate technologies. The strategies that governments have adopted in an effort to industrialise have been proven to be unsustainable.

The collapse of the manufacturing industry in Kenya is a case in point of these failed efforts. This failure has further been two-fold as industrialisation efforts have been unable to create adequate employment and have also led to the loss of employment opportunities in the indigenous industries. Pottery production is an example of a once vibrant industry in many rural areas in Kenya. This indigenous industry provided local communities with containers used for preparation and storage of food. It was an off-farm activity that supplemented the incomes that women received from subsistence farming. Today, plastic wares and metal containers that are longer lasting and therefore considered cheaper and also seen as a sign of modernity have replaced the traditional earthenwares. The plastic and metal wares are produced in factories that require few employees and use imported raw materials and technologies. Even cheaper are finished wares that are imported into the country from industries abroad.

2. Transfer of Technology

The transfer of technology world wide has been viewed as one of the main agents necessary for economic growth. The acquisition of technology and its proper adoption should lead to production growth. The invention and creation of these technologies have however overwhelmingly remained the stronghold of the OECD countries. Developing countries therefore find themselves at the receiving end of these imported technologies. (Hoekman et al 2004, 1).

As earlier mentioned the transfer of inappropriate technologies to Africa has been blamed for the poor performance of large scale industries. The term appropriate technology also referred to as intermediate technology was originally a concept involving the application or adaptation of technology to fit a particular context (Jeans 1999, 69-170). The popularisation of the concept of Intermediate technology is attributed to Eugene Schumacher in the 1960s who called for the use of modern technology to solve the problems of creating work rather than concepts of efficiency and increased outputs that displace workers. Its emphasis is on the needs of people rather than products (Heskett 1980, 10). Unfortunately, almost all new technologies are designed to meet the demands of industrialised countries. Technical expertise today that is geared towards large scale production is unaware of the technological problems of the Small and micro industries. (Jeans 1999, 169-170).

Another argument for the poor transfer of technology is attributed to the fact that the nature of technology has not been fully understood. Viewed as any other commodity in a free and fair market, then technology would be easily transferred and used fittingly from one place to another. This theory however assumes that technology merely consists of techniques and methods that are created in developed countries and transferred to developing countries at little or no cost. However the reality is that technology is complex and cannot be expressed as the sum of the material inputs and technical know-how. In light of this then technological transfer to developed countries needs to be looked at in the broader context whereby the receiving countries need the capability to make use of the acquired technology, absorb it and adapt it local conditions. (Archipugi and Pietrobelli, 2002, 862-863).
3. The informal sector

The consequence of failure to industrialise has led to the abundance in Africa of small scale industries most of which have remained informal. In Kenya, as in most of Africa the informal sector has as a result attracted much attention. Governments as well as a host of Non-governmental organisations have become embroiled in this hot subject with little or no benefit trickling down to the small scale producers.

The term Informal sector was first used by Keith Hart whose studies were focused on the work done by Frara migrants in Accra, Ghana. It was however in Kenya that the informal sector was first regarded as a policy priority in the employment mission done by the International Labour Organisation in 1971. In Kenya however, it is increasingly became more common to use the term ‘Micro and Small Enterprises (MSEs) of the Jua Kali sector’ or ‘Non-farm activities’ in the rural areas. The use of Jua kali as a term dates back to the 1980s when the then minister of Technical training and Applied technology endorsed the use of the term Jua kali sector in place of the informal sector in 1988 (King 1995, 24-30).

The term ‘Jua Kali’ is Swahili for ‘Hot sun’ referring to the open air working conditions of the entrepreneurs. Most Jua Kali industries start off and remain as informal enterprises as their owners often cannot afford the expensive and rigorous process of registering with the relevant Government bodies. This informality means that the Jua kali businesses have found it hard to access business development services or export markets as compared to the formal and larger industries. (King 1995, 24-30). The Jua Kali producers as result remain poor and their businesses small and uncompetitive. Though the Government has recognized the potential of the Jua kali sector as an employment opportunity for many Kenyans, it has failed to create an enabling and sustainable environment for these micro and small industries to grow.

Policy makers in the government as well as Non governmental organisations (NGOs) and donors have adopted appropriate technology and business development as the way forward in the effort to empower the small scale producers. The Government of Kenya (GOK) has set up several departments under the ministry of Trade and Industry aimed at better serving the needs of small scale businesses. Further, the GOK has written several policy papers such as sessional paper number one of 1956 and number two of 1991 and 1992, all these in relation to the Jua Kali sector. In its latest efforts, the GOK has set a ministry of industrialisation that is wholly focused on propelling Kenya to industrialisation in the near future.

4. Jua kali producers

Most of the businesses in the Jua kali sector are family-based with skills acquired through traditional apprenticeship. The techniques used in production are simple and do not require complex machinery. The informality of the Jua kali makes it easy to set up businesses, as they require minimum start up capital. The negative side of this is that there is a proliferation of enterprises that remain small due to high competition and lack of investment opportunities.

A study done by the International Labour Organisation on the Jua kali, sites constraints such as inadequate skills, technology, support services and infrastructure. The National MSE baseline survey 1999 shows that the major constraint facing MSEs nationwide is lack of market. Numerous researches endorsed by both the GOK and NGOs have been carried out on the MSEs. It would therefore seem that a lot of attention is being paid to this sector. The GOK particularly in all its policy papers, places a premium on its intervention efforts to upgrade MSEs by creating an enabling environment for their establishment and growth. Government plans however continue to be criticised for having frameworks that are too general and unimplementable. These frameworks are hardly ever followed by budgetary allocations or the institutions to implement them (King 1995, 35-50).
The interventionist policies adopted by both the government and the NGOs have been misplaced and have achieved poor results in improving the livelihoods of *Jua kali* producers. The NGOs have over the years funded micro-enterprise development heavily with the result that certain projects have become heavily dependant on this assistance. This over dependence on external support causes entrepreneurial set ups to collapse as soon as the external support is withdrawn. Other forms of support have been the provision of training programmes for the entrepreneurs. In craft training in particular, academic based programmes that have no regard for economic viability of the craft, renders trainees unable to engage in lucrative business activities when they enter the real market (King 1995, 35-50).

Inadequate access to markets is another major set back for the *Jua kali* producers. In Kenya, poor access to local markets is partly caused by a narrow product range which leads to high competition and market congestion. This is evident from the horizontal rather than the vertical growth of most enterprises. Another set back is poor product design and packaging, low quality of products, poor pricing and lack of product improvement. In the international scene, the *Jua kali* producers face greater challenges such as lack of information and access to external markets which prevent them from exporting their products. They also lack the financial and promotional support from the government to enable them to access external markets.

### 5. Another attempt at Industrialisation

On the other hand, the Government of Kenya has since independence tried its hand at large scale industrialisation, an effort at which it has singularly failed. In one of its renewed attempts, it enacted an Act of parliament that saw the setting up of Export processing zones (EPZs) in various parts of the country. The EPZs provided incentives such as 10 year tax withholding, quick project approval and provision of machinery and business inputs among other things.

According to the Cover story on *Marketing Africa* of June 2005, though the EPZs have attracted investors to Kenya, they have been blamed for encouraging production of specific export products as well as importation of raw materials, technology and expertise. There are therefore no backward or forward linkages between the EPZ industries and local industries. In 2008 as has been the case in other years, the workers at some of the major EPZ factories have gone on strike over poor pay. They are paid minimal wages with little or no benefits. The owners of these factories therefore make a large killing from their profits which they neither share with the government as they have tax waivers nor with their underpaid unskilled workers. Certain industries such as horticultural farms that were hitherto performing well before the establishment of the EPZs have also joined the scheme in an effort to increase their profits by paying less tax.

The Government has therefore concentrated its efforts in creating large scale industries without taking into account the resources available in the country or the benefits that would accrue from such a venture. This focus on efficiency and high productivity is a Western concept of Industrialisation that largely makes use of non-renewable sources of energy and is geared towards catering for the needs and wants of a consumerist society. Africa on the other hand, struggles to adopt these western concepts, which do not absorb the large labour force that most African countries boast of.
6. Two cases of small scale producers

In light of these facts on the situation of Industrialisation in Kenya and Africa at large, this paper uses two case studies of Jua Kali enterprises in Nairobi and Kisumu, Kenya to explore their potential to grow into medium sized industries. The two enterprises are Paro in Nairobi which produces pottery and KICK in Kisumu which mainly engages in metalwork. The two cases are considered small industries as they are owned and managed two individuals in the case of Paro and no more than 10 shareholders in the case of KICK.

Paro cultural project is an entrepreneurship that deals in the production and sale of earthenware and is owned and run by two men. The business has been in existence for four years to the present and has its workshop in Nairobi. It is registered as a youth project with the ministry of Gender, sports and Culture a move which allows the enterprise to operate without the necessity to file tax returns as would be the case if it was a registered company. The enterprise is also registered with the Local authorities as is required of all businesses that operate in the city.

The two potters at Paro are engaged in the pottery business to generate income for their families and therefore strive to make it a profitable endeavor. Both potters also agree that self-employed is more fulfilling as they reap the fruits of their own labour. They intend to expand the business in future and thereby provide employment for others. These two needs of generating income and achieving self-fulfilment seem to be the main drive for engaging in the pottery business. Prior experience in the pottery industry is also a strong reason for choosing pottery as a business. Both potters are from the Luo community in the Nyanza province of Kenya where pottery has long been an indigenous vibrant industry. This has been attributed to the location of the province in the Lake basin area that is abundant with the raw materials necessary for the production of pottery.

The type and design of wares the potters at Paro produce is largely conditioned by their customers’ needs as well as the availability of materials and technology. The potters mostly work on the orders they receive from customers most of whom come with their own specifications. Most of these customers want decorative items though some use the wares for cooking and serving food. It is becoming common in the catering business in Nairobi to use earthenware in serving African cuisines to create an ‘authentic’ traditional feel. Paro has therefore benefited from this interest as they have sold good number of there wares to several restaurants around the city.

As mentioned earlier, the methods of production used at Paro are largely rudimentary as they use basic tools common to traditional potters. The potters at Paro have gone further and developed and constructed larger turn-tables and a charcoal kiln mostly from recycled materials. The kiln is however too open and therefore burns alot of charcoal. The potters have also over the years developed a recipe for mixing clay with feldspar and kaolin to allow the wares to fire at higher temperatures and are therefore not are breakable as the traditional wares. Through interaction with customers, the potters have developed a range of products such as dinnerware and water coolers that are not produced in the rural areas.

KICK Trading is an enterprise based in Kisumu city, in the lake basin region of the country. It is a registered company with shareholders most of whom are the artisans who produce the wares that the company deals in. The business is managed by Isaac who is experienced in product design and development as well as business management. This sort of arrangement is unusual in the Jua kali sector as most businesses are small and owned by one or two individuals who also work in the enterprise. KICK Trading has offices and a show room where the artisans can rent space and display their wares for sale. A small workshop space is also available for artisans to do their work. Most of the artisans who produce for KICK are however based in their own workshops in the nearby Jua kali market.

KICK trading deals in a variety of products most of which are decorative items made in recycled metal, wood, clay, water hyacinth and recycled paper. Recycled metal has long been used as a raw material in the Jua kali business with its products ranging from cooking pots commonly known as sufurias and metal suit cases that are popular with boarding school children.
as they are not easy to break into. Most the products at KICK Trading are made of recycled metal which is obtained from the soda bottling company Cocacola. One design that is popular with their customers is smaller versions of the metal suit case that now serves as a decorative item. As the sheets of metal from the bottling company comes with the brand design of Cocacola products, most Jua kali artisans prefer to finish off the suit cases with spray paint. At KICK however, the artisans leave the finished product with the Cocacola brand designs which gives them an identity that soda drinkers anywhere are familiar with.

The miniature suit case idea also evokes nostalgic feelings for any Kenyan who had to drag their big and heavy metal suit case to school every new term. Other innovative products at KICK are pen and file holders, jewellery as well as danglers all made in metal. Some of these are painted decoratively to add variety to the range. The use of water hyacinth fibre as a raw material in furniture making is also innovative. Hyacinth is a weed that is currently choking the shores of Lake Victoria and has greatly hampered fishing which is the main source of livelihood in Kisimu and its environs. Efforts to rid the lake of this weed have so far been futile. Its fast growing nature makes it spread at alarming speeds. Most lakeside dwellers therefore view hyacinth as a nuisance and are not keen to see it at a ready source of fibre. A few artisans though like those working with KICK are experimenting with hyacinth and earning an income from it.

7. Potential

It is clear that the two enterprises discussed above have great potential to grow into medium sized enterprises. They both exhibit a good level of innovation by experimenting with new materials and improving on already existing designs. Paro potters are creating a niche market for themselves by targeting establishments such as restaurants which have thus far provided a relatively decent source of income. At KICK, the artisans have developed a range of products that are both appealing and evocative to their customers. In both cases, the entrepreneurs have made efforts to access the export market with some measure of success.

Exportation has hitherto proven to be a daunting task for most Jua kali producers in the country. The use of recycled materials as is common in Jua kali production mitigates to a large extent the degradation caused to the environment by the manufacturing process. The methods of production are also labour intensive and require little or no burning of fuel as is the case in metal work. In pottery however, the use of kilns to bake the wares necessitates the burning of charcoal or wood which is a non-renewable source of energy. One way would be to design a more closed, energy efficient kiln that uses less charcoal.

8. Proposals

Having demonstrated the innovative potential that Jua kali producers possess through the two case studies with potters at Paro and metal workers at KICK, the paper puts forward certain proposals that would act as catalysts to this innovative process. The proposals identify some of the stakeholders in this process as the:

- Government(s) of Kenya and other African countries,
- Researchers and research institutions such as Local universities and Non-governmental organizations engaged in active research,
- Market movers such as local distributors and exporters
- Jua kali producers themselves

The above named stakeholders are best placed in their respective capacities to creating an enabling environment that will encourage the growth of small scale industries into Medium
sized enterprises that are competitive and lucrative. This would create sustainable livelihoods for the entrepreneurs as well as provide opportunities for employment for a larger population.

The proposed measures to be taken in an effort towards sustainability are:

- Provision for accessible and affordable licensing and registration for Jua kali entrepreneurs by the relevant Government ministries. Currently the registration process is arduous and expensive and most entrepreneurs prefer to remain informal with the result that they have little or no access to business development services such as credit facilities or training. A one-stop-shop process of registration that is also cheap would encourage the producers to formalize their businesses.

- Research and development programmes by Local universities and other research institutions to improve Jua kali production and entrepreneurship. Research into the extrinsic and intrinsic processes that affect and influence Micro and small entrepreneurship would provide possibilities for greater innovation through experimentation and collaboration. Presently Research institutions such as universities operate in isolation as they do not actively involve other stakeholders into the research process. Programmes that would bring together researchers and Jua kali producers in a mutually collaborative process would provide a platform for the improvement of design and production processes as well identify marketing opportunities for their finished products.

- Use of Indigenous Knowledge systems to design products for local use and export. The exploitation of indigenous knowledge has been ongoing but it has brought little benefit to the locals who own the knowledge. It is therefore necessary to allow the locals who own the knowledge systems to also own the process by which these indigenous knowledge systems are exploited. This can be done by involving the locals in the marketing and distribution of products as well providing information that would enable the local producers to access export markets.

- The use of recycled materials and renewable sources of energy as sustainable means for Jua kali production. Jua kali producers have become adept at using recycled materials to produce their wares. This can be attributed more to the availability and cheapness of these materials rather than the producers' sensitivity towards preserving the environment. It would be important therefore to provide information on the need and benefits of preserving the environment through recycling and efficient use of energy.

These proposals are in no way conclusive and should be buoyed on a foundation of good governance which has sadly been lacking in most African countries including Kenya. It is important for governments, the academia, the civil society and private enterprise to rise to the occasion and forge the path towards industrialisation for Kenya and the rest of Africa by carrying out their respective roles as well as collaborating in ventures that will improve the lot of the Micro and small scale entrepreneurs who form a majority of the population.
References


Fig. 1: Jua kali shed in the Kikomba market which is the largest open air market in Kenya. The producers make their wares and also sell their products in the sheds allocated to them by the city council.