Determinants of initial export market participation among micro and small enterprises in the commercial craft sector in Kenya

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Micro and Small Enterprises (MSE) play a critical role in the economy of most developing as well as developed nations in terms of employment creation and generally wealth creation. In many developing countries, MSEs form the largest proportion of the businesses and therefore need to be competitive both in the local and international markets. Though Kenya has over 1.3 million MSEs which is a critical mass for any economic development, the level of market participation is low. In terms of export market participation, only about 30% of MSEs in Kenya have been able to tap into the great potential of this huge global market. This is low despite the fact that Kenya has huge potential especially within the commercial craft MSEs who can exploit the global market to market Kenya’s unique cultural and artistic products. The general objective of this study was therefore to investigate the determinants of initial export market participation among MSEs in the commercial craft sector in Kenya. The specific objectives of the study were to: determine the effect of internal-proactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya, to investigate the effects of internal-reactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya, to establish the effect of external-proactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya, and to determine the effect of external-reactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya. The study adopted the stage theory and the factor proportions theories of internationalization. The study used a mix of explanatory and descriptive research designs. The target population for the study was 140 MSEs in the commercial craft sector in Kenya registered with EPC at the time of the study. The study covered all the 116 MSEs in the commercial craft sector in Kenya registered with the export promotion council located in zone one (Nairobi area). The managers of these commercial craft MSEs were studied at their place of work to determine the effect of factors that influence initiation of export market participation. Primary data was collected by use of a semi-structured questionnaire. The data was analyzed by use of descriptive statistics like mean and percentages. Factor analysis was used for data reduction and multiple regression analysis to establish the relationship between the independent and the dependent variable. The research findings show that initial export market participation in Kenya MSEs is influenced by internal proactive factors, external proactive factors and size of the firm. The study concludes that to enhance export market participation and ensure a vibrant and competitiveness in the global marketplace, these proactive factors need to be addressed. The study recommends that the government and particularly agencies like EPC and associations like AMEGA need to collectively lobby and develop export sensitization programmes and development of appropriate policies to increase MSE export market participation.