Full Length Research Paper

New drivers of rural economies: University graduates in business formation in central province, Kenya

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University graduates from rural central province in Kenya are providing vast entrepreneurial spirit. This article uses field data to illustrate that graduates are fuelling economic growth in rural central Kenya as they are setting up small businesses in manufacturing, retail trade and services. In addition, they are running businesses professionally and are self motivated. They have a knack of taking calculated risks besides having a vision for their businesses. As they pursue their dreams they are creating employment and contributing to poverty alleviation in the region. The graduates are providing impressive dynamism and business sense in terms of product diversity and production processes.

Key words: Rural central Kenya, economic growth, entrepreneurs, drivers, graduate entrepreneurs.

INTRODUCTION

Most of the articles published in reputable journals and other literary works always portray Africa as an economic failure. Peering at Africa using these rather dim lenses, one will definitely fail to see and appreciate the vast entrepreneurial spirit latent in the continent. The fact that this entrepreneurial culture many not conform to the conventional business practice does not mean that it does not exist. The strength of local entrepreneurship lies in the “I can do it” spirit and resilience.

Armed with college degrees, university graduates from central Kenya soon realise that securing white colour jobs is an uphill task. Undeterred, however, they file away their degree certificates and roll up their sleeves, and enthusiastically go on to establish businesses in their local regions. Using a combination of inherent business acumen and knowledge acquired in college, they set out to establish profitable businesses that are today turning around the economy of the rural Central Province of Kenya.

The region as a development-planning concept has gained prominence in recent past. Despite the world economic recession of the 1970s and 1980s, some regions were able to experience growth while others saw their growth prospects nose-dive (Pyke and Sengenberger, 1990). The regions that witnessed growth during this recession were largely characterised by small firms, which were founded and managed by individual entrepreneurs. These entrepreneurs, majority of who were well educated, were able to lead their firms to growth and profits - the recession notwithstanding (Nitcher and Goldmark, 2005). What set these entrepreneurs apart and helped them sustain their businesses’ growth was the fact that they had a capacity to learn and were able to adopt new production processes and product designs.

Many scholars have cited lack of human capital as the major impediment to economic growth in Africa. As a result, numerous recommendations to overhaul the continent’s education systems have been made with a view to addressing these purported human capital gaps. In Kenya, for example, a new system of education popularly known as 8-4-4 (representing 8 years of primary education, 4 years of secondary education and 4 years of university education) was introduced to replace the then prevailing 7-4-2-3 system was regarded as too specialised and therefore the need to introduce the 8-4-4 system, which was deemed to be a broad work-oriented system. Besides reforming the education system in Africa, intense debates on whether the education systems in the continent should be hands-on (technical) or academic oriented have been going on. Despite the numerous educational reforms and the frequent reviews
of syllabi, which are purportedly aimed and bolstering the continent’s human capital, actual progress in economic growth and development has remained muted. What then could be amiss? Why, despite the numerous tweaking and overhauling of the educational systems in Africa, coupled with numerous attempts to fit the continent out of economic obscurity, does the continent continue to lag behind economically? Or could it be Africans’ are too preoccupied with bolstering the continent’s human capital and have failed to capitalise on individual entrepreneurial efforts that saw economies experience growth in the 1970s and 1980s, despite the recession? This article contends that it is the small individual entrepreneurs and not the ‘conventional’ economic drivers that are fuelling economic growth in Kenya. It highlights the role of university graduates in the growth of regional economies, citing Kenyan’s Central Province as a case in point.

**CENTRAL PROVINCE**

Central Province is a hot bed of entrepreneurial spirit in Kenya. It has a population of 3,556,047 people, most of who rely on small-scale farming of cash crops such as tea, coffee, pyrethrum and horticulture. They also practise small-scale dairy and poultry farming. The region is considered to be one of the wealthiest in the country. However, despite its wealth, the region’s vulnerability to economic crises was revealed in the 1980s and 1990s when primary crop production collapsed. The crises demonstrated that agriculture alone cannot sustain the people’s way of life. Some form of industrialisation and tertiary services was needed to absorb surplus labour from rural agriculture and to add value to agricultural products so that, they can fetch better prices in local and international markets. An integrated economy that combines both agriculture and industrialisation is therefore required to address the two major problems of unemployment and poverty in the region.

From the outset, it is important to note that some form of manufacturing and tertiary activities take place in rural central Kenya (Kinyanjui, 1992; Central Bureau of Statistics et al., 1999). This process of industrialisation is stimulated by individual entrepreneurial efforts, cooperatives, large firm externalisation policies and to some extent, government policy through Kenya Industrial Estates (KIE) (Kinyanjui, 1992, 2006).

Individual entrepreneurs play a very important role in the spread of manufacturing activity in rural Central Kenya. The entrepreneurs comprise both men and women and are drawn from different educational backgrounds. However, the drivers of this process of regional development are largely unidentified and left to the chance element. Until recently, the typical entrepreneurs in rural Central Kenya comprised of uneducated, unskilled individuals or retirees (Kinyanjui, 1996). This situation is however changing as more university-educated entrepeneurs make forays into the rural economy (Kinyanjui, 2006).

**THE NEW ENTREPRENEURS AND CHANGING PARADIGMS**

The entry of university graduates into entrepreneurship is somewhat surprising as most of them were orientated to securing managerial jobs in the public and private sectors where they gave orders and instructed others on what was to be done rather than doing it themselves. Rarely were they involved in the actual production. In the public service, they entered employment at job group J, which involved supervisory or managerial responsibilities. Most of the jobs ‘suitable’ for graduates were based in the city or at the district or division headquarters. A typical university graduate is an employee rather than an entrepreneur and had to work in towns or in the city. Highly educated Africans joined politics for money and prestige. Those who went into business did so as a last resort while for others; going into business was a stepping-stone or gateway to politics (Enwegbra, 2002). In the absence of highly-educated entrepreneurs, relatively unskilled and uneducated individuals operating small businesses dominated entrepreneurship (Otunga et al., 2001; Njeru and Njoka, 2001). The non-involvement of graduates in entrepreneurship could be due to the fact that incentives for university graduates starting businesses in the rural areas are considerably low compared to those accruing from employment. Further, higher education is seen as a way out of the struggles and problems associated with rural life. It is supposed to open up the floodgates of affluence associated with city life. The assurance of a good life and job opportunities offered by university education is perhaps what stifles the development of an entrepreneurial culture among graduates that would help them identify and exploit new economic opportunities.

However, this stereotype of a university graduate is gradually changing. The 1990s saw an upsurge of university graduate entrepreneurs founding enterprises in little known rural towns in the central province. Indeed, nearly 6% of surveys of 278 Micro and Small-scale Enterprise (MSE) founders in central province were university graduates drawn from different disciplines. The presence of university graduates in rural Central Kenya is somewhat strange because, historically, a highly educated labour force from the region migrated to Nairobi and other major towns to seek employment. The then stable job market for university graduates declined in the 1990s after the World Bank introduced the Structural Adjustment Programmes (SAP) to the continent, making it difficult for graduates to secure jobs, while a good number of those who were already employed were
Table 1. Rural centres.

<table>
<thead>
<tr>
<th>Districts</th>
<th>Town</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nyeri</td>
<td>Kiraini</td>
</tr>
<tr>
<td></td>
<td>Mukuruweini</td>
</tr>
<tr>
<td></td>
<td>Karatina</td>
</tr>
<tr>
<td></td>
<td>Othaya</td>
</tr>
<tr>
<td></td>
<td>Kutus</td>
</tr>
<tr>
<td></td>
<td>Sagana</td>
</tr>
<tr>
<td></td>
<td>Mwea</td>
</tr>
<tr>
<td></td>
<td>Wanguru</td>
</tr>
<tr>
<td></td>
<td>Kagio</td>
</tr>
<tr>
<td>Kirinyaga</td>
<td>Ol Karau</td>
</tr>
<tr>
<td></td>
<td>Rumuruti</td>
</tr>
<tr>
<td>Nyahururu</td>
<td>Gatundu</td>
</tr>
<tr>
<td></td>
<td>Kamwangi</td>
</tr>
<tr>
<td></td>
<td>Kirwara</td>
</tr>
<tr>
<td>Thika</td>
<td>Kandara</td>
</tr>
<tr>
<td></td>
<td>Kangari</td>
</tr>
<tr>
<td></td>
<td>Maragwa</td>
</tr>
<tr>
<td>Maragwa</td>
<td>Githunguri</td>
</tr>
<tr>
<td></td>
<td>Karuri</td>
</tr>
<tr>
<td></td>
<td>Limuru</td>
</tr>
</tbody>
</table>


retrenched. As a result it became increasingly evident
that an entrepreneurial career where one was his or her
own boss was a more worthwhile pursuit. It is therefore
imperative to examine the characteristics of these
university graduates; why they are setting up businesses
in rural settings and the changes they have brought into
the region.

MSEs in Rural Areas

The benefits of MSE development in rural areas as
outlined by Wegulo and Obulini (2003), include
reduction of excessive concentration of population in
Kenya’s largest cities, promotion of secondary towns,
fostering productive linkages between agriculture and
other sectors of the economy, and bringing renewed
economic growth to all the regions.

A variety of businesses exist in rural Central Kenya. As
early as 1985, Freeman and Norcliffe (1985) observed
that rural areas were experiencing a growing and expan-
ding non-farm sector that was mopping excess labour
and meeting the demographic demands of the rural
population. The non-farm sector was complementary to
agriculture. Kinyanjui (1992) highlighted the existence of
an MSE sector that was steering the process of rural
industrialization in central Kenya. More recently in 1999,
a Central Bureau of Statistics (CBS), Kenya Rural
Enterprises Programme (KREP) and African Centre for
Economic Growth (ACEG) baseline survey observed a
vibrant rural enterprise sector in almost all parts of the
country. McCormick and Kinyanjui (2004) have also
demonstrated the existence of some vibrant rural
enterprise clusters in different parts of the country. The
rural enterprise sector is mainly in manufacturing food
and non-food, metalwork, furniture, tanneries, retail trade,
open market trade, and service delivery, which includes
hotels, hair salons, and barber shops and health
services.

The need for a rural industrialisation policy has been
echoed in several National Development Plans and
District Development Plans in Kenya. In all the seven
districts in Central Province rural industrialization is
acknowledged as an important attribute of regional
economic development. All the district development plans
propose the establishment of agricultural processing
enterprises, services and retail business. The purpose of
establishing these businesses is to surmount the two
regional development problems of unemployment and
poverty.

Favourable policies towards MSEs were also initiated
in the 1980s. In the 1986 Sessional paper entitled
Economic Management for Renewed Growth; the
government committed itself to promoting the MSE sector
in rural areas. The government’s role in the sector has
also been restated in two Sessional papers, the latest of
which was released in 2005. The Sessional Paper No. 2
of 2005 treats micro enterprises as a homogeneous entity
without considering the specific location differences that
exist between urban-based MSEs and rural-based MSEs.
The Sessional Paper No. 2 of 1992 outlines barriers to
small enterprises as being informal and formal. Some of
the formal barriers are related to lack of information, an
unfavourable tax regime inadequate of technology.
Informal barriers include control of the sector by self-
regulated bodies such as those that control the “matatu”
industry, and insecurity.

Methodology

The paucity of MSEs records in Kenya in general and rural Central
Kenya in particular, makes it difficult for a researcher to develop a
sampling frame for selecting study subjects. The sampling frame
was developed in stages, the first of which involved the selection of
rural centres while the second consisted of selection of fifteen
MSEs in each of the rural centres.

In the first stage, 20 rural centres were selected on the basis of
the researcher’s prior knowledge of the region, accessibility and
resources. The rural centres were selected from five districts in
Central Province (Table 1).

These rural centres were selected on the basis of the role they
play in the rural economies. In past development plans, these were
targeted as growth centres or rural trade and production pivotal
centres for spurring growth in the rural areas. Kutus, for example, is
Table 2. Rating of attributes of the local business environment.

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Very good</th>
<th>Good</th>
<th>Poor</th>
<th>Very poor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Cheap labour</td>
<td>3</td>
<td>16.7</td>
<td>10</td>
<td>55.6</td>
<td>4</td>
</tr>
<tr>
<td>Water</td>
<td>4</td>
<td>22.2</td>
<td>9</td>
<td>50.0</td>
<td>4</td>
</tr>
<tr>
<td>Telephones</td>
<td>4</td>
<td>23.5</td>
<td>13</td>
<td>76.5</td>
<td>1</td>
</tr>
<tr>
<td>Labour force</td>
<td>1</td>
<td>5.9</td>
<td>5</td>
<td>29.4</td>
<td>10</td>
</tr>
<tr>
<td>Quality roads</td>
<td>11</td>
<td>61.1</td>
<td>7</td>
<td>38.9</td>
<td>1</td>
</tr>
<tr>
<td>Electricity</td>
<td>1</td>
<td>6.3</td>
<td>15</td>
<td>83.3</td>
<td>1</td>
</tr>
<tr>
<td>Customers</td>
<td>13</td>
<td>72.2</td>
<td>4</td>
<td>22.2</td>
<td>1</td>
</tr>
<tr>
<td>Raw materials</td>
<td>2</td>
<td>15.4</td>
<td>8</td>
<td>61.5</td>
<td>3</td>
</tr>
</tbody>
</table>


Table 3. Rating of support services.

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Very good</th>
<th>Good</th>
<th>Poor</th>
<th>Very poor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>NGO</td>
<td>1</td>
<td>6.3</td>
<td>7</td>
<td>43.8</td>
<td>8</td>
</tr>
<tr>
<td>Faith-based organization</td>
<td>1</td>
<td>6.3</td>
<td>9</td>
<td>56.3</td>
<td>6</td>
</tr>
<tr>
<td>Private business</td>
<td>11</td>
<td>68.8</td>
<td>3</td>
<td>18.8</td>
<td>1</td>
</tr>
<tr>
<td>Repair and management services</td>
<td>8</td>
<td>57.1</td>
<td>6</td>
<td>42.9</td>
<td>1</td>
</tr>
<tr>
<td>Availability of internet service providers</td>
<td>9</td>
<td>64.3</td>
<td>5</td>
<td>36</td>
<td>1</td>
</tr>
<tr>
<td>Other local education institutions</td>
<td>3</td>
<td>18.8</td>
<td>6</td>
<td>37.5</td>
<td>7</td>
</tr>
</tbody>
</table>


The physical plans of the 20 rural centres studied were used as sampling units. In rural centres, business premises are situated in rows that ran parallel to each other. Some block of shops are U- or rectangular-shaped. The first business in a row was selected purposively after which every third business on the row was selected. Mostly, the owners of the MSEs were interviewed except in a few cases where the managers of the businesses were interviewed. The target sample size was 300 MSEs. Of this 278 completed the questionnaires fully; out this 6.1% were university graduates. These graduate entrepreneurs were isolated for further study. The results presented here cannot be generalised. They are only indicative of the state of entrepreneurship in the region as far as graduate entrepreneurs are concerned.

UNIVERSITY GRADUATE ENTREPRENEURS ASSESSMENT OF THE RURAL CENTRAL KENYA REGIONAL ECONOMY

The university graduates observed that the Central Province has a supportive business infrastructure in the form of electricity, customers and telephones. Availability of these services was rated between ‘good’ and ‘very good’. Other support services that were moderately rated included the availability of raw materials, cheap labour, roads and water. However, the availability of skilled labour was rated as ‘poor’. This implies that the region has not yet acquired a critical mass of skilled workers to serve the needs of upcoming businesses. This notwithstanding, university graduate entrepreneurs shows that Kenya’s rural central province is generally good for business (Table 2).

Apart from private businesses, which were highly rated, business support services such as NGOs, Faith-based organizations, Internet service providers and local level education institutions were rated poorly (Table 3). Availability of repair and management services was however, moderately rated. Although, support organizations are supposed to serve as the drivers for initiating development however, in their absence, highly-educated entrepreneurs are left to lead the development endeavour with little or no support.

BUSINESS TYPES, FACTORS OF LOCATION AND CHOICE OF BUSINESS

University graduates entrepreneurs have enriched and deepened the quality of entrepreneurship and have
Table 4. Business types.

<table>
<thead>
<tr>
<th>Type of business</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail trade/Duka</td>
<td>3</td>
<td>16.7</td>
</tr>
<tr>
<td>Agro vet</td>
<td>3</td>
<td>16.7</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>5</td>
<td>27.8</td>
</tr>
<tr>
<td>Bookshop</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>Boutique</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Dairy</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Salon</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Electrical and electronics</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Bakery</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>100</td>
</tr>
</tbody>
</table>


contributed to the diversification of businesses in rural Central Kenya. The graduate entrepreneurs have established a wide range of businesses that are different from the traditional groceries shops locally known as “Dukas” (Table 4).

The largest proportions of businesses founded by university graduates were pharmacies (27.8%) followed by Agro-vet (16.7%) and Bookshops (11.1%). Other businesses included boutiques, dairy processing, beauty salons, electrical goods and bakeries production. These types of businesses were previously only found in large towns such as Nyeri, Nyahururu, Murang’a and Thika in the province.

Apart from their personal interests, in a particular type of business, university graduate entrepreneurs chose the business to engage in based on its viability and also on their experiences and the skills. They combined personal interests with viable opportunities to establish businesses. The graduate entrepreneurs also chose business types based on the fact that there were no similar businesses in the area (11.1%) and therefore they were not likely to face competition. They also based their business choice on expected returns to investment. They assessed and evaluated a business potential before deciding whether it was a worthwhile investment or not. High demand of products and a low capital investment were other factors considered.

The choice of a rural setting to locate a business is intriguing, especially because rural areas lack the necessary infrastructure to attract business. Surprisingly, 61.1% of graduate entrepreneurs chose to do business in rural central Kenya because of its good business potential. It has the necessary infrastructure, water, electricity and a reliable transport network that links it to Nairobi. Since Nairobi is the major market and source of materials for the service sector, rural towns such as Kangari, Othaya, Mukurweini, Kandara, Githunguri and Limuru have direct hourly “matatus” (shuttles) linking them to Nairobi. The densely populated region, coupled with the relatively high incomes from agriculture, trade and animal keeping make the region a veritable location for business.

A good proportion of university graduate entrepreneurs chose to locate businesses in rural areas because it was their home. The home concept is important because it generates a level of personal involvement and commitment to ones origin. The desire to establish businesses in rural areas emanate from the graduate’s innate desire to be close, and to be identified with, their heritage. This commitment to home if encouraged, can lead to a marked renaissance in the rural economy.

Most of the graduate entrepreneurs were male (72.2%), while 27.8% were female, perhaps reflecting imbalances in university education between men and women. The gender gap is wider when compared to that recorded in the 1999 CBS, ACEG and KREP Micro and Small-scale Enterprise baseline survey, whereby 68.2% of rural businesses were owned by men and 31.8% by women. Here, the proportion of male and female entrepreneurs was very close. This is an indication that men are re-discovering the rural region as a profitable business location.

Studies have shown that previous occupation constitutes a learning environment for entrepreneurs. It provides them with hands-on skills for potential business ventures. An entrepreneur’s previous occupation is associated with business success (Otunga et al., 2001; Kinyanjui, 1996). Most university graduate entrepreneurs had some form of business experiences. Only 23.5% of graduate entrepreneurs had no previous business experience while 5.9% had been in businesses all along. Those whose previous occupation was farming constituted 11.8% while those with experience in private and public sector, for example as teachers, pharmacists or civil servants constituted 58.9%. In most cases the graduate entrepreneurs established businesses according to their expertise.

A business vision influences the decisions that an entrepreneur makes regarding his or her firm. This decision influences the choice of market, technology, sourcing of materials and growth (Holt, 2004). A vision gives direction and inspires strategic action. Some university graduate entrepreneurs had big vision while others had limited visions. A large majority of the graduate entrepreneurs (47.1%) wanted to expand business by increasing their stock and opening more outlets. Another group (17.6%) wanted to increase the production capacity of their business, while 13.6% wanted to upgrade their businesses by moving from retail to wholesale distributorship. The desire of the rest was to have permanent premises (5.9%) and acquiring of legal status by registering their business. Undoubtedly, the business vision of these entrepreneurs will have a bearing
on the regional economy of the Central Province since it will result in improved capacity, expanded activity and improved well-being upgraded in local and national networks.

Graduate entrepreneurs do not shirk from taking risks while doing business. One of the areas where they took risks was in borrowing money. Traditionally, small-scale entrepreneurs are known to be very cautious. Their enterprises rely on personal savings or those of friends and relatives (Kinyanjui, 1992). However, graduate entrepreneurs reported borrowing from banks (37.0%). Some (17.6%) considered starting a business in the rural areas a risk in itself, while 17.7% considered increasing stock; a risk. A small proportion considered giving goods on credit, a risky business behaviour. Graduate entrepreneurs took risks because they were generally knowledgeable about banks and loaning systems (majority of them had financed their education through a government loan). They also had a good knowledge of the areas they established their business in. Consequently, they were able to take calculated risks by increasing their stock or by selling goods on credit.

Business knowledge is crucial. Entrepreneurs need information about markets, labour, inputs and the production process. Typical entrepreneurs rely on personal contacts and social networks as sources of raw materials. However, in the case of university graduates, 44.4% obtained their information from learning institutions. This is crucial in the sense that learning institutions act as sources of codified knowledge for entrepreneurs in rural central Kenya. A number of university graduate entrepreneurs (27.8%) had their own source of information that included knowledge accumulated through networks, learning, previous experience and from observing others in the trade. Previous occupation (11.1%) was the next important source of information for university graduate entrepreneurs. They also acquired business knowledge and information from their parents, other business people and from their spouses.

These sources of information point toward some form of diversification in their knowledge base, a cross-fertilisation between tacit and codified sources of knowledge. This mix of knowledge sources in rural central Kenya has contributed to the improvement of their knowledge status, a fact acknowledged by most of the entrepreneurs.

In a fast-changing environment, personal development through learning is a prerequisite from success. Entrepreneurs need to keep abreast with new ideas, new products and emerging markets. Towards this end, non-governmental organisations encourage entrepreneurs in rural areas to read and attend courses. To the contrary, 44.4% of university graduates are largely self-motivated and take the initiative to equip themselves with entrepreneurial skills. They do this by reading business magazines, books and journals. They also learn through business association (27.8%) or by visiting and observing other businesses. This shows that an entrepreneurial learning society is gradually emerging. This trend can only be good for rural business.

BEATING THE ODDS: FINANCE AND CAPITAL ISSUES

Graduate entrepreneurs in rural Central Kenya seem to have found a way of circumventing capital and financial difficulties that most small business entrepreneurs encounter. According to the survey, 61.1% had taken a business loan either from a bank or from a credit group. They used these funds to expand their businesses.

The graduate entrepreneurs were also quick to observe and take advantage of changes that had taken place in the local financial markets. Crucial among these changes was increased competition and lower lending interest rates. Although 55.6% of graduate entrepreneurs reported that these changes had no effect on their business at all, some 33.4% said the changes in the financial markets had positively impacted their businesses. Only a paltry 11.2% blamed the changes for impacting negatively on their businesses.

It is therefore evident that most university graduate entrepreneurs were able to use a combination of 'street smart' and 'book smart' expertise and knowledge to navigate around the stormy waters of liquidity problems and fierce competition.

BUSINESS ORGANISATION: PROCESSES AND MARKETS

The graduate entrepreneurs exhibited impressive dynamism and business sense in terms of products and production processes. They not only continually refined and diversified their products by refining the production process. For instance 72.2% introduced new products into their business within a span of five years. They introduced new products designs and improved provision and delivery of services. New product lines were also introduced, especially by manufacturing firms. For example, one dairy processor introduced production of a natural fruit yoghurt while a veterinary doctor started an animal feeds production factory.

In terms of distribution and marketing, 72.2% of graduate entrepreneurs served the local market while 22.2% served other markets. A small proportion (5.6%) targeted the corporate market in large urban centres, especially in the city of Nairobi. Majority of these targeted institutions and companies rather than individual walk in walk out customers. These institutions included churches, schools and health services.

Graduate entrepreneurs were also aggressive and ventured into new markets as 61.1% reported entering new
markets within a span of five years. These included new corporate markets and markets outside the province. They also opened new branches in other rural towns and upgraded their establishment. The entrepreneurs also possessed unique strategies (28.6%). In a bid to add value to their products so as to maximise on profits, the entrepreneurs emphasised on quality and safety of their products. Other entrepreneurs used low pricing as a strategy to beat their competitors (21.4%).

Some 43% of graduate entrepreneurs cited product and service reliability as crucial for their business. A further 28.5% saw customer relations as a vital strategy to attract more business. The remaining 14.3% offered free consultations in a bid to have more customers. All these strategies had one thing in common: they were calculated and well executed plans to increase the entrepreneur’s market share.

CONCLUSIONS AND RECOMMENDATIONS

University graduate entrepreneurs are at the forefront of manufacturing and service businesses in rural Central Province. They provide services and new type of businesses in the local space economy. These businesses are important for the growth of the regional economy of Central Province. They offer a diverse range of products and services. They are also professionally run and are distinct from the traditional “dukas” in the region.

The graduates are self-motivated and have a knack for taking calculated risks besides having a vision for their businesses. As they pursue their dreams, they generate employment and hence alleviate poverty in the region. They are always seeking new and better ways of doing business. Towards this end, they organise their business in terms of processes, markets and value addition.

Although they are a minority, if supported through a favourable policy their role as new drivers of a regional economy can be greatly enhanced. By viewing the rural Central Province as a suitable business location the graduate entrepreneurs are pioneering a process that should be emulated by others. There’s therefore a need for a policy that encourages more graduates to businesses, hence creating a critical mass of entrepreneurs to spearhead economic development in the rural Central Province. A policy that supports the graduates’ vision of upgrading profitable local businesses, improving production capacity and expanding their businesses should be formulated.

Supporting these self-driven, savvy and motivated entrepreneurs should therefore been seen as a worthwhile endeavour. They are the new agents of change and growth in rural economies. Universities should support this process by offering more entrepreneurial courses to their students. A special fund could also be established to facilitate the entry of graduates into entrepreneurship.

REFERENCES


