

Epitome of Resilience in Adversity: *Cottage Enterprises Using Home-spaces for Production and Exchange of goods; Evidence from Tassia, Nairobi City County*

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Abstract

Recently, a plethora of SMEs have emerged in the home-space precincts of low-income residential neighborhoods. Consequently, operators are often at loggerheads with not only the residents but also with those in authority who, somehow, view SMEs as unaesthetic and in conflict with residential use. In this paper, we argue that there exist advantages in the home-spaces that enable SMEs to thrive. Thus, any challenges posed by these activities should be understood and resolved amicably in order to support the livelihoods of the majority of the urban poor who depend on them. Data used to write this paper was acquired through the use of questionnaires; administered on various households and individuals who were sampled according to the categories of SMEs that they operated. More data was acquired from key informants and further buttressed through ground truthing. After the analysis, this study found out that when SMEs locate in residential neighborhoods, entrepreneurs who also reside in these houses save on rent and travelling cost and they also make use of cheap labor from the neighborhoods. Secondly, entrepreneurs not only make use of the neighbor-based market threshold to sell their goods and services but also receive customers from all directions of the city. For this reason, the house-space can be viewed as a multi-functional-point; first, facilitating the production of goods and services and secondly, promoting exchange and finally, as home. However, SMEs were found, first, to create visual clutter that led to an imbroglio in waste management and secondly, SMEs were putting a strain on infrastructure, hitherto dedicated to residential use only. In order to arbitrate the various space contests and needs, this paper recommends for a policy shift aimed at integrating SMEs into residential neighborhoods.

Keywords: Low-income residents, use of homes, cottage enterprises, resilience

INTRODUCTION

In the recent times, a trend has emerged where cottage industries are avoiding areas designated for their use and, instead, preferring residential home-spaces of Nairobi city. Various views have been advanced to explain this intriguing phenomenon, one of them being the failure of the planners to fully understand the space-use needs of the small and medium (SMEs) activities. This paper, however, contends that due to the multiple challenges facing the SMEs, the option of locating within the homesteads is a survival mechanism enabling them to break-even in business. For this reason, this study set out to investigate the interrelationship between home-spaces and the socioeconomic coping needs of the informal cottage enterprises. The study was based in Tassia estate, a typical middle to low-income residential

neighborhood located in Embakasi East Sub County of Nairobi city county.

THEORY

Contextualizing Cottage Enterprises within the Small and Medium Sector Economy

Sethuraman (1987) defined cottage or home-based enterprises as ones which occur in or very close to the home or residential neighborhoods rather than in a commercial or industrial area. One of the crucial characteristics of the home-based enterprises is that participants come from all backgrounds. For example, those engaged in the sector were found to include all gender, income, age and educational backgrounds. However, women were found to be the majority

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to the extent that others view it as a women-led sector. A study carried out in Bolivia, India, Indonesia and South Africa reveal that more than 50% of women earn a living from informal cottage enterprises (Kellet, 2003; Tipple, 2000; 2005; 2006; Kellet and Tipple, 2000). Others see a link between the sector and poverty and argue that a significant proportion among the lowest income groups work in the sector and thus, cottage enterprises have an important place in the livelihoods of the people living in low-income neighborhoods (Sethuraman, 1997; Katherine et al, 2003).

Others, however, argue that due to dwindling household income, those hitherto in the formal sector are also forced to find additional means of income in home-based employment (Fabohunda, 1985; Bhatt, 1997; Ghafur, 2000; Katherine et al., 2003). In Bolivia, India, Indonesia and South Africa it was found that the income generated from running the cottage enterprises contributes between half and three quarters of the aggregate household income (Kellet, 2003; Tipple, 2005; 2006).

Affinity to Locate in Home-space Precincts: The Pull-factors for the Cottage Enterprises.

The question often asked is: why would SMEs defy locations set aside for their use to operate from the home-space? For example, in most developing countries, the space in residential areas has increasingly been used to generate livelihoods and income (Nguluma and Kachenje, 2015). It has been argued that cottage enterprises have been important especially when formal employment diminishes and for this reason, such enterprises are started in the only place available - the home. In this context, Sethuraman (1997) and Roy (2010) point out that informal home-based enterprises have an important place in the livelihoods of the people living in low-income neighborhoods. Many low-income households rely on cottage enterprises as vital safety nets for boosting household livelihoods. While concurring with this view, Kellet and Tipple (2000) observe that while a 'home' was viewed as merely a container of human life, it has lately emerged as an essential shelter for life-sustaining business activities.

Studies have shown that people living mostly in low-income neighborhoods often use parts of their dwelling units and the broader neighborhood space to generate an income (Ghafur, 2000;

Tipple, 2000; 2005; 2006). The indoor spaces often used by SMEs include the courtyard, bedrooms, corridors and other rooms in the main house. Outdoor spaces include the semi-open veranda at the front of the dwelling, along transport routes, open spaces within the neighborhood and the frontage of buildings (Nguluma and Kachenje, 2015). Informal cottage enterprises often utilize locally available and cheap building materials and technology and this was found to be true in most countries including South Africa, Tanzania and Indonesia (Bhatt, 1987; Ezeachie, 2012; Kellet and Tipple, 2000; Nguluma and Kachenje, 2015). The dominant type of the home-based activity was found to be retailing, where majority owned small shops selling a variety of household goods, offering services and production (Kellet, 2003; Tipple, 2005; 2006). It was established that less sophisticated retail-oriented cottage enterprises were involved in either operating shops or use of households' skills such as knitting that rely on nature provided resources. Other categories included industrial oriented activities such as welding, metal work and some wood work and agricultural oriented activities such as gardening in the backyard of homes and selling of tree seedlings along the road or in the backyard of the home.

Conflict between Home-space Location of SMEs and Policy Makers

The preponderance by small and medium enterprises (SMEs) to locate within residential areas has been found to affect the quality of the environment, degree of aesthetics and livability of the neighborhood. From an environmental impact assessment (EIA) of cottage enterprises carried out in Kashmir, India, it was noted that cottage enterprises impact negatively on the quality of environment in the home neighborhoods (Tipple, 2000; 2005; 2006). Some of the activities use heavy machinery during their operation which cause noise, dust, fumes and nuisance within a residential neighborhood while most of them dispose their waste indiscriminately. However, most of the SMEs operators especially those living in poverty seemed to tolerate problems that they either cause through running these enterprises or even those caused by other enterprises to the neighbors (Kellet and Tipple, 2000). The Cottage enterprises phenomena is regarded undesirable in the urban planning orthodoxy because it introduces commercial and industrial uses in

areas zoned for residential. For this reason, Roy (2010) notes that, informality in African countries has greatly influenced the creation of space outside the norm of planning hence plays a vital role in shaping the image of the city.

Arguments in Favor of the Cottage Enterprises

Kellet and Tripple (2000) argue that sustainable development requires that each part of the policy and decision-making process is carried out in a holistic manner so that planning decisions reflect people’s needs. The process should always take into account the need for households to earn a livelihood and for many, the dwelling areas are the only places available to them (Tipple, 2005; 2006).

RESEARCH METHODS

This paper utilized data obtained through examination of documents found in the library and internet and through interviewing the sampled population in the areas that were selected. These sources of data were complimented by observation and photography. A sample size of 40 home-based enterprises were picked and a sample size of 20 residents were also chosen. The study utilized the non-random quota sampling because there wasn’t a definite number of informal cottage enterprises

and residents living in Tassia. The procedure entailed mapping out the area into 4 quotas in which the samples were selected. In each quota, 10 home-based enterprises were picked and 5 residents were picked. The number of cottage enterprises and residents selected to administer the questionnaires to, were selected using a convenience/grab sampling. The area Physical Planner was selected as a key informant to provide expert data about home-based enterprises in residential neighborhoods.

RESULTS AND DISCUSSION

The Nature and Challenges of Cottage Enterprises in Tassia, Nairobi

Background of the participants

The gender distribution of the operators of the home-based enterprises was 65% for male operators while 35% were female operators (Figure 1). This finding contradicts studies carried out in Bolivia, India, Indonesia and South Africa in 2002, which reveal that over 50% of the people in the cottage enterprises were women (Kellet and Tripple, 2000; Kellet, 2003; Tipple, 2005).

A majority of people who engaged in home-based

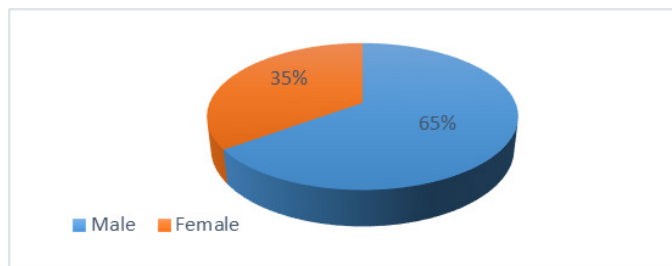


FIGURE 1
 Gender of the respondents
 Source: Survey (2020)

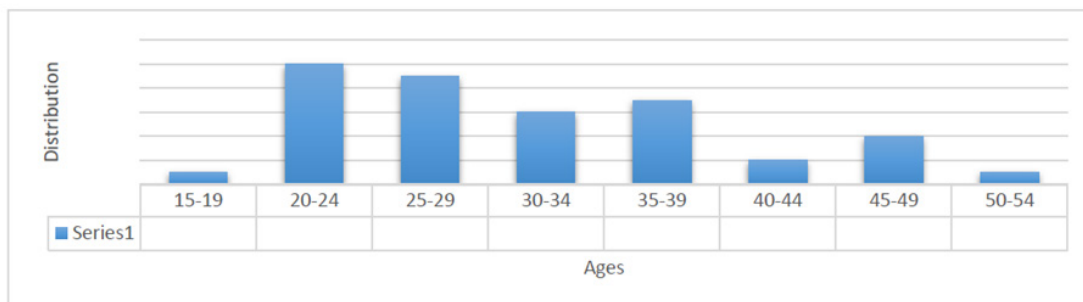


FIGURE 2
 Age distribution of the cottage enterprise operators
 Source: Survey (2020)

enterprises in Tassia were between the ages of 20-35. About 25% of the operators were between the ages of 20-24 (which was the highest recorded) and only 2.5% were between the age of 15-19 and 50.54 (Figure 2).

This statistic corresponds with the various literature sources that show participation of the youth in informal cottage enterprises is quite high.

The study revealed that a high number of the respondents had received formal education either at primary school level or secondary, tertiary and university levels. Specifically, 42.5% of the respondents had attained secondary School level education, 36% tertiary level education and 22.5% had attained primary level education (Figure 3).

The study shows that those who operated SMEs in Nairobi had attained substantial levels of formal education and not illiterate or of low literacy as thought during the formative stages of the SMEs sector.

Factors for Engaging in Home-based Enterprises

This inquiry tried to find out the factors which prompted the entrepreneurs to carry out the activities from the residential areas. The main reason given by 50% of the respondents for engaging in home-based enterprises was lack of formal employment. Other reasons given were availability of a ready market (15%) (business niche), a means to increase income streams (15%) and low education attainment. The respondents that mentioned passion/talent (10%) as the reason for engaging in SMEs were mainly women who engaged in knitting and salons (Figure 4).

The study found out that 97% of the household engaged in home-based enterprises got their household income from the cottage enterprise. Only 3% of the respondents engaged and earned their income from wage employment (Figure 5). The findings agree with previous studies that a majority of people engaged in home-based enterprises depended on them for household survival (Kellet, 2003; Tipple, 2005; 2006; Nguluma and Kachenje, 2015).

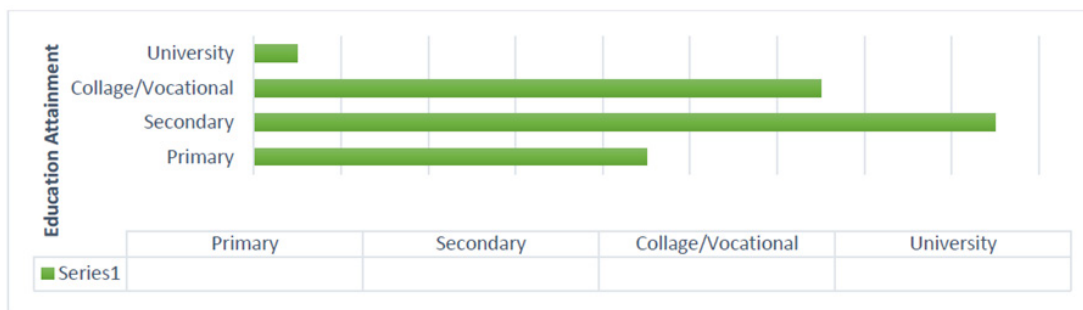


FIGURE 3
Education attainment of the respondents
Source: Survey (2020)

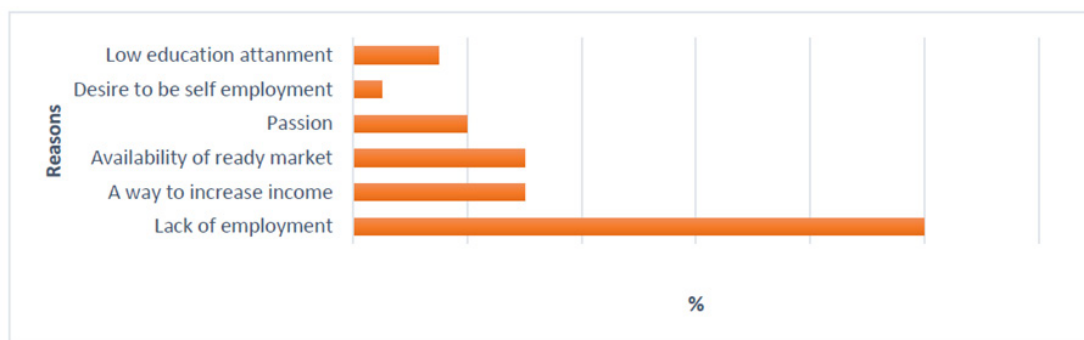


FIGURE 4
Reasons for engaging in home-based enterprises
Source: Survey (2020)



FIGURE 5
Main sources of household income
Source: Survey (2020)

The results also show that some of the entrepreneurs were actually working in formal employment but engaged in cottage enterprises in order to augment their income. 96% of the respondents who were residents of Tassia preferred to shop within Tassia estate for their day-to-day use household items such as food items. This created the threshold and economies of scale required by the cottage enterprises within Tassia to grow their business and make it a viable venture. This shows that cottage enterprises bring goods and services closer to the people and in the process such people save money and time for their customers, who otherwise would have to travel to the CBD or industrial area to access the same. The goods are always available in the right place, time, and at affordable prices.

Average Monthly Incomes from Cottage SMEs Compares with Others

The study found out that the average income earned from running an enterprise is approximately 20,000ksh per month (USD 154). **Figure 6** shows the variation of incomes enjoyed by the operators of home-based enterprises depending on the activities engaged. The highest income earned from running these enterprises was 75,000ksh (577 USD) per month while the lowest was around 3,000ksh (23 USD) per month.

From a study carried out in Pretoria, New Delhi, Surabaya and Cochabamba in 2005 findings revealed that the average incomes enjoyed by cottage enterprises range between £100 to £150 per month (Tipple, 2005). The income earned

in Tassia compares favorably with the average incomes earned in other countries.

In Kenya, economic surveys reveal that the informal economy contributes the largest share of total employment (about 80%), thus, bridging the gap of unemployment. The surveys show that in 2019 the nominal average income earned in the informal economy was about 64,862 Ksh per month (USD 499). The nominal average income earned in the formal economy is about 64,654 Ksh (USD 497) per month (KNBS, 2020). The incomes earned in both sectors compares favorably. Cottage enterprise have positive and crucial contributions towards the creation of employment, livelihoods and local economy.

The main categories of activities found in Tassia included retail oriented, agriculture oriented, industrial oriented and service-oriented cottage enterprises (**Figures 7, 8, 9 and 10**). The retail-oriented activities included food and hotel, clothes and apparel, charcoal selling and newspaper vending enterprises (**Figure 11**). The agriculture-oriented activities included tree seedling selling and chicken businesses. The industrial oriented enterprises included welding and woodwork workshops. The service-oriented businesses included motorcycle, water vending, repair shops, grooming salons and car wash businesses (**Figure 12**). A majority of businesses were retail/commerce oriented in nature offering a range of low order goods with the most common goods being perishable vegetables. About 5% of the activities were industrial oriented.

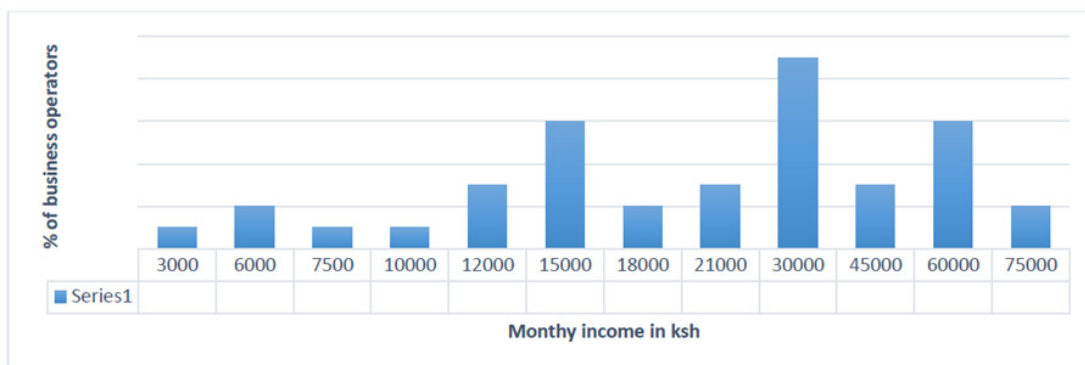


FIGURE 6
 Amount of income earned from cottage enterprises
 Source: Survey (2020)

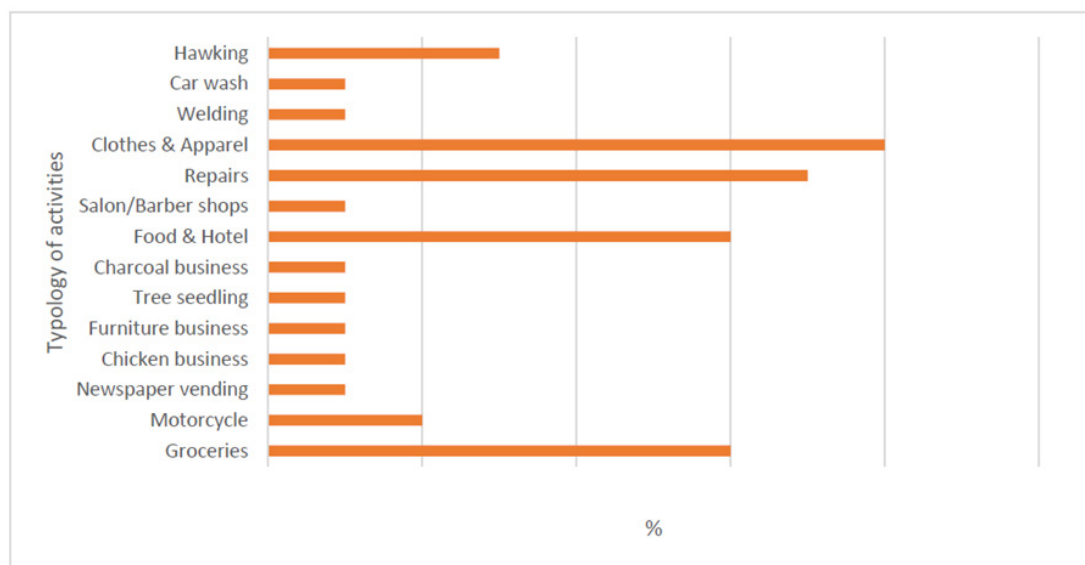


FIGURE 7
 Typology of cottage enterprises in Tassia
 Source: Survey (2020)

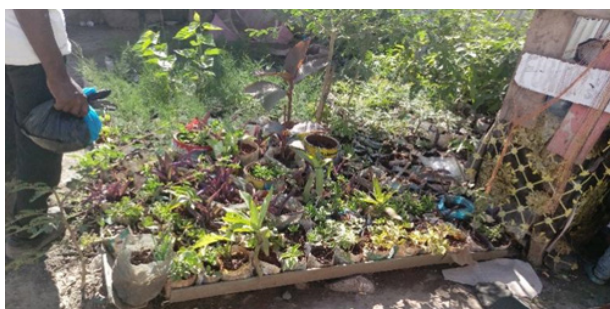


FIGURE 8
 Agricultural - oriented goods (selling tree seedlings)
 Source: Survey (2020)



FIGURE 9
 Industrial-oriented activity (welding)
 Source: Survey (2020)



FIGURE 10
 Service-oriented (watch repair)
 Source: Survey (2020)



FIGURE 11
 Retail-oriented (selling apparels)
 Source: Survey (2020)



FIGURE 12
 Commoditized infrastructure (sale and distribution of water)
 Source: Survey (2020)

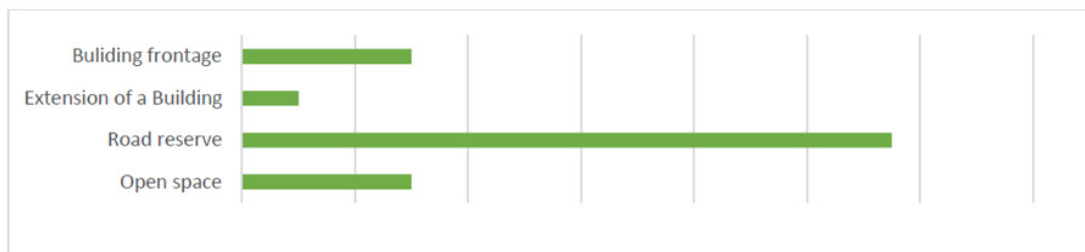


FIGURE 13
 Location of cottage enterprises within Tassia
 Source: Survey (2020)

The findings show that 60% of the informal cottage enterprises in Tassia were located along road reserves and transportation corridors (Figure 13). 15% of these activities took place in open spaces within the residential neighborhood and building frontages. Around 5% were located within extension of residential premises. In many developing countries, various forms of space in the public domain have evolved from their initially intended functions to embrace a diverse range of economic activities. These activities thrive on streets, sidewalks, pavements, road reserves and open spaces. The findings validate this statement by demonstrating the locations of activities in public spaces.

Space transformation is the alteration or extension involving construction using locally available material and technology (Tipple, 2000; 2005; 2006). Alterations is one form of space transformation that involves construction of extension of the main house, construction of mobile structures used in vending and 'vibandas' (Nguluma and Kachenje, 2015). Figure 14 shows a typical example of an extension of a main house made out of locally available material and technology. The extension is run by the home owners for income generation where on one side the daughter sells fruits and on the other the mother runs a clothes repair shops and designs bags.

In Tassia, water is a commodity sold in the open-air market and therefore, it could be viewed as a category of service sector informal cottage enterprises. Water vendors utilize space outside their houses as water points and people congregate

here with jericans jostling for this rare commodity. Vendors utilized push carts to obtain water from a source, usually a private-owned borehole or spring at a fee and they sold it at the neighborhood at a profit. The vendors usually parked their carts at strategic locations in public open spaces and along roads or near their houses. It is also argued that street vending is often located in premeditated points with heavy human traffic.

Negative Impacts of SMEs on the Neighborhood Environment

With regards to the negative environmental impacts, home-based enterprises are perceived to have some marginal effects on the quality of the environment within a residential neighborhood. They are often associated with air and sound pollution, congestion and bring nuisance to the home environments including solid waste disposal challenges and congestion (Figures 15 and 16). Space transformation alters how space especially in a residential setting looks like. Setting up 'vibandas' would for example, contribute to a lot of visual clutter, densification of outdoor spaces and consequently strain of residential infrastructure. This also contributes to the use of space in a way that was not planned hence why this craft has been frowned upon.

It has been observed that the concentration of commercial activities along roads tends to impinge on free movement of pedestrians and sometimes presents risks related to crowding and traffic congestion. This phenomenon decreases the quality of residential space and leads to loss of social space. It is noted for example that extensive



FIGURE 14
 Space transformation
 Source: Survey (2020)

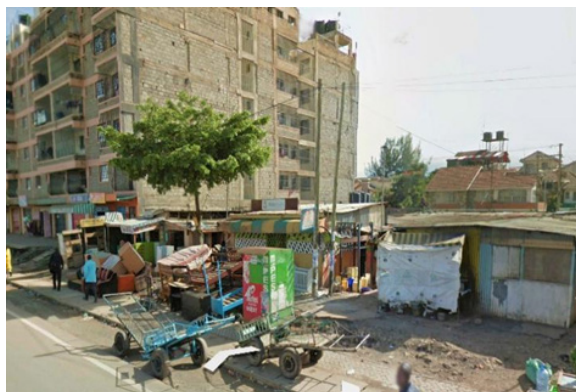


FIGURE 15
 Visual clutter and strain of residential infrastructure
 Source: Survey (2020)



FIGURE 16
 Poor solid waste disposal and sound pollution from a welding workshop
 Source: Survey (2020)

use of temporary structures, poses a challenge of reduction in value of property in these areas. The continued development of sheds for workshops and retail outlets results in a different physical neighborhood character than it was intended by planners (Ezeadichie, 2012). Tassia estate was planned using the principle of separation of land use activities and it was initially zoned as a single use high density residential area. However, the presence of SMEs has created conflicts with the original single use. It has been argued that Tassia lacks provision of essential services and amenities and this is what prompted the emergence of institutions, enterprises and facilities (operating either formally or informally) to bridge this gap. This finding agrees with Kellet and Tipple (2000) that Planning norms enshrined in zoning laws insist on the separation of manufacturing, retailing and commercial uses from residential areas yet there has been little recognition of the symbiosis between domestic spaces and income-generating activities.

CONCLUSION

Due to increasing operational costs, declining purchasing power and difficulties in breaking-even in business, most SMEs operators opt to work from home. This new trend seems to redefine the meaning of 'home' in the planning orthodoxy to include work and production spaces. It is now clear that 'Home is not merely the container of domestic activities but it can also be a container of life sustaining activities (Kellet and Tipple, 2000)'. This paper unearths the multiple-function of residential areas and further demonstrates the complementary relationship that exists between domestic spaces and income generation activities such as SMEs.

RECOMMENDATIONS

Evidence adduced in this paper regarding the dire need for some of the SMEs operators to work from the home-space, together with the enormous income generated by the activities demand a change in policy direction. For example, planners and policy makers should rethink the meaning of

'home' not only as an enclave where people just reside but with potentials of income generation. Rather than ignoring or doing away with the home-based economy, policy makers ought to embrace its possibilities while ameliorating its undesirable effects in future plans and policies.

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