



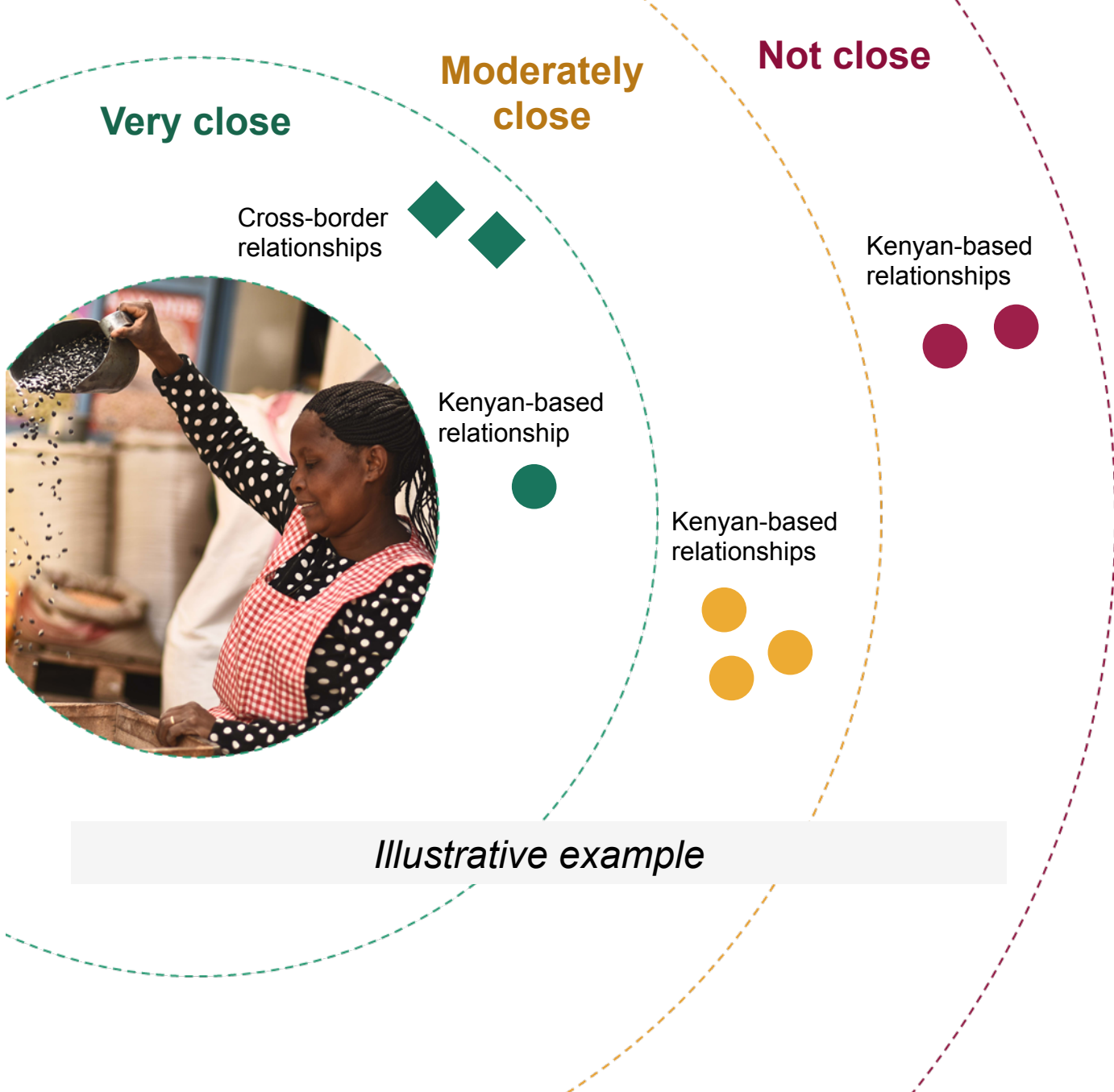
(IN)FORMAL MSEs IN NAIROBI

Network Analysis and rankings – Overview of Findings

November 2020



MSE NETWORK MAPPING DEEP DIVE -



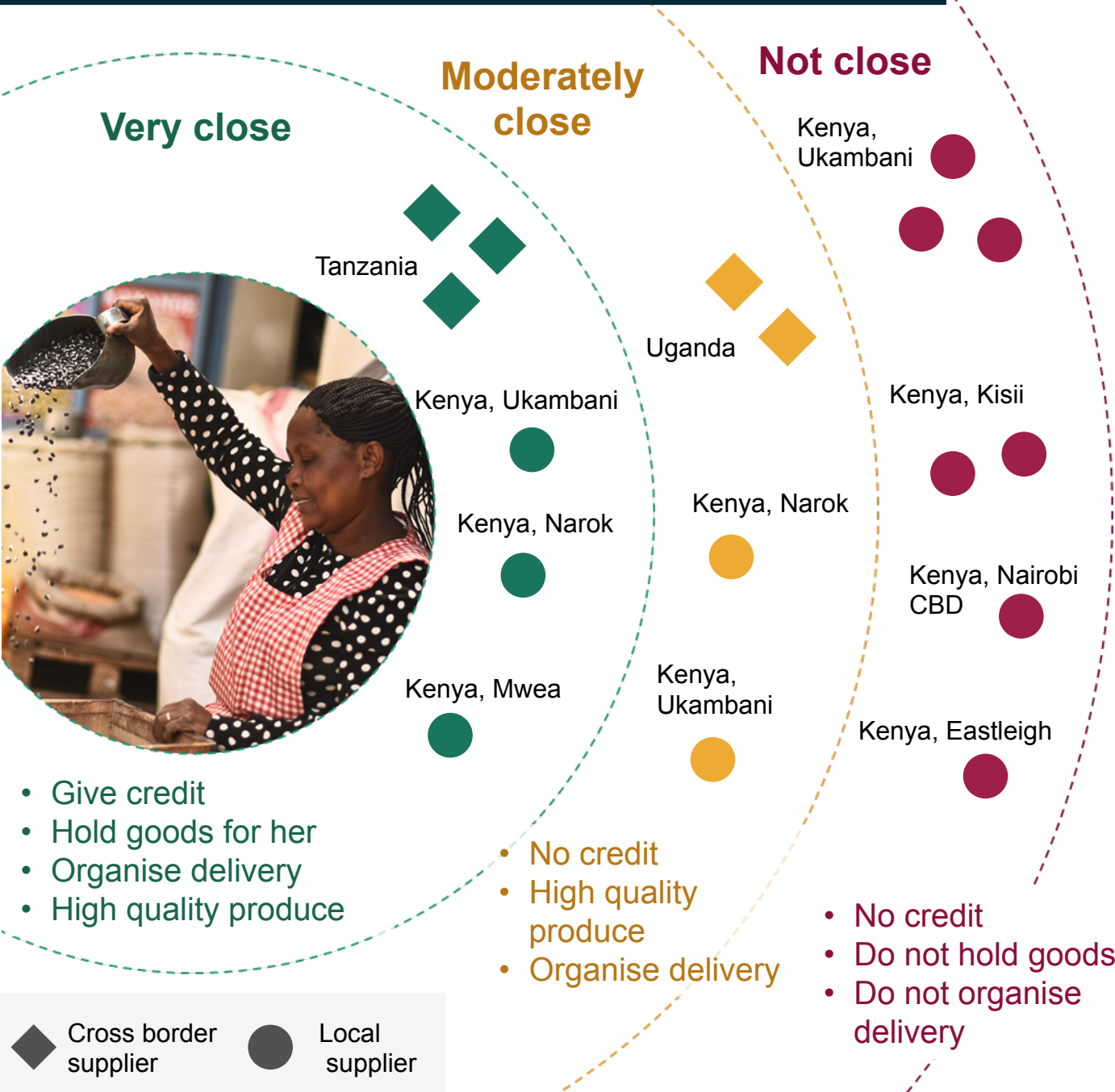
- The exercise was conducted with six business owners and split into three themes – supply relationships, customer relationships and financial service provider (formal and informal) relationships
- Two business owners were interviewed per theme
- Respondents were introduced to the exercise and told what the three circles mean – inner circle to outer circle, closest to least closest relationships
- Respondents were not prompted on what a “close” or “not close” relationship” is but rather were asked to describe their relationships with these individuals / organisations and then plot them on the map where they think they fit
- Each shape represents a single supplier / customer or organisation. The shapes indicate different types of suppliers/ customers (based on location or type), with a key provided at the bottom of the slide



Christine sells cereals and grains from her shop in Nyamakima market

- Christine has around 17 suppliers, of which six are considered to be very close relationships and a further 4 are 'moderately close'
- **Relationships with her closest suppliers have been built over many years**, 6 – 8 years in some cases, and are characterised by mutual trust and support
- **70% of her supply is sourced from brokers in Tanzania and Uganda** who buy produce directly from farmers (supply alternates between the two depending on the season)
- Her Tanzanian suppliers are regarded as being particularly close to her business because they offer her **credit**
- She usually pre-pays both cross-border brokers ahead of receiving the goods via her **bank account**
- She also has three main suppliers in Kenya in Mwea, Narok and Ukambani who she sources rice and other items from. She pays these suppliers in **cash**
- Christine uses additional suppliers when required, but does not regard these as important relationships

CHRISTINE – SUPPLIER RELATIONSHIPS:



“ They have contributed to the growth of my business. They support my business...even if I call them and tell them to send me supplies yet I don't have money, they do so

“ We trust each other. When I tell him I am coming this day, he gets the goods ready and keeps them for me. But the others, if you get there late you may find they have sold the goods to other buyers. He also organizes transport for me up to Nairobi and negotiates for the cost.

“ She is the one who gets what my customers want, she does not mix rice, others mix different qualities of rice, some bring broken rice, but she gives me quality

“ Those from you Uganda you must give them cash, but their faithfulness is high. The Ugandans will make sure the supplies reach when they send. They will also give you quality supplies... they are close to my business, but not as close as the Tanzanians

“ The rest are the ones that have to think about business first...That's their nature they are unreliable and you cannot trust that they will keep the goods for you

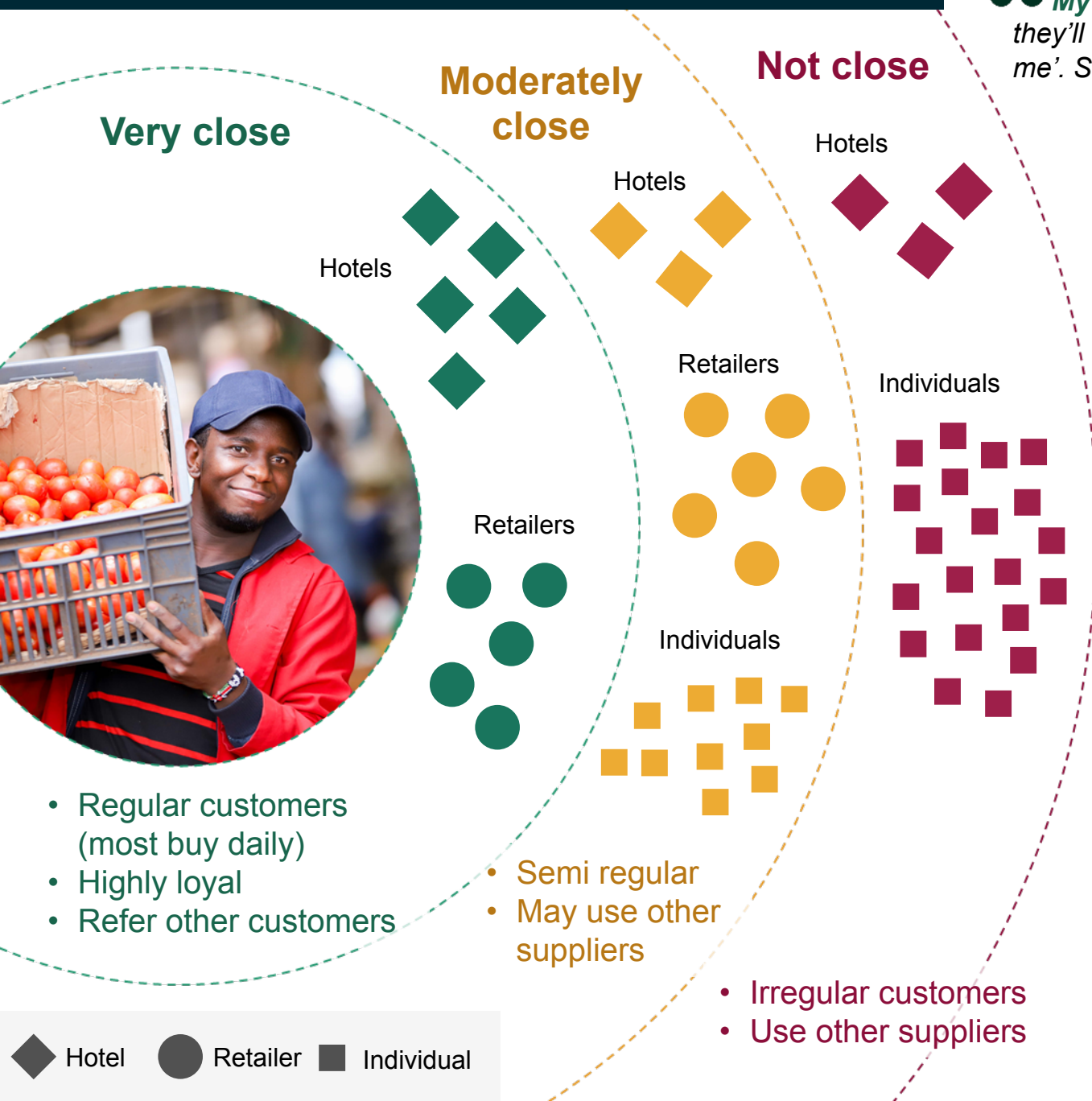
Customer network



Shadrack sells tomatoes and onions in Muthurwa market

- Shadrack's **main customers are hotels and retailers** which purchase his goods wholesale, although he does also have some individual customers
- He considers five hotel customers and five retailers as very close relationships
- Close customers **visit him regularly**, usually on a daily basis
- **They are loyal** to him, and will purchase from him even when the quality is lacking or cheaper options are available
- They also **refer other customers to him**
- Shadrack allows his **close customer to take goods on credit**, he will also borrow from them when he needs money to purchase stock
- He will also **organise delivery** for close customers, give them **discounts** and will try to get the best quality produce for them
- He has worked with many of his close customers for over four years, some were introduced to him by his mom who operated the shop before him
- His customers pay him with cash and Mobile Money

SHADRACK – CUSTOMER RELATIONSHIPS:



- Regular customers (most buy daily)
- Highly loyal
- Refer other customers

- Semi regular
- May use other suppliers

- Irregular customers
- Use other suppliers

“ My regular customers will come even if my tomatoes are not that good, they’ll tell me: ‘Shadrack today they are not that good but I’ll just carry a few with me’. So, I do count them as my close customers because **they are loyal to me** ”

“ He stands with me in bad times and good times. We share personal issues and advice with each other on business. I also sell to him on credit which he pays on time. We also borrow from each other ”

“ customers have always been with me even if the Tomato prices fluctuates and goes high. **Even when it is Tomato season and they are sold everywhere, and even if there are cheaper at other places, they will still come and buy from me** ”

“ They are loyal to the business. Also **when we have functions we invite each other which is the social aspect of placing them close. We help each other** ”

“ **She is not regular a customer she might come today then fail to come tomorrow but even if she misses once she will still come back, so that’s why I value her, even if they don’t buy daily but at least can come and say hi.** ”

“ She is an **inconsistent** customer. she comes daily but **at times she can come and tell me today I’m not taking your tomatoes and then she moves to another place, that’s why she is outside** ”

“ At times **she even lied to me that she has closed down of which is not the case, she has been buying from someone else** ”

Financial products and services network analysis



Christine runs a salon in the Nairobi CBD. She operates out of a permanent premises. She pays for a county permit annually and her business name is registered. She is employed at a hotel and runs her salon to make extra income. She makes use of both formal and informal financial services in her business

- FSPs used for **business** purposes
- ★ FSPs for **personal** use

Informal relationships

● Shylock

- Christine takes small loans for her business
- She usually takes KSh 20k loans, which must be repaid in 3 months with 20% interest

She gives quick loans to small businesses, sometimes I want to stock more sodas in my fridge then I take 20k from her at 20% interest; when I take money from her it is always for the business

★ Chama

- Contributes KSh 3K per week
- When it is her turn to get paid out she usually uses the money for personal expenses

Sometimes I feel so bad when the money is used on other things and I just wish I could use it on the business

★ Family

- Sometimes receives money from her brother, usually around KSh 10,000
- This is usually used to buy food, never to support her business

Formal relationships

● Employer SACCO

- She contributes every month (deducted from her salary)
- Can get loans of up to three times her savings. She has used numerous loans to invest in her business
- Can access 'quick loans' of less than Ksh 40k, or larger loans over KSh 40k which require five colleagues as guarantors
- Repayment is made directly from her salary

● Bank account

- Opened an account to build up a relationship with the bank for when she is no longer employed and will not have access to her employer SACCO
- Deposits funds from Mobile Money into her bank account "the more they see me save with them the more they will give me loans when I want"
- Pays her employees from her account into their Mobile Money wallets
- Took a Ksh 300K loan in 2016 for her business and to start building a credit history with the bank

When I apply for a loan, they come here to see which street we are located; they also want to see the current business license, and they want to see what I have in the business that can cover for the loan payment in case I default

● Mobile Money

- Has a Mobile Money account for her business and a personal Mobile Money
- Encourages customers to pay via Mobile Money account
- All funds from Mobile Money are deposited into bank account
- All day-to-day transactions done via Mobile Money

It has been a very long time since I went into the banking hall to transact over the counter or even the ATM, I do all transactions over the phone

★ Mobile loans

- Christine has used multiple mobile loans from different providers (Branch, Tala, Zenka, M-Shwari)
- She uses these for emergencies and personal payments, but never for her business

Most of the time I use the mobile loan apps for emergencies, my mother would call me and say she wants to buy a cow or something personal, so I borrow from the apps for other purposes not for the business

Financial products and services network analysis



Agnes owns a metal fabrication business in Nairobi. She operates out of a temporary structure on an open piece of land. She does not pay any money to the County, but did recently register her business name in response to a small tender. She makes use of both formal and informal financial products and services, and has used several bank loans to grow her business.

- FSPs used for **business** purposes
- ★ FSPs for **personal** use

Informal relationships

● Family

- Her husband supports her business both by assisting her with her record keeping and by providing finance when needed
- He supplied her with Ksh 50k for start-up capital
- In 2017 her husband took a loan from his employer on her behalf
- Agnes's sister also helps her out if she does not have money to pay back one of her loans

● Colleagues / friends

- Agnes has two colleagues or "friends" as she refers to them that she borrows small amounts from
- Occasionally she will also lend money to them

I sometimes need something to use at work, but I do not have the money at hand, like I need 10k or 5k, then I would borrow from them

● Merry-go-round

- Agnes is a member of various groups – a daily, weekly, monthly and annual contribution group
- She contributes Shs 100 to the daily group and KSh 2000 to the weekly group; she does not specify how much she contributes to the other groups
- Some of these groups are specifically with other business owners
- Agnes generally reinvests the money she receives back into the business. On one occasion she received KSh 30k which she used to "boost" the business

● Welfare

- She is a member of the Jua-Kali Welfare group which supports members in case of sickness or death of a family member
- She has received support from this group on three occasions

Formal relationships

● SACCO

- She opened an account with them about 20 years ago and has taken at least two loans from them to grow her business, one of which was KSh 200k
- Agnes does not like the group loan structure as this has affected her negatively in the past when group members missed payments
- While KWFT has supported her business she stopped using them around two years ago

● Bank

- Her account at her bank appears to be primarily for the purposes of accessing loans
- She has accessed numerous loans for her business from her bank (based on her savings with them) of between KSh 20k and KSh 150k
- However, these are group loans which she does not like because of her experience with other group members defaulting

● Other bank

- Agnes also has an account with another bank but has not used it to access any loans

★ Mobile Money

- Agnes has a personal Mobile Money
- On occasion she will allow customers to pay her via her personal Mobile Money but she does not encourage it due to risk of payment reversals



Relationship ranking exercise

Six business owners were asked to rank various relationships by classifying them as green, red or orange where:

- **Green** indicates the relationship has added a lot of value to the business
- **Orange** indicates the relationship has added some value to the business
- **Red** indicates the relationship has not added any value to the business

Perceived value of network relationships - Summary of ranking results

High value
Medium value
Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work

	Christine (Sells grains and cereals)	John (Wood work / furniture maker)	Christine (Hair salon owner)	Rose (Dress maker /Tailor)	Shadrack (Vegetable trader)	Agnes (Metal work)
Customers	High	High	High	High	High	High
Suppliers	High	High	Medium	High	High	High
Employees	High	High	High	High	Low	Medium
Colleagues	Low	High	Low	High	Medium	Medium
Friends / family		High	Medium	High	High	High
Banks	High	High		Medium	Medium	High
Chamas		High	Medium	High	Medium	High
Saccos			High	High	High	High
Associations	Medium	High			Medium	
County Govt.	Medium	Medium	Low	Medium	Medium	Low
National Govt.	Low	Medium	Low			Low

Perceived value of network relationships - Summary of ranking results

High value
Medium value
Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work

	Christine (Grains)	John (Wood)	Christine (Salon)	Rose (Tailor)	Shadrack (Trader)	Agnes (Metal)
Customers	High	High	High	High	High	High
Suppliers	Medium	Medium	Medium	Medium	Medium	Medium
Employees	Medium	Medium	Medium	Medium	Medium	Medium
Colleagues	Low	Low	Low	Low	Low	Low
Friends / family	Low	Low	Low	Low	Low	Low
Banks	Medium	Medium	Medium	Medium	Medium	Medium
Chamas	Medium	Medium	Medium	Medium	Medium	Medium
Saccos	Medium	Medium	Medium	Medium	Medium	Medium
Associations	Medium	Medium	Medium	Medium	Medium	Medium
County Govt.	Medium	Medium	Medium	Medium	Medium	Medium
National Govt.	Low	Low	Low	Low	Low	Low

Without customers I wouldn't be calling it a business, I have really grown because of their existence and the fact that they buy goods from me.

They are the reason why I am here, just to say customers are the ones who has contributed the most because through them I sell my products hence my survival in my business.

Perceived value of network relationships - Summary of ranking results

High value
Medium value
Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work

Customers	●	●	●	●	●	●
Suppliers	●	●	●	●	●	●
Employees	●	●	●	●	●	●
Colleagues	●	●	●	●	●	●
Friends	●	●	●	●	●	●
Banks	●	●	●	●	●	●
Chamas	●	●	●	●	●	●
Saccos	●	●	●	●	●	●
Associations	●	●	●	●	●	●
County Govt.	●	●	●	●	●	●
National Govt.	●	●	●	●	●	●

*They are the key people in business because they supply me with materials to use, offer trade on **credit** and the fact that they offer me **quality materials** which ensures that my customers are satisfied*

*Let's put them on orange because they add some value but I have to pay them to get supplies, **they don't give credit***

*They've contributed a lot, because through them I get my products to sell and not only product but **quality products** and also on time and also their services to me was one of a kind and through them I can say my business has excelled*

Perceived value of network relationships - Summary of ranking results

High value
Medium value
Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work

Customers	●	●	●	●	●	●
Suppliers	●	●	●	●	●	●
Employees	●	●	●	●	●	●
Colleagues	●	●	●	●	●	●
Friends / family	●	●	●	●	●	●
Banks						
Chamas						
Saccos						
Associations						
County Govt.	●	●	●	●	●	●
National Govt.	●	●	●	●	●	●

Without them there is nothing I can do by myself, when customers come in, I need to have employees to attend to them. They also have to do excellent work so that customers can come again and again

Without them I cannot be in business. Personally I don't know how to make the sweaters so I depend on them

There are some who stole from me, I gave them credit but they never came back again

Perceived value of network relationships - Summary of ranking results

High value

Medium value

Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work

Customers	●	●	●	●	●	●
Suppliers	●	●	●	●	●	●
Employees	●	●	●	●	●	●
Colleagues	●	●	●	●	●	●
Friends / family	●	●	●	●	●	●
Banks	●	●	●	●	●	●
Chamas	●	●	●	●	●	●
Saccos	●	●	●	●	●	●
Associations	●	●	●	●	●	●
County Govt.	●	●	●	●	●	●
National Govt.	●	●	●	●	●	●

They have supported me in terms of giving advice and due to the union we have as business colleagues we have been able to look at ways of growing and also offer protection to our businesses

They don't give me anything put them on red; that is competition

For example if a customer needs a particular color of sweater that I do not have, I will take it from a colleague

Perceived value of network relationships - Summary of ranking results

High value

Medium value

Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work

Customers

Suppliers

Employees

Colleagues

Friends / family

Banks

Chamas

Saccos

Associations

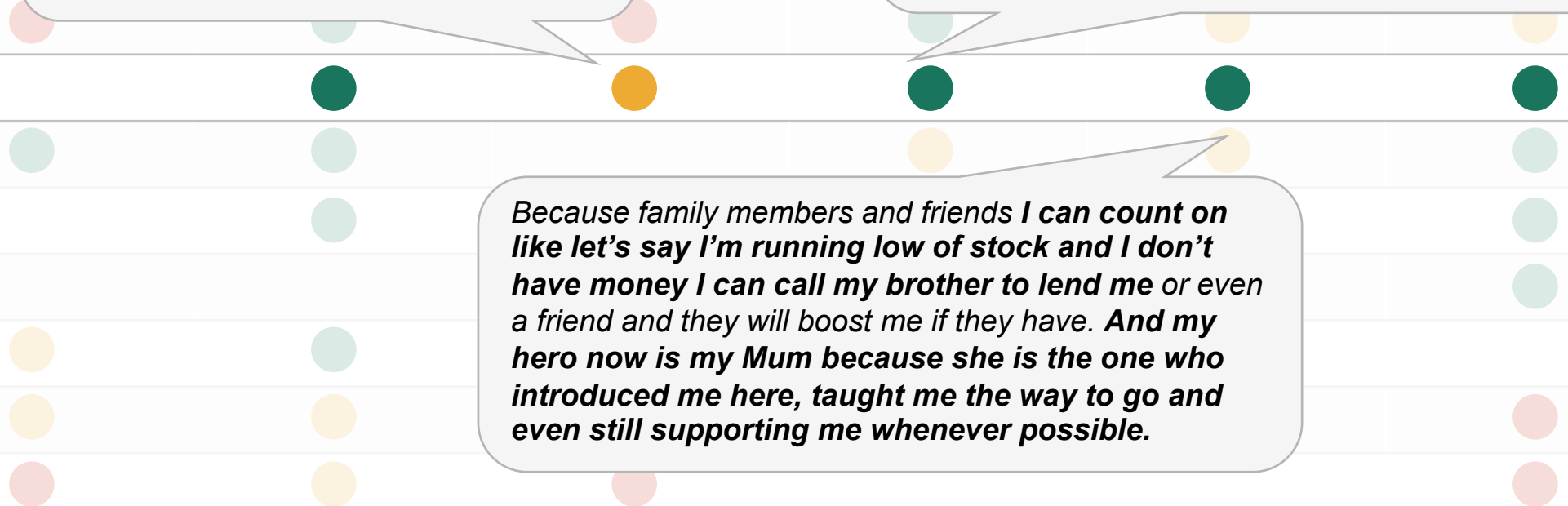
County Govt.

National Govt.

*They add some value because **when you are down someone will come and talk to you, encourage you that things will be okay. They give you moral support but not financial***

If get an order that needs a lot of money and I don't have it I will call my family, my brother or a friend and they will assist me. Let's say I will be away tomorrow, I cannot close the business, I will leave a friend or my sister to take care of the business

Because family members and friends I can count on like let's say I'm running low of stock and I don't have money I can call my brother to lend me or even a friend and they will boost me if they have. And my hero now is my Mum because she is the one who introduced me here, taught me the way to go and even still supporting me whenever possible.



Perceived value of network relationships - Summary of ranking results

High value
Medium value
Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



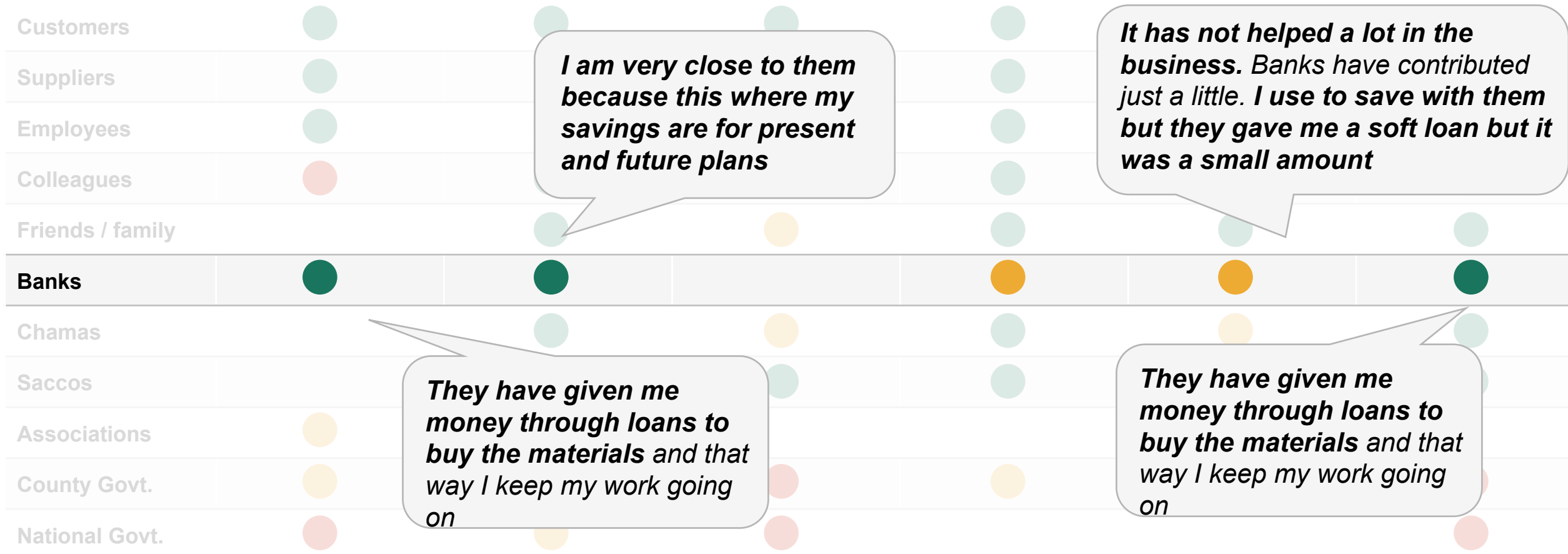
Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work



I am very close to them because this where my savings are for present and future plans

It has not helped a lot in the business. Banks have contributed just a little. I use to save with them but they gave me a soft loan but it was a small amount

They have given me money through loans to buy the materials and that way I keep my work going on

They have given me money through loans to buy the materials and that way I keep my work going on

Perceived value of network relationships - Summary of ranking results

High value

Medium value

Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work

Customers



Suppliers



Employees

Through the savings and loans from my Chama I have been able to boast my business whenever need be

I am just in one Chama and let's say I need money like 20,000 I can get it, but for you to get money again it will take like a year. So is like 20,000 in a year – it's too little



Colleagues



Friends / family



Banks



Chamas



Saccos



Associations



County Govt.



National Govt.



Money from chamas boost my business in a way. Once I get the money I use it to buy some little things which I do not have at that time

Perceived value of network relationships - Summary of ranking results

High value
Medium value
Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work

Customers
Suppliers
Employees
Colleagues
Friends / family
Banks
Chamas
Saccos
Associations
County Govt.
National Govt.

I save everyday and I feel like I have employed myself. If I decide to be saving 500shs a day they will be coming for it every day. If I decide I need a loan I will be able to get it from them. If I decide I need some money from them even today they will give me

The loan that they gave us back then has enabled us to do a lot and to grow in this sector of business...through it we expanded our business by adding the stock and also contributed to the shop where my mom is currently working at. So it has contributed a lot and we have benefited so much in this Sacco

They are important because anytime I get stuck, I can borrow from them and boost the business

Perceived value of network relationships - Summary of ranking results

High value
Medium value
Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work



It has helped in welfare and the association has ensured that there is security and have protected businesses operating within this area

I am very close to them because this is about our wellbeing as businesspeople and through this association we are able to support one another and also ensure our businesses are well secured

They've contributed just a little, even their absence can't affect my business so I haven't seen their contribution that much, the market is clean at times even the lights go off for a week but we are still there surviving with our businesses so I don't see much of their importance

Perceived value of network relationships - Summary of ranking results

High value
Medium value
Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



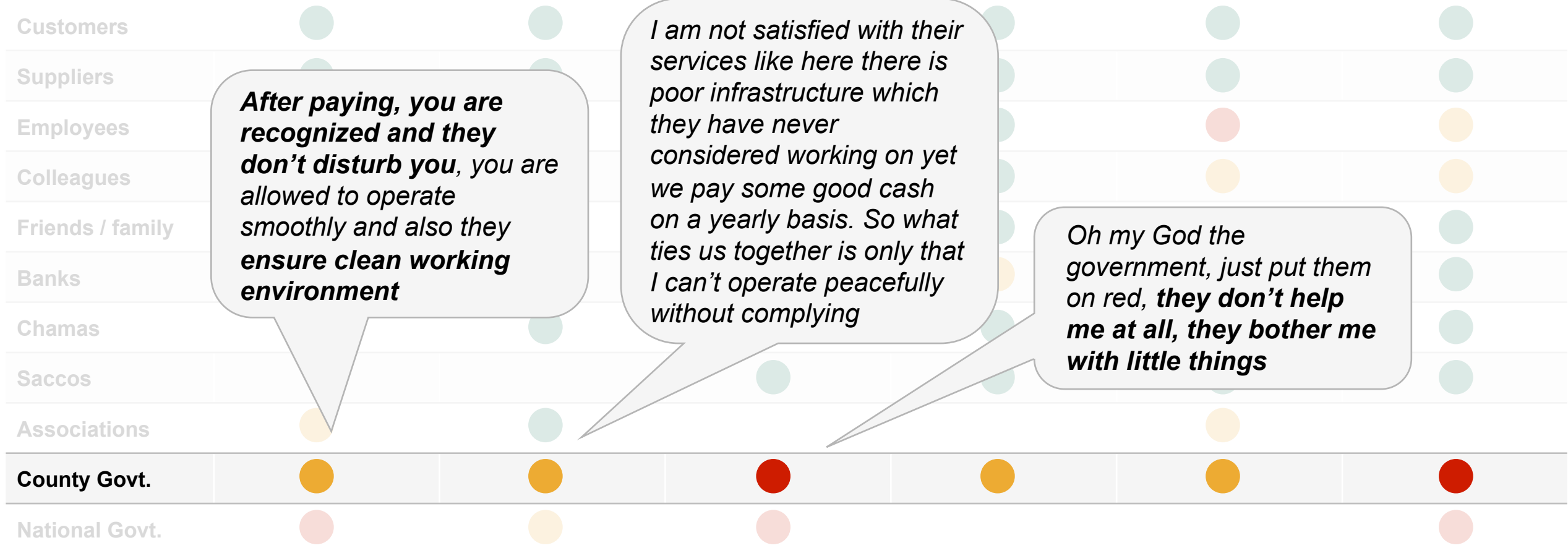
Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work



After paying, you are recognized and they don't disturb you, you are allowed to operate smoothly and also they ensure clean working environment

I am not satisfied with their services like here there is poor infrastructure which they have never considered working on yet we pay some good cash on a yearly basis. So what ties us together is only that I can't operate peacefully without complying

Oh my God the government, just put them on red, they don't help me at all, they bother me with little things

Perceived value of network relationships - Summary of ranking results

High value
Medium value
Low value



Christine
Sells grains and cereals



John
Wood work / furniture maker



Christine
Hair salon owner



Rose
Dress maker /Tailor



Shadrack
Vegetable trader



Agnes
Metal work

Customers

Suppliers

Employees

Colleagues

Friends / family

Banks

Chamas

Saccos

Associations

County Govt.

National Govt.

*It has helped in ensuring there is **good infrastructure in main roads** however it neglected the feeder routes within the market and again **I feel that the government has failed in terms in ensuring small business people can access loans from the government***

*It has added a lot of value to my business. First of all, **hon. Kibaki gave us the land**. Initially my mum was at Gikomba by then I was very young, so they were moved to this place where we were given a small portion of land for business...**The government has really contributed***

*I wish we could just be doing business without paying KRA. **They are the only ones who benefit from the money that we pay there***



Perceived value of network relationships

Christine: sells cereals and grains



Perceived value of network relationships

John: Wood work / Furniture



Perceived value of network relationships

Christine: Hair salon owner

Low value

Medium value

High value

They add some value because when you are down someone will come and talk to you, encourage you that thing will be okay. They give you moral support but not financial

They are important because anytime I get stuck, I can borrow from them and boost the business

Oh my God the government, just put them on red, they don't help me at all, they bother me with little things

That is competition

Without them there is nothing I can do by myself, when customers come in, I need to have employees to attend to them. They also have to do excellent work so that customers can come again and again

Banks are important because they also give me business loans

Friends and family

Suppliers

Chamas

Saccos

Customers

Employees

Banks



National government

County government

Other business people

Perceived value of network relationships

Rose: Dress maker/ Tailor

Low value

Medium value

High value

These are the ones who have made me to be where I am today

They don't harass us here we do our business without any fear

County government

Customers

Without them I cannot be in business. Personally I don't know how to make the sweaters so I depend on them

Employees

With chamas lets say I contribute 500 shs per day, when my turn comes I will get all the money at once so I will be able to boost my business

Chamas



Saccos

The person who supplies me with threads and such things, if I need something right now and I don't have the money they will give on credit

Suppliers

If I decide I need a loan I will be able to get it from them. If I decide I need some money from them even today they will give me

Friends and family

If get an order that needs a lot of money and I don't have it I will call my family, my brother or a friend and they will assist me. Let's say I will be away tomorrow, I cannot close the business, I will leave a friend or my sister to take care of the business

Other business people

Banks

For example if a customer needs a particular color of sweater that I do not have, I will take it from a colleague

Perceived value of network relationships

Shadrack: Vegetable trader

Low value

Medium value

High value

It has not helped a lot in the business. Banks have contributed just a little, I use to save with them but they gave me a soft loan but it was a small amount

Banks

I can count on them. Like let's say I'm running low of stock and I don't have money, I can call my brother to lend me or even a friend and they will boost me if they have. And my hero is my Mum because she is the one who introduced me here, taught me the way to go and even still supporting me whenever possible

Friends and family

I am just in one Chama and let's say I need money like 20,000 I can get it, but for you to get money again it will take like a year. So is like 20,000 in a year – it's too little

Chamas

They've contributed just a little, even their absence can't affect my business so I haven't seen their contribution that much

Associations

They are the reason why I am here. Customers are the ones who have contributed the most because through them I sell my products hence my survival in my business

Customers



Suppliers

Saccos

National government

Employees

There are some who stole from me, I gave them credit but they never came back again

County government

They have helped a bit because they have maintained the level of discipline around here, they've minimized fights around the market and also, they do respond to our issues once reported to them by our Muthurwa association leaders.

Other business people

The loan that they gave us back then has enabled us to do a lot and to grow in this sector of business...through it we expanded our business by adding the stock and also contributed to the shop where my mom is currently working at

It has added a lot of value to my business. First of all, hon. Kibaki gave us the land. Initially my mum was at Gikomba by then I was very young, so they were moved to this place where we were given a small portion of land for business...The government has really contributed

Perceived value of network relationships

Agnes: Metal work

