

**SMALL AND MEDIUM-SIZED TOURISM ENTERPRISES AS DRIVERS
FOR INCLUSIVE GROWTH: PERSPECTIVES OF THE REGULATORY
FRAMEWORK IN MOMBASA COUNTY**


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T130/30918/2015**

**A Thesis Submitted in Fulfilment of the Requirements for the Award of
the Degree of Doctor of Philosophy (Tourism Management) in the
School of Hospitality, Tourism and Leisure Studies of Kenyatta
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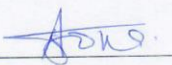
DECLARATION

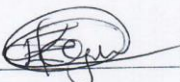
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DEDICATION

“King of my life, I crown Thee now, Thine shall the glory be”

In loving Memory of my Mum, Jane Kwamboka

To my princess Whitney Kwamboka, my source of inspiration

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ABBREVIATIONS AND ACRONYMS

CGD	Commission on Growth and Development
GoK	Government of Kenya
HRM	Human Resource Management
ILO	International Labour Organization
KAHC	Kenya Association of Hotel Keepers and Caterers
KAMP	Kenya Association of Music Producers
KATO	Kenya Association of Tour Operators
KCTA	Kenya Coast Tourism Association
KNBS	Kenya National Bureau of Statistics
MoTW	Ministry of Tourism and Wildlife
NEMA	National Environment Management Authority
OECD	Organisation for Economic Cooperation and Development
PRISK	Performers Rights Society of Kenya
SMEDSEP	Small and Medium Enterprise Development for Sustainable Employment Program
SDGs	Sustainable Development Goals
SMEs	Small and Medium-sized Enterprises
SMTEs	Small and Medium Sized Tourism Enterprises
TF	Tourism Fund
TRA	Tourism Regulatory Authority
UNCTAD	United Nations Conference on Trade and Development

UNDESA	United Nations Development of Economic and Social Affairs
UNDP	United Nations Development Programme
UNWTO	United Nations World Tourism Organization
USITC	United States International Trade Commission
VAT	Value Added Tax
WEF	World Economic Forum
WTO	World Trade Organization
WTTC	World Travel and Tourism Council

OPERATIONAL DEFINITION OF TERMS

Inclusive growth: A concept which holds that as economic growth occurs every member of the population participates in and is included in the growth process. Its' substantial focus is productive employment which translates to an improved quality of life for the labour force.

Productive employment: A job which enables the worker and those members typically dependent on that workers' income lead an improved quality of life.

Small and Medium Tourism Enterprises: formally registered small and medium enterprises in the tourism sector employing 5 to70 employees.

Regulatory Framework: refer to laws, rules, policies and regulations passed by government (whether county or national) to control the behavior and actions of business activities.

Quality of life/ Livelihood: A life which is considered as a good one, well-lived and being of value.

Decent work: A job that provides a fair income, security, freedom of expression and opportunities for personal development.

Governance: Implementation and continuous monitoring of various policies, rules, and laws.

ABSTRACT

The Tourism sector plays a significant role in the development of many economies worldwide. Ideally, the sector has been credited with the creation of millions of jobs to populations globally. Although tourism has experienced continued growth over the years, the nature of employment the sector has generated still remains an issue of discussion. In fact, there has been wide-ranging apprehension that despite this growth, the sector has not availed satisfactory opportunities for the creation of productive employment that could lift a bulk of the population out of poverty particularly in sub-Saharan Africa. Further, the major characteristic of the sector is its fragmented nature characterized by a large number of very small operators hence an enabling regulatory environment is critical to support the industry's central role in economic development. However, the regulatory environment in Kenya has been reported to present a mixed picture and not sufficiently conducive for the development of the sector. This study therefore delved into the implications of the regulatory framework on the performance of SMTEs and the nature of employment created; implications of the employment created on the employees' quality of life and the most appropriate approaches to create an enabling regulatory environment for inclusive growth with specific focus to Mombasa County. A mixed methods research design was adopted specifically using the embedded approach. Primary data was collected using researcher administered semi-structured questionnaires and semi-structured interviews while secondary data was sourced from academic journals, books, internet, newspaper articles and other appropriate documents related to SMEs, regulatory framework and inclusive growth. Stratified Sampling was used for SMTEs owners/managers; purposive sampling for interview respondents while Probability Proportional to Size Sampling was used for the SMTEs employees. A total number of 68 respondents formed the sample size for SMTEs owners/managers while 464 formed the sample size for employees. Descriptive analysis, linear regression and standard multiple regression were used to analyze quantitative data while data from government documents and interviews were analysed using content analysis. Pie-charts, bar graphs and tables were used for data presentation. The findings indicated that compliance to regulations governing business operations had a statistically significant effect on the performance of SMTEs ($R=0.857$; $P=0.012$); the regulatory framework and performance of SMTEs had a statistically significant effect on the nature of employment created ($R=0.802$; $P=0.007$; $0.535=V=0.733$) and the nature of employment had a statically significant effect on employees' quality of life ($R=0.881$; $P=0.000$; $V=0.804$). In addition, approaches to simplify the regulatory framework had a statistically significant moderating effect on the relationship between the regulatory framework, performance of SMTEs and nature of employment ($R=0.574$; $P=0.008$). This study therefore recommends that the Ministry of Tourism and Wildlife and the Tourism Regulatory Authority should engage with Counties and other Government Departments at the national level to conduct a cost-benefit analysis of all the regulations that SMTEs need to comply with and initiate the necessary regulatory reforms. Further, SMTEs owners/managers and employees through industry Associations should lobby the Government for an enabling regulatory environment as envisaged under the Vision 2030.

CHAPTER ONE

INTRODUCTION

This chapter delineates the background of the study; problem statement, purpose and specific objectives of the study, research hypothesis, significance of the study, assumptions, the delimitations and limitations of the study. It also presents the conceptual framework which depicts the relationships between the major variables under study.

1.1 Background to the Study

Tourism is an important sector in many economies globally. Ideally, the significant role of the tourism sector in economic development of countries worldwide is well acknowledged in tourism literature (Copeland, 1991; Adams and Parmenter, 1995; Sinclair and Stabler 1997, UNWTO, 2011 and WTTC, 2014). According to the World Economic Forum (WEF) in their Travel and Tourism Competitiveness Report, travel and tourism will continue to be a critical sector, thus a significant contributor to economic growth and development of both developed and developing economies (WEF, 2013). Additionally, The United Nations World Tourism Organization (UNWTO) reports that the Tourism sector has enjoyed not only sustained growth but also diversification for the last five years and has been recognized as one of the fastest growing and largest economic sectors in the world (UNWTO, 2015a). Increasing tourist numbers globally is a key indicator of tourism as a contributor to economic development. This is largely due to the unlimited business opportunities availed by

tourists through accommodation, transport, recreation, entertainment and many activities that support the tourists' stay at a destination (Goeldner and Ritchie, 2012).

The UNWTO highlights indicate that the number of international tourists reached 1,138 billion in 2014, 51 million more in 2013 (UNWTO, 2015a). With this 4.7% increment, 2014 marked the fifth successive year of robust growth for the tourism sector. Further, the UNWTO World tourism barometer indicates that over the years, tourism as a resilient economic activity has proven to be a significant contributor to the recovery of many economies by not only creating millions of jobs but also generating billions of dollars in exports. Sub-Saharan Africa has also enjoyed a fair share of this growth. For instance, in the year 2014 international tourist arrivals to Sub-Saharan Africa increased by 3% of the world total (UNWTO, 2015b). These statistics attest the fundamental role of the tourism sector to the growth of many economies. It is therefore no mystery that countries will go to great lengths to create a conducive environment for the development of the sector.

In Kenya, although the sector experienced decreased performance in the year 2014 due to a number of factors such as perceived insecurity and a narrow product line, tourism has continued to be an important source of foreign exchange earnings and employment creation (KNBS, 2015). The World Travel and Tourism Council (WTTC) observe that the tourism sector will continue to contribute to growth of economies through the enormous job opportunities availed by the sector. Particularly, WTTC (2015), reports that in the year 2014 in Kenya, the total contribution of travel and tourism to

employment including jobs directly supported by the industry was 9.2% of total employment (543,500 jobs) see Figure 1.1 below.

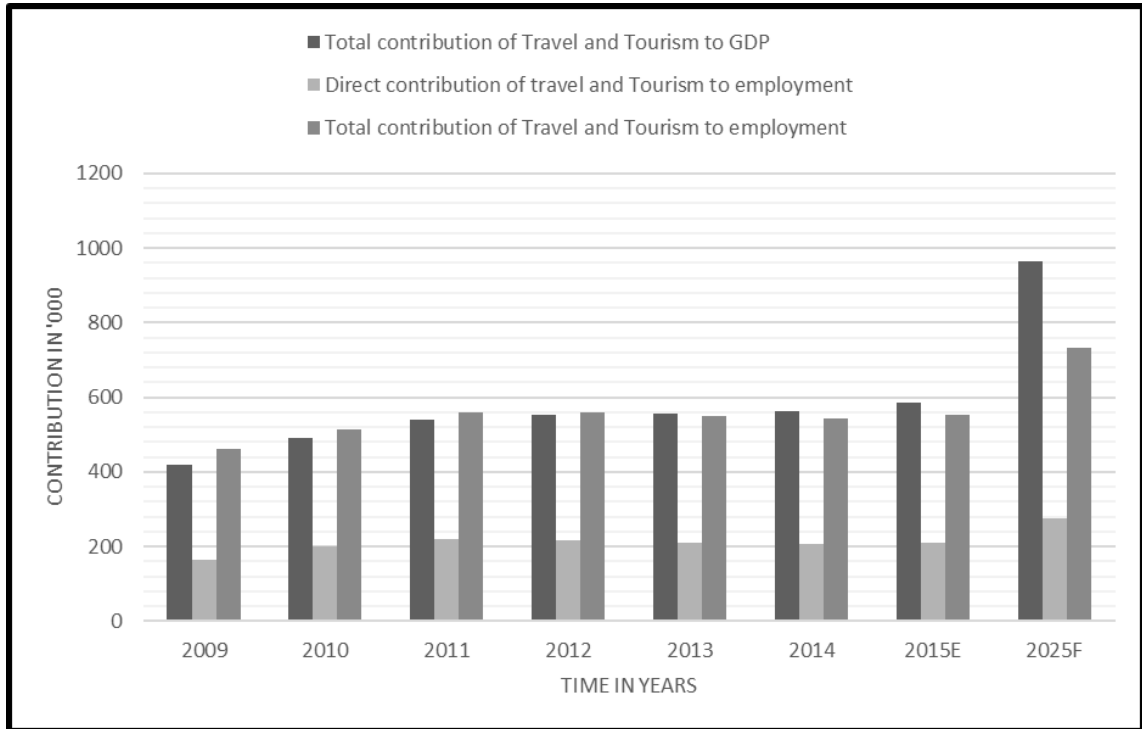


Figure 1.1: Contribution of Tourism & Travel to GDP and Employment in Kenya. (Source WTTC, 2015)

The employment creation by the tourism sector in Kenya was expected to rise by 1.5% in 2015 to 552,000 jobs and rise to 732,000 jobs by 2025 which represents an increment of 2.9% p.a. over the period (Figure 1.1). If these current statistics and projections are anything to go by, there is no doubt that the travel and tourism sector will continue to contribute to economic growth through employment creation. The pertinent question therefore is; what is the nature of this employment that the tourism sector is creating?

Despite rapid growth of the Tourism sector over the years and its' contribution to the Gross Domestic Product (GDP) and employment creation in Kenya (figure 1.1) (UNWTO, 2015; WTTC, 2015), there has been wide-ranging apprehension that this growth has not availed satisfactory opportunities for the creation of productive employment that could lift a bulk of the population out of poverty particularly in sub-Saharan Africa (Kapsos, 2005; Fox and Gaal, 2008; McKinsey, 2012). Essentially, access to productive employment has been identified as one of the key components of inclusion of the poor in development and thus a key contributor to inclusive growth (World Bank, 2013). That notwithstanding, the United Nations Sustainable Development Goals (SDGs) decreed in 2015 add weight to the concept of inclusive growth and social inclusion. Precisely goal eight (8) aims to promote inclusive growth and sustainable economic growth through productive employment and decent work (UNDP, 2016).

Inclusive growth is a buzzword in many international organizations, developed and developing countries today. However, there has not been a universally accepted definition of the concept. Ideally, there is little clarity as to what 'inclusive growth' actually is (CAFOD, 2014). For instance, according to Klasen (2010), inclusive growth is growth that lessens the handicaps of the most disadvantaged while benefiting everyone in the society. Whereas OECD (2013) defines inclusive growth as where the gap between the rich and the poor is less noticeable and the "growth surplus" is shared in an equitable way that results in "enhancement in living standards and outcomes that matter for peoples' quality of life". Likewise, Asian Development Bank indicates that

inclusive growth implies identifying groups that have suffered discrimination and have been left behind in poverty reduction and economic development efforts and helping these groups to participate in and benefit from economic activities through productive employment (ADB, 2012). The World Bank defines inclusive growth as growth that is sufficient to lift large numbers out of poverty and growth that includes the largest part of the country's labour force in the economy through creation of productive employment (World Bank, 2009). In as much as there are various definitions of inclusive growth, one common feature that appeared to run across the definitions is the ability of incomes generated from employment to translate to an improved quality of life and wellbeing for a majority of the labour force. Therefore, for purposes of this research, the definition provided by the World Bank sufficed.

Globally, SMEs have been identified as major drivers for inclusive growth (OECD, 2017; OECD, 2018a). In fact, SMEs have been valued and acknowledged as the “seeds” of economic revival by political strategists in both developed and developing countries since they have become one of the key instruments to be utilized to face economic and social problems and to achieve development objectives (Bouazza, 2015). This is due to their potential to create job opportunities across geographic areas and sectors, employing broad segments of the labour force, including low-skilled workers, and providing opportunities for skills development. Explicitly, SMEs contribute to more than one third of GDP in emerging and developing economies and account for 34% and 52% of formal employment respectively (OECD, 2017). A study conducted by the International Labour

Organization (ILO) revealed that recently, employment in SMEs had steadily increased at the global level from the year 2003 through 2016 across 132 countries with the number of total full-time employees in SMEs nearly doubled, from 79 million to 156 million (ILO, 2017).

Previous research conducted by the International Labour Organization (ILO), United Nations Conference on Trade and Development (UNCTAD), United Nations Development of Economic and Social Affairs (UNDESA) and World Trade Organization (WTO) (2012) pointed out that the most critical component of inclusive growth is the creation of decent jobs. Ideally, full productive and decent employment is the most important source of income security and it paves the way for broader social and economic advancement. According to the Commission on Growth and Development (2008), inclusiveness is a concept that encompasses equity and equality of opportunity in terms of access to markets, resources and unbiased regulatory frameworks for businesses and individuals. The findings in the OECD (2017) report show that the contribution of SMEs to inclusive growth is pegged to a large degree on conducive regulatory framework conditions. This is due to the fact that internal constraints of SMEs make them highly susceptible to market failures as well as barriers and inefficiencies in the business environment and policy sphere. Thus, for many SMEs, a conducive regulatory environment represents an important condition for ensuring business viability over time, with implications for jobs, investment and growth.

Prior studies (Lerner and Heber, 2000; Kristen and Rogerson, 2002; Morrison and Teixeira, 2004), identified and explained the relationship between the nature and location of the tourism business, size and the policy interventions and level of support available for entrepreneur's development which eventually leads to job creation. Explicitly, the studies note that government support through policy interventions would greatly influence the economic and non-economic opportunities essential to the creation of conditions for developing SMEs. Collier (2014) concurs that an enabling environment for a successful Small and Medium Enterprise (SME) segment would include an enabling regulatory environment. Essentially, as put forward by CAFOD (2014), inclusive growth strategies need to consider the ways that tax policy undermines or contributes to pro-poor outcomes and ensure that the sectors where poor people work are not disproportionately affected. Moreover, Szirmai, Gebreeyesus, Guadagno and Verspagen (2013), ideate that productive employment creation not only depends on changes in productive capacity and economic structures but also on supporting policies and regulations.

Additionally, the multi-dimensional nature of inclusive growth recognizes the importance of going beyond income to include dimensions of peoples' quality of life. As such, economic growth would be considered inclusive if it translates to an improved quality of life for a majority of the population (Cielito, 2010; Alexander, 2015; OECD, 2016). Kenya's long term economic blue print, the Vision 2030 which aims to transform the Country into a newly industrializing middle-income country providing a high quality

of life for all her citizens alludes to the concept of inclusivity through reducing social inequalities. Specifically, the strategy targets an improvement in the business environment through a fundamental shift to business “unusual”, essentially from “red-tape” bureaucracy to “red carpet” and a change philosophy from limited sense of urgency and relentless follow up to a reform of legislative mindset from slow to fast proactive legislation (GoK, 2007). This begs the answer to the question, how is the regulatory environment where SMTEs currently operate? Does it have a bearing on the ability of SMTEs to create productive employment?

An analysis on the achievements of the Vision 2030 through the implementation of the first Medium Term Plan (MTP 1 2008-2012), revealed that despite the country having enjoyed some increase in economic growth since 2007 albeit unsteady, majority of the population were still trapped in low productivity activities and thus excluded from the growth process (Stiftung, 2013). The review of the MTP 1 achievements revolved around some indicators that would lead to inclusive growth such as productive employment, access to education and training, affordable healthcare, access to economic infrastructure among others. However, although the regulatory framework is mentioned in the main blue print- the vision 2030, a review on the achievements thus far under this component was conspicuously missing.

Dethier, Rabia and Pestieau (2010) in their study, found that in instances where the regulatory environment was not sufficiently facilitating, firms were compelled to take

costly steps to overcome the challenges. This is because, as noted by ILO (2009), small firms lack not only the managerial skills but also the monetary resources to deal with multifaceted procedures of frequently changing monetary and fiscal policies. Further, regulatory uncertainty, complexity and inconsistency affect SMEs disproportionately because they are less efficient than larger firms in screening the regulatory environment and dealing with business norms (OECD, 2017). In this study, it was therefore imperative to establish how the regulatory framework influenced the performance of SMTEs in Mombasa County and their ability to provide productive employment and therefore contribute to inclusive growth.

1.2 Problem Statement and Justification

The Tourism sector provides direct benefits to the local economy by employing a bulk of the population in both developed and developing economies (CAFOD, 2014; WTTC, 2015; WEF, 2013). Although tourism is considered as one of the worlds' largest industries, its key distinguishing feature is its fragmented structure and domination by a bulk of very small operators (WTO, 1998, UNWTO, 2015). An enabling regulatory environment is therefore critical to support the industry's central role in economic development (Akama, 1999; Corthay and Loerprick, 2010). However, enterprise surveys in several economies show that tourism operators consider regulation especially levies attached to licenses as substantial obstacles to business and investments (ILO, 2012; WEF, 2013; World Bank, 2013; OECD, 2015; Kitching and Smallbone, 2015).

In addition, the Travel and Tourism Competitiveness report of 2013 points out that in Kenya the regulatory/ policy environment presents a mixed picture and is not sufficiently conducive for the development of the sector (WEF, 2013). Moreover, there is often little coordination of taxation policy between government departments at both National and local levels translating to a multiplicity of licenses hence burdening businesses especially Small and Medium-sized Enterprises (SMEs) (WTO, 1998; Corthay and Loeprick, 2010; WEF, 2013). Although there are other elements that can and do affect the ability of SMEs to spur inclusive economic growth such as access to financial services, quality of labour force, infrastructure among others, the legal and regulatory framework where the SMEs operate is a rather recent revolution for donor interventions, governments and their agencies (WEF, 2013).

Literature focusing on how Small and Medium-sized Tourism Enterprises (SMTEs) may contribute to inclusive growth was scanty (CAFOD, 2014; Collier, 2014; World Bank, 2008; Commission on Growth and Development, 2008). Further, in as much as tourism has been touted as a labour intensive industry creating millions of jobs (UNWTO, 2015a; WEF, 2013; WTTC, 2014) there appeared to be a dearth of literature on how compliance to regulations influenced the ability of SMTEs to drive inclusive growth. Explicitly, it was indistinct whether the regulatory framework had a bearing on the performance of SMTEs hence the nature of employment created and the ability of such employment to translate to an improved quality of life for the labour force. It was also not clear whether approaches to simplify the regulation framework would have any significant effect on the relationship between the regulatory framework, performance of

SMTEs and nature of employment created by SMTEs. This research was therefore conducted with the aim of filling these gaps.

1.3 Purpose of Study

The overarching intent of this research was to shed light on how compliance to regulations governing business operations influenced the ability of SMTEs to promote inclusive growth. Specifically, the study delved into assessing how the regulatory framework influenced the performance of SMTEs and the nature of employment created by these SMTEs and how this employment influenced employees' quality of life and thus determining whether they were included in the growth process of the economy. Additionally, the study sought to examine appropriate approaches that could be applied to create an enabling regulatory environment for SMTEs to spur inclusive growth.

1.4 General Objective

The study aimed to establish how the regulatory framework influenced the performance of SMTEs in Mombasa County and their ability to provide productive employment and therefore contribute to inclusive growth.

1.5 Specific Objectives

- (i) To establish effect of compliance to regulations governing business operations on the performance of SMTEs in Mombasa County.
- (ii) To assess the effect of the regulatory framework and performance of SMTEs on the nature of employment created by SMTEs.

(iii) To examine the effect of nature of employment on the quality of life of employees working in SMTEs in Mombasa County.

(iv) To evaluate the effect of approaches to simplify the regulatory framework for SMTEs to spur inclusive growth.

1.6 Research Hypotheses

H₀₁: There is no significant effect of compliance to regulations governing business operations on the performance of SMTEs in Mombasa County.

H₀₂: There is no significant effect of the regulatory framework and performance of SMTEs on the nature of employment created by SMTEs.

H₀₃: There is no significant effect of nature of employment on employees' quality of life.

H₀₄: Approaches to simplify the regulatory framework have no significant moderating effect on the relationship between the regulatory framework, performance of SMTEs and nature of employment.

1.7 Significance of the Study

Policy makers

This study was an attempt to fill up a fissure on how the regulatory framework influenced the performance of SMTEs and by extension the nature of employment they provided. The findings of this study will be beneficial to the Ministry of Tourism and Wildlife and Tourism Regulatory Authority (TRA), as the industry regulator in pointing out the key issues on matters regulation that have hampered the ability of SMTEs to create productive employment. It is hoped that the findings will inform the Ministry's

and TRA's engagement framework with the SMTEs players and other government departments within tourism and allied sectors both at National and County level with a view of identifying potential solutions to the issue of multiple regulation that has bedeviled the tourism sector.

Investors

Further, the findings of this study will be of interest to the SMTEs Owners/Managers in Mombasa County since it brought to surface the most appropriate approaches to creating an enabling regulatory environment borrowing from best practices worldwide. Ideally, the owners may use these approaches to lobby the government for an enabling regulatory environment.

Academic / Training Institutions

Lastly, through the academic value which constitutes the main importance of this research, the study is an addition to the existing body of knowledge as pertains to the role of SMTEs in creating productive employment which is a key ingredient for inclusive growth.

1.8 Scope of the Study

This study confined itself to gathering views from the perspectives of SMTEs owners/managers on the various laws, regulations and policies at both National and County level that impacted on their business operations and how these laws influenced the performance of their businesses and thus the nature of employment they provided. Additionally, the most appropriate approaches to creating an enabling regulatory

framework through the eyes of the SMTEs owners/managers and best practices worldwide formed an important focus for this study. Further, the study looked at the nature of employment created by SMTEs as perceived by the employees to determine whether compliance to existing laws by SMTEs had any implication on the employment created and the ability of such employment to translate to an improved quality of life for the labour force.

Explicitly, the study focused on the SMTEs owners/managers, employees in these establishments, the regulatory agency and Industry trade associations in Mombasa County in the months of October 2016 through March 2017. Additionally, the study confined itself to the epitomes of the major theoretical underpinnings namely the regulation theory (Boyer, 1990 cited in Cornelissen, 2011), economic theories of regulation (Stigler, 1971 cited in Croley, 2008), regulatory governance theory (Wright and Head, 2009) and the subjective Hedonism Theory (Bognar, 2005). Finally, although there are other factors that could affect the ability of SMTEs to create productive employment such as access to finance and capacity of the entrepreneurs, this study only focused on the regulatory framework as the key hindrance/enabler of SMTEs to drive inclusive growth.

1.9 Limitations of the Study

Although this study yielded important findings, its design was not without flaws. First, there might have been some factors such as infrastructure, capacity, finance and linkages which could significantly influence the ability of SMTEs to promote inclusive growth

(Collier, 2014). However, the discussion of such other factors was beyond the scope of this study thus, they may form an important area of focus for future research. Second, information on the how compliance to regulations affected actual profits and re-investments of the SMTEs was not sought due to the sensitivity of the information (USITC, 2015) which could have increased respondents' apathy hence contribute to a lower response rate that could not have been considered significantly valid. To counter this challenge, the same information was sought using statements put on a five-point likert scale.

Third, there might have been some factors such as spending behaviour which could have influenced the ability of incomes earned by employees to translate to an improved quality of life. Conversely, such factors were tentative and are subject to confirmation through future investigations and hence beyond the scope of this study. Fourth, the data of this study was collected at one point in time (a cross-sectional data). However, in future a longitudinal study may be beneficial to cement the conclusions that have been drawn. Finally, the data for this study was collected in a specific setting that is, from the SMTEs owner/managers, their employees and Industry association representatives in Mombasa County which may limit generalization of the research findings. In this case, cautious application of the findings is recommended and future research would be paramount.

1.10 Assumptions of the Study

In conducting this research, the researcher made three assumptions. First, the participants in the study clearly understood all the laws affecting their operations, the terms and questions in the survey and honestly and accurately answered the questions. Second, the inclusion criteria for the sample was appropriate and therefore assured that all the participants had experienced the same or similar phenomenon of the study. Third, salaries earned from SMTEs were the only source of income for the employees in these establishments.

1.11 Conceptual Framework

This research utilized the conceptual framework below (Figure 1.2) to illustrate the relationships between the major variables under study.

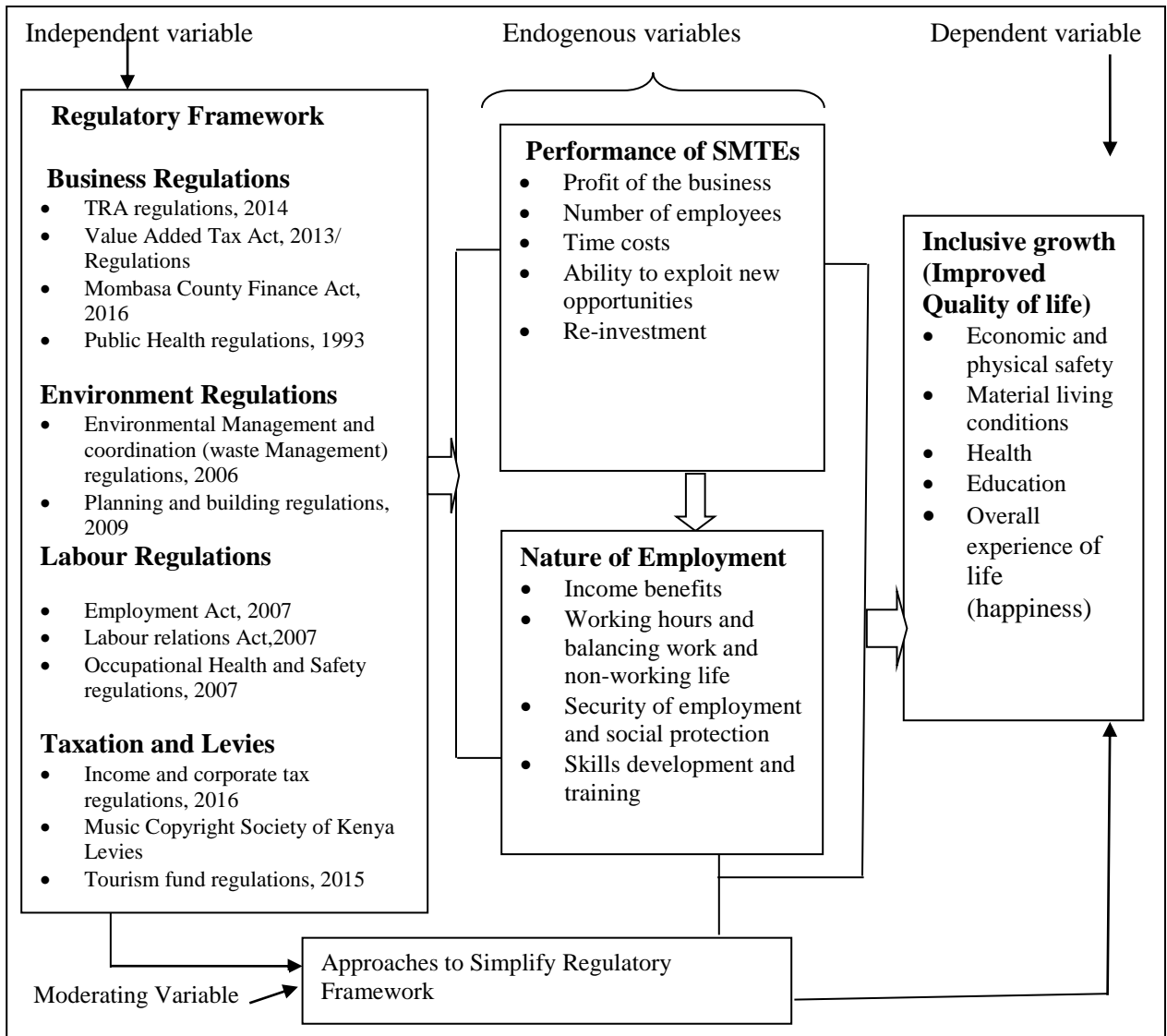


Figure 1.2: Conceptual Framework (Source: Researcher, 2015)

SMTEs play a crucial role in job creation thus providing employment to a majority of the population. However, whether the jobs created make the employees working in these SMTEs to be included or excluded from the growth process of the economy remains an issue of discussion.

In this study, the regulatory framework revolving around the ideals of the regulation theory (Boyer, 1990 cited in Cornelissen, 2011), economic theories of regulation (Stigler, 1971 cited in Croley, 2008), regulatory governance theory (Wright and Head, 2009) was used as the independent variable. It is worth noting that the regulatory framework by itself cannot contribute to inclusive growth hence a medium through which it works is needed which in this case is performance of SMTEs and nature of employment (endogenous variables). Therefore, this model was used to establish whether the regulatory framework had any effect on the performance of SMTEs which could further influence the nature of employment created and its ability to translate to an improved quality of life for the labour force.

Inclusive growth is an economic concept that focuses on the ability of enterprises to create productive employment which should translate to an improved quality of life for the labour force. In a nutshell, if the SMTEs are able to create productive employment which translates to an improved quality of life for the labour force, it will be deemed that they have played a role in lifting large numbers of the population out of poverty which ensures that as economic growth occurs, poor people who comprise majority of the population are not left behind but included in the growth process hence the term “inclusive growth”.

Proponents of modern research in social sciences indicate that it is not uncommon for a research to have multiple dependent variables. Specifically, Price, Jhangiani and Chiang (2015) opine that although a researcher is primarily interested in the relationship

between an independent variable and one primary dependent variable, there are usually more questions that need to be answered before the relationship between the variables is adequately concluded and this is best done by including multiple dependent variables. Further, Cresswell and Plano Clark (2011), note that ‘endogenous variable’ is the term given to dependent variables by causal modelers implying that an endogenous variable is one that is determined or caused by others that are within the causal model or system under consideration. They are therefore tested during the analysis as dependent variables. This study was therefore based on the premise that an interplay between the independent variable (regulatory framework) and endogenous variables (performance and nature of employment) would translate to an improved quality of life for the labour force (dependent variable) if an appropriate approach to simplify the regulatory environment (moderating variable) is adopted thus ensure that employees working in the SMTEs are included in the growth process as economic growth occurs. Essentially, the study intended to draw conclusions as to whether the regulatory framework in Mombasa County was an enabler or a hindrance to SMTEs ability to create productive employment and thus contribute to inclusive growth.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter contains extracts from relevant literature on the contribution of SMTEs to inclusive growth. Particularly, it unbundles the concept of inclusive growth and provides the theoretical underpinnings of the study. Other sub-topics covered herein include effect of compliance to regulations governing business operations on performance of SMTEs, effect of the regulatory framework and performance of SMTEs on the nature of employment; effect of nature of employment on quality of life of employees and approaches to simplifying the regulatory framework for inclusive growth.

2.2 The Concept of Inclusive Growth

According to Ianchivichina and Lundstrom (2009), inclusive growth is all about raising the growth rate and broadening the size of the economy while leveling the playing field for investment and increasing opportunities for productive employment. Ideally, the analyses for inclusive growth focuses on utilizing more fully parts of the labour force trapped in low productivity or completely excluded from the growth process to raise the pace of growth for example, SMEs. Inclusive growth as Ianchivichina and Lundstrom (2009) further clarify emphasizes on productive employment rather than income distribution that is, it focuses not only on employment growth but how such employment translates to an improved quality of life for the labour force.

Cielito (2010) puts forward that inclusive growth is relatively a new concept that has got a significant place in literature on growth and development and that the term “inclusive growth” was mainly introduced and propagated by the World Bank during the initial years of the 21st century. Ideally, its major focus is on productive employment rather than merely direct income distribution as a means of increasing income for excluded groups. Alexander (2015) laments that there has been no unanimous definition of the concept of inclusive growth thus far despite the urgent and increased attention paid to its’ promotion. Nevertheless, the most commonly used definition is that provided by the World Bank (2009) cited in Alexander (2015) which defines inclusive growth as “an absolute reduction in poverty associated with the creation of productive employment rather than direct income redistribution schemes”.

Vallala, Madala and Chhittopadhyay (2014) and Islam (2014) argue that since jobless growth is as dangerous as stagnation, the key driver of inclusive growth is productive employment. This is because, productive employment not only lifts the poor out of the poverty trap but also provides an inducement to growth since stable incomes enlarge the purchasing power of the poor subsequently enlarging the domestic market. Kanu, Salami and Numasawa (2014) identify the key pillars that underpin inclusive growth as job creation including improving skills for productivity and competitiveness, improved access to business opportunities and wider access to productive knowledge.

Although there has not been a universally accepted definition of inclusive growth, one common feature that appears to run across the definitions is creation of productive

employment where the incomes generated should translate to an improved quality of life and wellbeing for a majority of the labour force. Further, Alexander (2015) ideates that economic policies to promote structural transformation and create productive employment for poor people will need to be complemented by investments in human capital and other programmes to support social inclusion and equal access to jobs. Nonetheless, the key ingredient for inclusive growth still remains to be productive employment since the other ingredients such as fiscal policy; social protection and infrastructure come to promote increases in productive employment opportunities (CAFOD, 2014; World Bank, 2014b). It is worth noting that inclusive growth not only focuses on the size of the ‘cake’ (economic growth) but also equality in the distribution of the cake and participation of the most marginalized and the population poor mostly working in SMTEs in the ‘baking’ of the ‘cake’ (growth process) through productive employment.

2.3 Definition of an SMTE

There is no universally accepted or standard definition of an SMTE or SME (OECD, 2017). As pointed out by Berisha and Pula (2015), a study conducted by the International Labour Organization in the year 2015, identified over 50 definitions in 75 countries with significant indistinctness in the terminology used and since then, the heterogeneity of SME definition has barely softened. As elaborated by OECD (2017), this is largely attributed to the differences in legislations across countries whereby the dimension “Small” and “Medium” of a firm are relative to the size of the domestic economy. USITC (2015) pointed out that this situation reflects the relative nature of the

“small” and “medium” size classification, which can apply to firms in the manufacturing, agricultural or service sectors. They therefore recognize that using the number of employees and firms’ revenue is a basic classification criterion.

Although introducing a financial criterion is nonetheless an essential adjunct to understanding the real scale and performance of an enterprise, it faces a major challenge since most operators consider financial information of the business as confidential information which they do not easily disclose to third parties (USITC, 2015). Thus, the most common criterion to distinguish between large and small businesses is the number of employees (Hatten, 2011; Bannock and Morduch, 2012).

Consequently Breen, Bergin Seers, Jago and Carlsen (2015) define an SMTE as all businesses, which by their very nature operate in the Tourism Industry and employ up to 100 employees and include sole proprietors not employing any staff. Explicitly, micro businesses are those that employ between one and four employees, small businesses employ between 5 and 19 and medium businesses employ between 20 and 100 employees. However, these definitions vary depending on the country and industry context (USITC, 2015). Therefore, for purposes of this study, an SMTE referred to those businesses operating in the Tourism Industry that employ 5 to 70 employees.

2.4 Effect of Compliance to Regulations Governing Business Operations on the Performance of SMTEs

The existing regulatory regime of the tourism sector in Kenya has developed and evolved over the years. The Government’s first stint at regulating the tourism sector

dates back to 1965. This is the period when the tourism sector attracted the attention of the government and included in the first National Development Plan of 1965-1970 (GoK, 1965). To this end, the ministry of Tourism and Wildlife was created in 1966 as the main policy making organ of the state in tourism and wildlife matters (GoK, 1965). This was closely followed by the enactment of the Tourist Industry Licensing Act (TILA) in 1968 (GoK, 2009a). Thereafter, the Hotels and Restaurants Act (HRA) was enacted in 1971 (GoK, 2009b). However, all these Acts were later repealed by the Tourism Act 2011 which provides for the development, management and regulation of sustainable tourism and related activities (GoK, 2011).

One notable observation stemming from these pieces of tourism legislation is that, none of them exemplifies the role of SMTEs in the growth and development of the tourism sector although the Tourism Policy mentions them in passing (GoK, 2010). Further, the multidimensional nature of tourism subjects tourism businesses to taxes from other sectors such as environment, health and safety among others. While large operators who benefit from global experience, economies of scale and access to finance easily navigate the taxation burden, various small businesses are hardest hit and disadvantaged (Corthay and Loeprick, 2010). The findings of a study on tax base erosion and profit shifting (BEPs) conducted by the Organisation for Economic Corporation and Development (OECD) revealed that multinational corporations pay 5% corporate tax whereas SMEs pay 30% on average thus putting disproportionate pressure of taxation on SMEs (OECD, 2013). Further, Bouazza, Ardjouman and Abada (2015) indicate that the percentage of annual turnover spent on compliance to regulations is higher in SMEs than larger firms

and work related to compliance not only distracts the concentration of owner-managers from wealth creating initiatives but also reduces the flexibility of small enterprises to exploit new prospects or invest in research and development.

Ocheni and Gemade (2015), in their study on multiple taxation and performance of SMEs, pointed out that generally there is a belief that taxes and a complex tax system put disproportionate pressure on small businesses because it increases compliance costs thus reducing the small enterprise profit margin. Additionally, Vasak (2008), found that SMEs usually have to operate in an overbearing regulatory environment with the plethora of regulatory agencies, multiple taxes, cumbersome importation procedures and high port charges that constantly exert serious burden on their operations. Moreover, an overly complex regulatory system and tax regime or one opaque in its administration and enforcement makes tax compliance unduly burdensome and often have a distortion effect on the development of SMEs as they are tempted to morph into forms that offer a lower tax burden or no tax burden at all (Masafu, 2009).

A study attempting to measure the burden of new legislation on SME retailers conducted by Schmidt, Bainbridge, Bennson, and Hallsworth (2007) found that the growth of a business and staffing arrangements could be hindered by burdens that arise from the management time spent and information costs. Additionally, Nielsen & Parker (2008) found that although regulations themselves may not be burdensome, the perception of the regulatory burden can be deepened by the ambiguity arising from the pace of regulatory change, unfairness in some forms of regulation, anxieties created by the threat

of non-compliance as well as the moral pressures on businesses to adopt certain practices emanating from various third parties including customers. That notwithstanding, Doyle (2007) argues that the constraints on compliance with regulation are not solely related to the abundance of regulatory requirements but also because regulations are too difficult to understand, too fluid and ever-changing and too hard to find.

Regulation for SMEs also touches on the natural environment. For instance, globally governments craft legislations to promote improved environmental behaviour in businesses in a bid to protect the physical and natural environments (McKeiver and Gadenne, 2005). However, most SMEs find it costly to implement and maintain these environmental practices (Dsouza and Peretiatko, 2002; Simpson, Taylor and Barker, 2004) because more often than not, the costs involved may be more than the fines imposed for breaches of legislation. Additionally, in most instances when some small and medium enterprises respond to legislation, they often aspire only to stay within compliance levels rather than aim for best practices, because going the extra mile is often perceived as adding unnecessary costs (Rutherford, Blackburn and Spence, 2000). Hence environmental regulation especially with a financial aspect attached to it is often repelled because of its perceived impact on profits (Condon, 2004).

OECD (2004) observe that the legal and regulatory framework is paramount in any given society because it not only establishes the “rules of the game” in a society but also provides a framework within which governments, enterprises and the civil society

interact with each other. Watson and Blackwell (2007) appear to concur by putting forward that, regulation is critical for businesses because it provides the context within which business is carried out. Ideally, regulation is one of the tools utilized by governments globally to influence behaviour and implement policy. However, Bannock, Gamsler, Juhlin and McCann (2012) warn that although regulation provides the framework of operation, when enforced at impracticable levels and imposed inadequately, it can endanger robust inclusive economic growth since it erects boundaries in the economy dividing it into formal and informal sectors which further perpetuates the division.

Previous research (Kasipillai, 2005; Weichenrieder, 2007; Tomlin, 2008; Masafo, 2009, Ocheni and Gemade, 2015; Bouazza, Ardjouman and Abada (2015), provides clear evidence that small and medium enterprises are affected disproportionately by compliance costs in that when scaled by sales and assets, the compliance costs of SMEs are higher than large businesses. However, none of the literature reviewed was focusing specifically on how compliance to regulations governing business operations affected the performance of SMTEs in terms of the profits, number of employees, time, ability to exploit new opportunities and re-investments.

2.5 Effect of the Regulatory Framework and Performance of SMTEs on the Nature of Employment created by SMTEs

Rogoff, Lee and Suh (2004) and Chowdhury (2007) in their studies found that a coherent marshalling of human resources, finance and marketing on one hand and the

nature of regulatory/ legal framework on the other hand were some of the necessary conditions for the success of SMEs. In addition, Oyelola, Ajiboshin, Raimi, Raheem and Igwe (2013) found that multiple taxation and lack of sincere support for SMEs from governments and their agencies were major impediments to entrepreneurial development. This is largely due the fact that there are a myriad of regulatory/legal framework requirements that SMEs need to meet to satisfy the conditions for them to operate. As Effiom and Edit (2018) note, in most cases, there are archaic requirements for business incorporation, permits, licenses and policy guidelines in the form of inconsistent monetary and fiscal policies. Moreover, operators of SMEs are often not aware of extant regulatory and legal requirements as pertains to their businesses. Thus, spending enormous time and resources only to be sanctioned by regulatory authorities for failing to meet prescribed standards. In such instances, as Akingunola (2011) and Effiom and Edit (2018) found, most SMEs are forced to either shut or operate sub-optimally in order to avoid regulatory scrutiny because most of them possess neither the financial capacity to absorb such loss nor the ability to negotiate favorable terms with regulatory agencies. This further translates to the sporadic nature of jobs provided by these SMEs (Effiom and Edit, 2018; OECD, 2018a).

World Bank report (2014a) points out that creating productive jobs is one of the greatest challenges in any economy. According to this report, Small and Medium enterprises have long been considered to play a vital role in job creation since they account for the majority of total employment in developing economies. However, Kok, Vroonhof,

Timmermans, Kwaak, Snijders and Westhof (2011) argue that it is not the number of jobs created but the quality of work that counts. They put forward that quality of work is a multidimensional concept that entails two broad dimensions namely, employment quality and work quality. Employment quality includes employment contract, remuneration, working hours and career development while work quality includes work autonomy, intensity of work, working conditions and meaningfulness of the job.

Hallberg (2000), argues that although the rate at which SMEs create jobs tends to be significantly higher than in larger firms, their job destruction rates are enormously high. Consequently, SMEs tend to offer less job security than their larger counterparts. Further, Baptiste-Cornelis and Long (2015) in their study on the impact of small business enterprises on the economy found that although SMEs play a pivotal role in unemployment reduction, they have lower productivity than larger firms reflected in the comparatively lower wages and fringe benefits offered by SME owners to their employees. A study conducted by Lawless, McCann and Calder (2012) appeared to concur with the findings of Hallberg (2000). In the study, they found that despite there being clear evidence that SMEs were an extremely large component of the real economy, it was large firms that most likely employed more productive workers since wage per worker was shown to increase incrementally as firm size increased. Kok *et al* (2011) and ILO (2013) further substantiate that although the SME sector was responsible for generating a large number of jobs, these jobs were often of a very precarious nature because many workers in the sector had insecure incomes and experienced a wide range of decent work deficits.

Another pointer to the effect of the regulatory framework and performance of SMEs on the nature of employment is a study examining the relationship between some of the determinants of SMEs performance and relevance vis-a vis the relative size of SMEs sector conducted by Ayyagari, Beck and Demirguc-Kunt (2005) cited in Okwu, Obiakor and Chidi (2013) using cross- country database on contribution to employment in manufacturing and GDP across 76 countries. The study found that a large SME sector was due to a competitive environment that allows and encourages entry of new innovative firms. Additionally, prior studies conducted by Kayanula and Quartey (2000) assessing the policy environment aimed at promoting SMEs found that deterring existing laws, rules and regulations were among the constraints that impede the development and relevance of the SME sector. In a related study, Onwukwe and Ifeanacho (2011) attempted to examine the impact of government intervention on the growth of SMEs using primary data from selected SMEs. They found that policy formation and implementation constituted a major constraint to the growth of the SME sector.

Additionally, when it comes to training and development, majority of SMEs do not provide training or any skills development opportunities to their workers citing lost working time while workers are being trained and the financial cost of external training. Ideally, the financial barriers for investments in formal training is relatively higher for small firms compared to larger organizations (Kitching and Blackburn, 2002; Ibrahim and Ellis, 2003; OECD, 2010). Further, SMEs have been criticized for offering poor working conditions characterized by long hours (Ibrahim and Ellis, 2003; ILO, 2009).

For instance, Bauchet and Morduch (2012) in their study found that employees in SMEs not only work for average wages but also work for long hours on average eleven (11) hours per day for six days a week which translates to almost 70 hours per week creating a situation which is not friendly for workers with substantial family responsibilities.

Literature is replete with studies on the important role of SMEs to the economies of both developed and developing countries through employment creation (World Bank, 2009; OECD, 2010; Kok *et al*, 2011; Lawless, 2012; OECD, 2017). Although prior studies have pointed out that existing regulatory regimes, rules, regulations and policies do affect the performance and the nature of employment (Kayanula and Quartey, 2000; Ayyagari, Beck and Demircuc-Kunt, 2005; Onwukwe and Ifeanacho, 2011; in Okwu, Obiakor and Chidi, 2013), most of these studies have focused on the SMEs in the manufacturing and Agricultural sectors. However, empirical literature focusing on how compliance to regulations and performance of SMTEs influenced the nature of employment created by SMTEs in terms of income benefits, working hours, security of employment and skills development and training was scanty.

2.6 Effects of Nature of Employment on the Quality of Life of Employees

The concept of “quality of life” has many definitions as well as dimensions. Rokicka (2014) points out that quality of life is a multidimensional concept without a well-developed theoretical background. He ideates that theoretical approaches are distinguished by the concept adopted as the basis for consideration of quality of life and these include the needs (Maslow), happiness (philosophical doctrines) and resources (A.

Sen). Consequently, finding a holistic definition of quality of life is not easy. In fact, Liu 1976 cited in Rokicka (2014) indicated that there are as many definitions of quality of life as there are people. However, the simplest and most straight forward definition is that provided by Delibasic *et al.* (2008) who define quality of life as “the degree of wellbeing felt by an individual or group of people”. Susniene and Jurkavikas (2009) put forward that quality of life is best measured using the subjective criteria which exists in the individual’s consciousness and researchers are able to identify them only from the individual’s responses. Quality of life is influenced by many factors and conditions such as personal and family life, income, employment, working conditions among others (Ruzevicius, 2016). Further, Rokicka (2014) asserts that even though there is no universally accepted definition of quality of life covering all aspects of the phenomenon, this should not be an obstacle preventing its measurement.

Albouy, Godefroy & Lollivier (2012) recommend that, measuring a persons’ quality of life should entail assessing their situation in terms of several different dimensions such as in material terms, health, housing conditions, insecurity among others then deducing whether they are in a position to have a “satisfactory” quality of life. In their study, they used nine (9) aspects of quality of life i.e. material living conditions, financial risks to which people are exposed to, health, level of education, working conditions, involvement in public life, contact with others, economic security and physical security. They found that, people with a low standard of living possibly brought about by their low incomes were disadvantaged in all dimensions of life in that they had to cope with greater financial constraints, with material living conditions that were distinctively

inferior, more difficult working conditions and lower levels of economic and physical security.

Further, studies conducted previously on quality of life, revealed that having a job was associated with quality living by about 90% of the population (Moscardo, 2009; Aref, 2011; Aceleanu, 2012). However, these studies did not go further to state the kind of jobs that would result in improved quality of life. Ideally, for employment to contribute effectively to inclusive growth, it needs to keep the employee and family members typically dependent on the employee's income out of poverty and lead to improved social outcomes (ILO, 2009; World Bank, 2013). A survey conducted by OECD (2009) found that SMEs that generate jobs are an important channel for inclusion and poverty reduction in both emerging and low-income economies. Thus, putting in place strategies to improve their productivity can help governments achieve economic growth, social inclusion, escape from low productivity traps and improve the quality of life for low skilled workers. Moreover, entrepreneurial opportunities in SMEs present an opportunity for economic and social participation and upward mobility by enabling disadvantaged or marginalized groups to create their own opportunities to participate in the economy which is key in driving the inclusive growth agenda (OECD, 2017).

Although the concept of quality of life is implicit in much academic literature, many academicians have explored it in terms of the contribution of tourism to residents' quality of life (Moscardo, 2009; Kim, 2002; Jurowski & Uysal, 2002; Kim, Uysal and Sirgy, 2013). Additionally, most studies have focused on employee quality of work life

in general (Jerome, 2013; Kubendran, Muthukumar and Priyadharshini, 2013; Subhashini and Ramani, 2014; Aarthy and Nandhini, 2016). However, literature focusing specifically on how the nature of employment created by SMTEs would contribute to an improved quality of life for employees was missing.

2.7 Approaches to Simplify the Regulatory Framework for Inclusive Growth

OECD (2010) points out that numerous studies show that the burden for regulatory programmes fall disproportionately on SMEs. Therefore, reforms aimed at creating a more business friendly regulatory environment for SMEs is paramount for them to fully play their role in economic development. This is largely supported by the fact that, reducing the regulatory burden on SMEs can facilitate their participation in the formal economy, help improve their productivity and competitiveness as well as enhance their participation in the growth process of the global economy thus be crucial enablers of inclusive growth (OECD, 2018b). Previous researchers (OECD, 2010; Kitching and Smallbone, 2010; Jaoui and Rashid, 2015) proposed three approaches to simplifying or improving the legal and regulatory environment. First, involvement of SMEs in development of regulations is crucial on the premise that, for rules that will have a significant impact on small businesses when input from affected parties is solicited and alternatives considered, adverse effects are minimized. Second, ensuring that there is an adequate notice period before new legal and regulatory measures come into effect. This is based on the belief that, providing businesses with a longer period to reach compliance, gives them an opportunity to consider the most cost-effective means of reaching it. Third, a more radical approach would be reducing the number of required

licenses by integrating different licensing procedures into one. For instance, Monteiro and Assuncao (2012) examined the effect on the formal economy of a tax reform that reduced the number of taxes and tax procedure for micro and small firms in Brazil. They observed that business licensing among retail firms rose by 13% after the reform method was implemented indicating that tax simplification helps expand the formal economy.

Regulation can create an enabling environment for SMEs to thrive. OECD (2013); Jaoui and Rashid (2015) suggest that a “friendly” legal regulatory environment would include for example easily enforced contracts; simple, transparent, fair and low –compliance cost tax system; clearly recognized property rights; ease of registration of business with authorities for example, through a simple and inexpensive system preferably by remote access through the internet; minimum business licensing requirements whose enforcement is geared towards safeguarding the consumers’ health and safety; flexible and balanced labour regulations and equal application of the rule of law.

The European Commission (2007) recommends two approaches to simplifying the regulatory environment. One, using a comprehensive approach where laws and regulations at both the local and national level are addressed simultaneously to safeguard coherence; and responsiveness of local authorities to business needs and the rules and regulations set locally and their implementation. Second, identification of the energy for change in that, instead of targeting theoretically desirable optimizations and pushing them against huge resistance, it would be much more promising to go with the flow and adjust or withdraw if such a flow is missing. In addition, the Regulatory Impact Analysis

(RIA) which is an approach used to critically assess the positive and negative effects of proposed and existing regulations and non-regulatory alternatives through a range of methods, is an important element governments may adopt to simplify the regulatory framework especially for SMEs. To be effective, the RIA process needs to provide not only consultation opportunities but also safeguards to ensure that adequate account of comments received from stakeholders is taken (OECD, 2015; Shepherd, Cattaneo and Tsai, 2015; OECD, 2018b).

Although regulation provides the means by which governments can manage the economy to achieve sustainable social and economic outcomes, for it to have the greatest possible impact, it should be based on careful estimates on the cost of regulation to firms especially SMEs (Quartey, 2001; Nkongolo, 2010; OECD, 2010). Therefore, in creating an enabling regulatory environment, the need to review the regulations which govern the establishment and operation of an enterprise is paramount and should be at the forefront of the ultimate economic policy agenda for any developing country. Though progress relating to the communication and simplification of rules and procedures has been made in most developed and developing economies, challenges related to tangled license and permit systems still persist. Thus, to tackle the remaining challenges as OECD (2018b) proposed, efforts need to be made to cut red tape for businesses and to improve transparency as well as cost-efficiency of administrative regulations. A case in point is Denmark where the Business Forum for Simpler Rules was launched in 2012, based on a 'comply-or-explain' principle whereby entrepreneurs

were required to identify business regulations that they perceived to be most burdensome and propose simplification. This was considered the most workable avenue to engage Civil Servants in developing smart regulations that could reduce red tape.

Further, previous research (Djankov, 2009; European Commission, 2013; Eckardt, 2014) propose a “smart regulation” approach to improving and simplifying the regulatory environment. The smart regulation concept involves considering impacts of regulations on SMEs when designing legislations and simplifying the existing regulatory environment so that SMEs find it easier and cheaper to comply with regulatory requirements. In a nutshell, smart regulation is achieved through stronger regulatory governance and closing the gap between regulatory design and evaluation of outcomes. Essentially, it draws attention to an array of issues including institutional leadership and oversight, a renewed emphasis on consultation, communication, cooperation and coordination (the 4C’s) across all levels of government and stakeholders and appraising the role of regulatory agencies and the balance between private and public responsibilities for regulation with a view to securing accountability and avoiding capture (OECD, 2010; European Commission, 2013; Jaoui and Rashid, 2015).

Underscoring the importance of an enabling regulatory framework and the need for the smart regulation approach, Swinford (2014) notes that, the starting point is that any regulation should be done away unless there is clear and good justification for governments being involved. Moreover, although there might be good justification for

government involvement, the need to sweep away unnecessary bureaucracy, complexity, overzealous administration of the law and enforcement should take center stage. Kitching and Smallbone (2010) in their previous study had concluded that although proponents of government regulation would argue that regulations were necessary to tackle market failures or address social equity problems, the need to keep the cost of regulation as low as possible even where regulation was justified needed to take precedence. Although the reviewed literature brought to fore some proposed approaches to simplify the regulatory framework, most of them focused on SMEs in general (Kitching and Smallbone 2010, OECD, 2015; Shepherd, Cattaneo and Tsai, 2015). Moreover, OECD (2018b) having pointed out that there is no ‘one-size-fit-all’ model it was thus not clear whether simplifying the regulatory framework should take a sector approach. Further, empirical literature specifically on how to improve the regulatory framework for SMTEs was missing. This study therefore sought to establish ways of simplifying the regulatory framework from the eyes of SMTEs owners/ managers in Mombasa County with a view of bringing it closer to best practice.

2.8 Theoretical Framework

The concepts of “regulatory framework” and “inclusive growth” were critical to this study and were measured as part of the research key variables. As such, these two key concepts were used to define the theoretical framework. This study therefore utilized the regulation theory and economic theories of regulation, the regulatory governance theory and quality of life and subjective hedonism theories to discuss the theoretical conceptualization of these two key concepts.

2.8.1 Regulation Theory and Economic Theories of Regulation

The Regulation theory which was originally proposed by Boyer brings out the concept of analyzing the combination of the regime of accumulation i.e. the organization and process of production and consumption and the mode of regulation i.e. the structures that stabilize the regime of accumulation and guarantee its production (Boyer 1990 cited in Cornelissen, 2011). The theory posits that the mode of regulation consists of a collection of formal and informal norms, rules, codes, social practices and institutions which sustain the survival of the regime of accumulation by providing ground rules for economic behaviour and for the resolution of conflicts that may arise in the process. Closely linked to regulation and the processes of production and consumption is the economic theory of regulation which was originally coined by George Stigler in 1971 cited in Croley (2008).

Christensen (2010) identifies three main theoretical models that have been developed in recent decades which revolve around the economic theory of regulation namely, the classical public interest model, the regulatory capture model and the credible commitment model. All these models focus on the role of bureaucracy in regulatory policy and its implementation. He ideates that in the public interest model, interpretation of 'public interest' is left to the law makers in democratic politics. This model assumes that when law makers make their decisions, often in the form of general rules, they are expected to act on a mandate from the voters because they are accountable to the electorate (Leland, 1979; Asch, 1988 cited in Christensen, 2010). However, law makers

do not operate in their own capacity because they are dependent on bureaucracy i.e. the civil service comes into play when new regulatory policy is prepared and implemented (Levine and Forrence, 1990). In this model, bureaucracy is necessary since it combines organizational capacity with policy expertise and due process to governmental regulation of the private sector. Under this arrangement, the public interest will still be served but 'public interest' will be subject to interpretation by the law makers (Leland, 1979; Rejovich, 1979; Asch, 1988 cited in Christensen, 2010). However, this model has been criticized because it questions neither the role of law makers as guardians of public interest nor the good will of regulatory administration (Rees and Vickers, 1995).

The capture model echoes neo-classical economics and found its way into political science analysis of regulation through rational choice (Levine and Forrence, 1990; Christensen, 2010). This model posits that particularistic interests see government regulation as a protective shield and that on the whole, the State meets their demands. The central view of this model is that self-interested bureaucrats have strong rewards not only by giving into pressure groups but also by expanding regulation. This arrangement presents a scenario where regulation is acquired by the industry and is designed and operated predominantly for its benefit (Kalt and Zupan, 1990; Joskow, 2005). It also presents a situation where even regulation devised to correct negative externalities such as drug and food safety regulation, consumer and environmental protection is easily thwarted to serve particularistic interests (Joskow, 2005). Thus, any idea of 'good regulation' under this model remains futile.

The credible commitment model brings a sharp difference between the behaviour of politicians on deciding regulatory policy issues and those of professional regulators within the bureaucracy (Levy and Spiller, 1996; Jordana and Levi-Faur, 2004). This model posits that politicians will be tempted to give in to short term concerns if sound regulatory policy runs against their electoral interests. This arrangement is particularly relevant in situations where entrepreneurs have made investments in long-term projects and they cannot trust politicians to keep the regulatory regime in force at the time of the investment decision. This model provides a solution to this scenario in that since politicians widely acknowledge their own frailty, they engage in self-binding institutional designs which make it impossible to back out of their initial policy promises. They therefore delegate decision making authority to independent regulators or autonomous agencies (Joskow, 2005; Christensen, 2010).

These three approaches have evolved over a long period of time. The public interest model prevailed up to the 1960's and paved the way for the regulatory capture model through the latter part of the 20th century. The credible commitment model took off in the early 1990's and is highly credited with the regulatory reforms such as market liberalization and the privatization of public service utilities. Although there is some uncertainty as to the empirical scope of the three models, there is some convergence that all the models direct their attention towards economic regulation (Joskow, 2005; Christensen, 2010). Although regulation brings out a collection of formal and informal norms, rules, codes and practices, governance is a fundamental aspect that needs to be incorporated for an enabling legal and regulatory environment to be created.

2.8.2 Regulatory Governance Theory

Previous researchers have pointed out that since institutional frameworks and policy issues are diverse, that there can be no single situation that can be termed as the optimal combination of regulatory and governance arrangements given that such arrangements would be dictated by the situation at hand (Gunningham, Grabosky and Sinclair, 1998). Consequently, Wright and Head (2009) provide three perspectives to regulatory governance theory i.e. the normative, descriptive and post structural interpretive perspective. They ideate that the traditional directive regulation and responsive regulation are both examples of normative approaches. The traditional directive regulation approach also commonly referred to as “command and control” emphasizes on government agencies setting standards which are then applied uniformly and imposed across the entire regulatory space. However, this approach has been criticized and has often been described as costly, inefficient, cumbersome and inflexible since it does not take into consideration explicit characteristics of industries, sectors or individual firms (Sinclair, 1997).

On the other hand, responsive regulation engrosses the regulatory spaces in terms of bargained retorts between the regulators, the regulated and the broader community. In this approach, there is no uniform or best regulatory solutions that may be applied at all times because some regulations may respond better than others at a particular point in time (Ayers and Braithwaite, 1992). As Wright and Head (2009) further substantiate, responsive regulation approach opens a “conversational space” in which regulators can consider purposes and consequences of regulations/legislations as well as the

instruments to be applied during enforcement. This approach not only provides a tripartite system for the discussion of responses between the regulators, regulatee and third parties but also brings to fore the need for governments to appreciate the different features and motivations of regulated entities. It therefore works most effectively where there is a sensible balance of power between industry players, interest groups and the government.

The descriptive analytical model for example smart regulation (Gunningham *et al.*, 1998) accentuates the dynamic role played by various specific contexts in deciding regulatory regimes and outcomes i.e.- organizational, political, economic and cultural. Wright and Head (2009) note that this approach borrows much from responsive regulation and it comprises modifying and matching regulations and legislations to the regulated bodies within explicit contexts. It examines existing regulatory regimes in terms of their strengths and weaknesses and indicates which new regulations/legislations and institutions might operate constructively. As supported by Gunningham and Sinclair (1999), this approach also underscores that best regulatory solutions require a mix of regulatory tools and their capacity to function effectively within different economic, social or institutional contexts. However, this approach can only operate most comfortably in regulatory spaces where legitimacy is already assured.

The post structural interpretive mode for example nodal governance offers a network approach to the mobilization of knowledge and resources. According to Wood and Shearing (2007), although power is transmitted across networks, the “node” is the point

at which knowledge and capacity are organized and mobilized. Nodes in this case can be Community groups, companies, government departments or NGOs and they can exist both within and across sector-specific networks. Interestingly, in this approach government institutions have no privilege over other nodes within governance networks as would be the norm. Black (2002) points out that, since this approach seeks a drastically decentered conception of regulation and governance where the state has no central role in deciding governance equations, it demands much more than denial of traditional notions of state sovereignty. However, this approach works best in situations where there is deemed to be substantive capacity of virtue within state situations and the wider business environment.

Although Wright and Head (2009) brought forward the three approaches, they did not propose or categorically recommend any of them but rather linked the problem of regulatory governance arrangements to the pragmatists' approach of knowledge and social improvement. They note that "For pragmatists, knowledge is never definite or certain; it is always subject to review and firmly grounded in social experience". The pertinent question therefore is, which approach would best be applied to revolutionize Kenya's tourism regulatory space for inclusive growth?

2.8.3 Quality of Life and Subjective Hedonism Theories

The concept of inclusive growth is very much related and supported by quality of life theories on the view that the employment generated by SMTEs should translate to an improved quality of life for the labour force. The theory of quality of life is credited to

Abraham Maslow when he first published his book "*Towards a Psychology of being*" in 1962 (Ventegodt, Andersen and Merrick, 2005). Maslow based his theory for development towards happiness and true being on the concept of human needs and the ability to satisfy or fulfill them (Ventegodt, 1996). According to Maslow, happiness, health and ability to function or what constitutes a good life comes when an individual takes responsibility to fulfill their own needs.

However, Maslow's theory faced severe criticism from researchers who argued that it was not based on facts (Ventegodt, 1996; Ventegodt et al, 2003). Thus, Ventegodt et al (2005) coined the integrated quality of life theory. They argue that the notion of quality of life can be observed along a continuum consisting of three elements i.e. the subjective, existential and the objective. At one end of the spectrum is the subjective quality of life which is a measure of how good a life each individual feels he or she has. The existential quality of life which appears mid-way means how good one's life is at a deeper level and at the far end of the continuum is the objective quality of life which means how one's life is perceived by the outside world. Under this spectrum, there are some notions of quality of life which may tend to overlap thus the objective aspects of quality of life are fairly easy to establish (Ventegodt, 1997).

Bognar (2005) contends that although previous researchers focused on objective social indicators to determine quality of life i.e. pieces of statistics that registered frequencies or occurrences of observable and verifiable phenomenon such as occurrence of

epidemics, crime rate, availability of housing amenities, level of pollution among others, the best approach to measure a persons' quality of life has been found to be the use of subjective indicators. These are indicators that capture the meaning or importance of objective conditions to peoples' lives. He therefore recommends the subjective hedonism theory (Schwarz and Strack, 1999) as the best approach to measure a persons' quality of life. This theory is based on the assumption that when a person evaluates his/her quality of life they base the evaluation on information that is appropriate and relevant to them thus the best way to measure quality of life is through that person's own evaluations.

Bognar (2005) further clarifies that measurement of peoples' quality of life is best carried out by surveys with questions about people's happiness or overall satisfaction with their lives or with particular dimensions of their lives. To this end, respondents are asked to give their evaluation of quality of life by indicating their level of happiness or satisfaction on some ordinal scale. This study therefore adopted the subjective hedonism theory to measure quality of life from the subjective perspective.

2.9 Summary of Literature Review and Gaps Identified

Review of empirical literature revealed four pertinent issues addressed by this study. First, although the literature (Kasipillai, 2005; Weichenrieder, 2007; Tomlin, 2008; Masafo, 2009, Ocheni and Gemade, 2015), provided clear evidence that SMEs were affected disproportionately by compliance costs as compared to larger businesses, none of the studies was focusing specifically on how compliance to regulations affected the

performance of SMTEs in terms of the profits, number of employees, time, ability to exploit new opportunities and re-investments. Second, in as much as literature is replete with studies on the important role of SMEs to the economy and employment creation (Rogoff, Lee and Suh, 2004; Chowdhury, 2007; World Bank, 2009; OECD, 2010; Kok *et al*, 2011; Akingunola, 2011; Onukwe and Ifeanacho, 2011; Lawless, 2012; Effiom and Edit, 2018; OECD, 2018a) literature focusing on how compliance to regulations and performance of SMTEs influenced the nature of employment created by SMTEs in terms of income benefits, working hours, security of employment and skills development and training was missing.

Third, many academicians had explored the concept of quality of life in terms of the contribution of tourism to residents' quality of life (Moscardo, 2009; Kim, 2002; Long & Keng, 2009; Jurowski & Uysal, 2002). Moreover, most studies on quality of life had focused on employee quality of work life (Jerome, 2013; Kubendran, Muthukumar and Priyadharshini, 2013; Subhashini and Ramani, 2014; Aarthy and Nandhini, 2016). However, literature focusing specifically on how the nature of employment created by SMTEs would contribute to an improved quality of life for employees was scanty. Fourth, although the literature (Gross, 2005; OECD, 2007; COM, 2011; Monteiro and Assuncao, 2012; Jaoui and Rashid, 2015) brought to fore some approaches of simplifying the regulatory environment, most of them focused on SMEs in general (Kitching and Smallbone 2010, OECD, 2015; Shepherd, Cattaneo and Tsai, 2015). Empirical literature specifically on how to simplify the regulatory framework for SMTEs was missing. It was also not clear whether approaches to simplify the regulatory

framework would have a significant effect on the relationship between the regulatory framework, performance of SMTEs and nature of employment created by the SMTEs. This study was therefore conducted with the aim of providing information that would contribute to closing the identified gaps.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter describes the research methodology used in this study. Specifically, it explains the research design, sample selection method and techniques, reliability and validity procedures and pre-testing of research instruments. It also describes the data collection procedures, the statistical procedures used for data analysis and ethical considerations.

3.1 Research Design

Research designs are procedures for collecting, analysing, interpreting and reporting data on research studies (Cresswell and Plano Clark, 2011; Palinkas *et al*, 2015). This study adopted a mixed methods design specifically using the embedded approach. As put forward by Creswell, Plano Clark, Gutmann and Hanson (2003), the embedded design is a mixed methods design in which one data set provides a supportive secondary role on the other data type. Fundamentally, this design includes the collection of both quantitative and qualitative data but one of the data types plays a supplemental role within the overall design. For this study, since the qualitative data from interviews played a supportive role, it was embedded within the quantitative data gathered using questionnaires.

Further, Caracelli and Greene (1997) and Cresswell and Plano Clark (2011) observe that the embedded design mixes the different data sets at the design level, with one type of data being embedded within a methodology framed by the other data type as shown in figure 3.1.

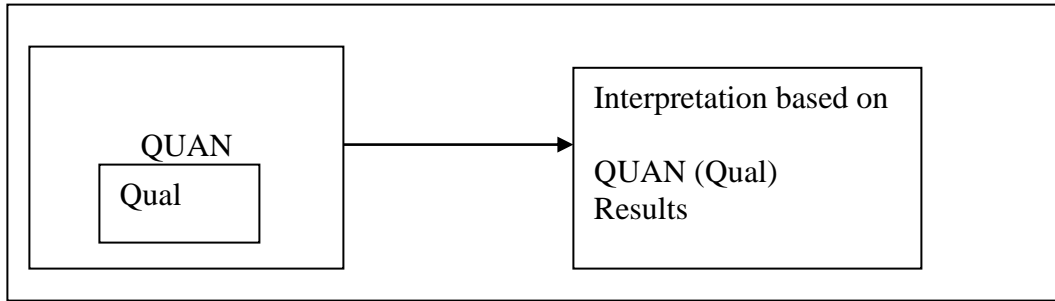


Figure 3.1: Embedded Research design. Adapted from (Cresswell and Plano Clark, 2011)

Moreover, this type of design allows the data collection process to be concluded at a single point in time for all the cases (Bryman and Bell, 2007). The embedded research design was the most appropriate for this study due to its strong advantages that are not only well documented but also fitted well with the circumstances surrounding this study. As pointed out by Cresswell and Plano Clark (2011), first, the design is logistically more manageable for graduate students because the qualitative method requires less data than the quantitative method hence it not only plays a supportive role but also saves time; second, the design may be appealing to funding agencies because the primary focus of the design is traditionally quantitative.

3.2 Study Area

Mombasa County is situated in the Southern part of the Coastal region and is one of Kenya's 47 counties. It is the smallest of the seven counties in the coastal region covering an estimated area of 299.6km² excluding 65km² of water mass (GoK, 2013a). The County has six constituencies namely Changamwe, Kisauni, Nyali, Jomvu, Likoni and Mvita. It borders Kilifi County to the North, Kwale County to the Southwest and

the Indian Ocean to the East (Appendix 7.8). It lies between latitudes $3^{\circ} 80''$ and $40^{\circ} 10''$ South of the Equator and between longitudes $39^{\circ} 60''$ and $39^{\circ} 80''$ East of the Greenwich Meridian. Topographically, the County lies within the Coastal lowland which rises gradually from the sea level in the East to slightly over 76.2M above the sea level in the mainland west.

In the County, population distribution and settlement are influenced by infrastructure network such as roads, water, electricity, availability and accessibility of areas of gainful employment, availability of cheap housing, security and land tenure systems (Mwamburi, 2006). Mombasa is a regional and economic hub. It is also the tourism capital of the coastal region and a major cog in Kenya's tourism sector (Poyry, 2014). The County was selected as the study area because it is historically considered as the foundation of Kenya's' tourism and has the highest concentration (over 60%) of tourism enterprises in the country (Akama and Kieti, 2007; GoK, 2013b). It was therefore deemed that Mombasa County would provide a substantial number of SMTEs to comprise the target population.

3.3 Target Population

The target population for this study was the SMTEs owners/managers, their employees, TRA officers in charge of the County and the Executive Officers of the Kenya Coast Tourism Association (KCTA), Kenya Association of Hotel Keepers and Caterers (KAHC) and Kenya Association of Tour Operators (KATO). The rationale for involving

the TRA officers in the study was that the Tourism Regulatory Authority which derives its mandate from the Tourism Act, 2011, is the key regulator of the tourism industry in the Country (GoK, 2011). It was therefore believed that these officers would be better placed to shed light on the regulatory environment and its perceived impact on SMTEs in the County and therefore provide a way forward from a policy perspective.

The industry Trade Associations such as KAHC and KATO were involved because it was deemed that since they represent businesses in their respective trades, they would provide insight on how compliance to various regulations affected the performance of their members and therefore be in a position to provide trade specific recommendations. The industry association KCTA was involved in the study because it is an umbrella body for all tourism establishments in the Coast region in that, its' membership incorporates hoteliers, restaurateurs, tour operators and small traders. It was therefore believed that the association would present views on the influence of the regulatory framework on a collective basis. The study population was as indicated in table 3.1 below and a detailed presentation of the population is hereby attached as appendix 7.1.

Table 3.1: Study Population

Category	No. of Owners/ Managers	No. of Employees in SMTEs
Hotels	21	592
Restaurants	17	334
Tour Operators	36	646
Tourism Regulatory Officers	3	
KCTA executive	1	
KAHC executive	1	
KATO executive	1	
Total	80	1572

Source: (GoK, 2015)

3.4 Sampling

3.4.1 Sampling Techniques

Stratified sampling was used for the SMTEs owners/managers where the enterprises were grouped into three strata (class A, B and C) as per their categories of licenses and operations that is, Hotels, Restaurants and Tour operators respectively as specified in the Tourism Act, No. 28 of 2011 (GoK, 2011). This technique was considered most appropriate since it ensured that all parts of the study population were represented in the final sample to increase efficiency and reduce sampling error (Kothari, 2008). To select subjects from each stratum, simple random sampling was applied.

To select the employees working in the SMTEs, Probability Proportional to Size (PPS) sampling technique (Levy and Lemeshow, 2008) was applied. To this end, employees in the various establishments in each stratum were proportionately targeted to minimize bias and ensure that respondents from each establishment had a chance equal to their proportion in the total population of being selected into the sample frame (Appendix 7.3).

The sampling technique employed for TRA officers, KCTA, KAHC and KATO executives was purposive sampling. Cresswell and Plano Clark (2011) note that purposive sampling is a technique widely used to collect qualitative data and it involves identifying and selecting individuals who are knowledgeable about or have experience with the phenomenon under investigation. It was therefore believed that by virtue of their positions, these officials would provide the information that was sought by the study.

3.4.2 Sample Size

The sample size for SMTEs owners/managers and employees was calculated at 95% confidence level and 5% precision level (sampling error) using the formulae in table 3.2

Table 3.2: Sample Size Formulae

$n = \frac{N}{1 + N(e)^2}$ <p>Equation.....(i)</p> <p>Where;</p> <p>n= Sample size</p> <p>N= Population size</p> <p>e= Level of precision (sampling error)</p> <p>(Source: Israel, 1992)</p>	<p>Finite population correction factor;</p> $n_a = \frac{n_r}{\frac{1 + (n_r - 1)}{N}}$ <p>Equation(ii)</p> <p>Where;</p> <p>n_a= The adjusted sample size</p> <p>n_r= The original required sample size</p> <p>N= Population size</p> <p>(Source: Rose, Spinks and Canhoto, 2015)</p>
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Since applying equation (i) for employees yielded a sample size which was a significant proportion of the population, a finite population correction factor (Rose, Spinks and Canhoto, 2015) was applied to reduce the sample size required. Therefore, using the above formulae (equation i and ii), the sample size for the study was as presented in tables 3.3 and 3.4 below.

Table 3.3: Sample Size Calculation for Quantitative Data

Category	SMTE Directors / Owners		SMTE employees	
	Population	Sample size	Population	Sample Size
Hotels	21	19	592	169
Restaurants	17	16	334	117
Tour Operators	36	33	646	178
Total	74	68	1572	464

Table 3.4: Sample Size Calculation for Qualitative Data

Category	Population	Sample size
Tourism Regulatory Officers	3	1
KCTA	1	1
KAHC	1	1
KATO	1	1
Total	6	4

3.5 Research Instruments

Questionnaires were the major tools utilized for collecting primary data. Kothari (2008) observes that information obtained by means of questionnaires is free from bias as the person conducting the research cannot influence the respondents hence accurate and valid data can be obtained. To this end, semi-structured questionnaires containing questions on a five-point likert scale, open and closed questions were used. Different questionnaires were administered to the SMTEs owners/managers and employees (Appendix 7.4 and 7.5). Interview guides for the TRA officer in charge of the County and industry Associations executives' that is, KCTA, KAHC and KATO were also used (Appendix 7.6 and 7.7).

3.6 Pre-Testing

Pretesting of the data collection instruments was conducted on respondents randomly selected from the target population comprising 2% of sample size from each stratum but who were not included in the actual data collection. As put forward by Orodho (2004), the number in the pre-test sample should be small, usually between 1% and 10% of the sample size. Table 3.5 below shows the pre-test sample: -

Table 3.5: Pre-Testing Sample

Category	SMTEs Directors/ Owners		SMTEs employees	
	Sample Size	Pre-test Sample	Sample Size	Pre-test Sample
Hotels	19	1	169	3
Restaurants	16	1	117	2
Tour Operators	33	2	178	3
Total		4		8

The major aim of pretesting was to provide insight to the researcher on matters relating to whether the questions as they were worded would achieve the desired results; the average time needed by respondents to complete the questionnaires; whether the questions would be understood by all classes of respondents; whether instructions given on the questions were adequate; whether some questions would need to be added or eliminated as well as any challenges that would have been encountered during the actual data collection process. To this end, questions that appeared difficult or not easily understood by respondents were rephrased using simpler language while those that had been repeated were removed. Additionally, some statements on likert scales that yielded negative reliability coefficients were reworded while those that yielded unacceptable coefficients were deleted as per the recommendations from the statistical package used to test the reliability of the research instruments.

3.7 Validity and Reliability

3.7.1 Validity

Validity is the ability of an instrument to measure what it is supposed to be measuring. As suggested by De Vos *et al.* (2002), validity has two parts namely whether the instrument actually measures the concept in question and whether the concept is measured accurately. In this study, the research instruments were evaluated for content,

face and construct validity. Content validity (De Vos *et al.*, 2002) was established using a panel of experts. The panel comprised of five (5) persons that is, three (3) Tourism Regulatory Officers, one (1) representative from a Tourism Trade Association in Mombasa County and one (1) Statistician. The panel was first informed of the topic and purpose of study and presented with the study objectives and research instruments. They were then asked individually to assess the format, wording, content, overall appearance of the instruments and their ability to meet the study objectives.

According to Polit and Hungler (1999), face validity refers to the extent to which a measuring instrument looks like it is measuring what it purports to measure. They further point out that although face validity should not be considered as primary evidence for the quality of an instrument, it is nevertheless a desirable property. In this study, face validity of the instruments was determined by the expert statistician in the panel. The statistician was presented with the instrument, objectives, hypothesis to be tested and the proposed analysis methods and asked to assess whether the analysis methods proposed were appropriate to test the hypothesis and analyze the objectives.

Construct validity is concerned with the underlying attribute the instrument expects to measure. As put forward by Polit and Hungler (1999), its significance is in its linkage with the theory and theoretical conceptualization. Ideally, it involves validation of not only the instrument but also the theory underlying it (De Vos *et al* 2002). Therefore, the regulatory governance and the subjective hedonism theories underlying this research were linked to the items in the research instrument and this was brought to the attention

of the panel of experts so that their assessment of the instruments would incorporate complete inclusion of all the elements. Adjustments were then made to the research instruments as per the panel of experts' comments.

3.7.2 Reliability

Reliability is defined as “the extent to which a measure yields consistent results; the extent to which scores are free of random error” (Ary, Jacobs, Razavieh and Sorensen 2006). Internal reliability of the research instruments was determined using the reliability coefficient Cronbach's alpha (Cronbach and Shavelson, 2004). The reliability was established at the pre-testing stage that is, once the data for pretesting was collected from the respondents sampled for pretesting; the data was coded and entered into SPSS. Reliability analysis which was command driven was then conducted using the Cronbach's alpha model. The questionnaires for SMTEs owners/managers and SMTE employees were found to have a reliability coefficient of 0.801 and 0.855 respectively as shown in Table 3.6 below.

Table 3.6: Reliability Statistics

Category	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
SMTEs Owners/managers' questionnaire	.801	.806
SMTEs Employees' questionnaire	.855	.865

Source: Research findings

According to Gliem and Gliem (2003), Cronbach's alpha reliability coefficient normally ranges between 0 and 1 hence the closer the coefficient is to 1, the greater the internal

consistency of the items on the likert scales. The rules of thumb for interpretation of the coefficient in social sciences research as provided by George and Mallery (2003), indicate that a value which is “>.0.9 is Excellent, >.0.8 is good, >.0.7 is Acceptable, >.0.6 is Questionable while >.0.5 is Unacceptable”. Since the research instruments for this study yielded a value above 0.8, it would be therefore justifiable to conclude that they were reliable. Further, the reliability for each item on the likert scales was also assessed and each of the tenets yielded a value way above the required threshold of 0.7 (Appendix 7.11 and 7.12).

3.8 Data Collection Techniques

This study made use of both primary and secondary data. Secondary data was gathered from books, newspaper articles, academic journals, internet and other relevant documents related to small and medium tourism enterprises, the regulatory framework and inclusive growth. Researcher administered semi-structured questionnaires were used to collect primary data. The researcher enlisted the services of one graduate student in tourism as a research assistant. The assistant was obtained through a careful selection using a reference from the Tourism Regulatory Office in Mombasa. Before commencing the fieldwork, the research assistant was familiarized with the problem under investigation and taken through the objectives of the study and the instruments’ content. This was done to ensure that the research assistant understood the concept and the problem underpinning the study to enable the data collection process to run smoothly.

The object of involving the research assistant was to hasten the research thus ensure that it was completed within the required timelines. To confirm that the research assistant had grasped the concept and problem under investigation, the researcher accompanied the assistant such that they moved with the research assistant from one establishment to the next during the first two weeks of the data collection process. The researcher also employed other strategies such as clear communication of expectations from time to time and checking the Assistant's work through physical visits fortnightly and impromptu visits throughout the entire six months of primary data collection. This was to ensure a high response rate and credibility of the data collection process.

Throughout the entire data collection exercise, the Assistant was involved in a variety of tasks such as photocopying research instruments, booking interviews with respondents, dropping and picking questionnaires from respondents, sorting the questionnaires and indexing. Any challenges reported by the assistant were dealt with by the researcher visiting the respondents in person at their respective establishments which involved explaining further the object of study and assuring them of the confidentiality and anonymity of the information that was being sought. Semi-structured interviews were also conducted by the researcher on the TRA officers in charge of the County and representatives from KAHC, KATO and KCTA to establish their views on current regulations and laws and their perceived impact on SMTEs. The primary data was collected for a period of six months from October 2016 through March 2017.

3.9 Data Analysis

After the data collection process, questionnaires were sorted, coded and entered into a statistical software program for analysis. Frequencies were used to analyze respondents' demographic characteristics and general information and presented using tables, pie charts and bar graphs.

3.9.1 Quantitative Data Analysis

Descriptive analysis was used to analyze the objectives where means and standard deviations were calculated. To test the hypothesis, inferential statistics were used. Specifically, the study applied linear regression, standard multiple regression and moderated multiple regression analysis as shown in Table 3.7 below: -

Table 3.7: Quantitative Data Analysis Methods

Hypothesis	Analysis Method and Justification	Model Applied
<p>H₀₁: There is no significant effect of compliance to regulations governing business operations on the performance of SMTEs in Mombasa County.</p>	<p>Linear Regression Analysis: Regression analysis has the advantage of using existing data to define a mathematical equation used to predict the value of one variable based on the value of one or more variables (Schneider, Hommel and Blettner, 2010) As such, linear regression analysis provides an opportunity to establish a relationship between an independent and dependent variable such that, when one unit of the independent variable changes, a researcher is in a position to tell the amount of change that would occur to the dependent variable. Explicitly, regression analysis can be a powerful tool to predict and explain the causal influence on a population outcome (Jeon, 2015).</p>	<p>The regression model was specified thus:</p> $Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ <p>Where; Y=Performance of SMTEs a= Constant/ Intercept β_1=Slope (beta coefficient for business regulations) X₁= Business regulations β_2=Slope (Beta coefficient for environment regulations) X₂=Environment regulations β_3=Slope (beta coefficient for taxation and levies) X₃=Taxation and Levies β_4=Slope (beta coefficient for labour regulations) X₄=Labour regulations e=error term</p>

Table 3.7 (Cont'd)

Hypothesis	Analysis Method and Justification	Model Applied
<p>H₀₂: There is no significant effect of regulatory framework and performance of SMTEs on the nature of employment created by SMTEs.</p>	<p>Standard Multiple Regression Analysis According Tabachnick and Fidell (2007), multiple regression allows a more sophisticated exploration of the interrelationship among a set of variables thus making it ideal for the investigation of more complex real-life, rather than laboratory-based research.</p>	<p>The multiple regression model was specified thus: $Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$ Where; Y = Nature of employment a (Alpha) = the Constant or intercept β_1 = the Slope (Beta coefficient) for business regulations X_1 = business regulations β_2 = the Slope (Beta coefficient) for environment regulations X_2 = environment regulations β_3 = the Slope (Beta coefficient) for Taxation and Levies X_3 = Taxation and levies β_4 = the Slope (Beta coefficient) for labour regulation X_4 = labour regulations β_5 = the slope (beta coefficient) for performance of SMTEs X_5 = Performance of SMTEs e = Error term</p>
<p>H₀₃: There is no significant effect of nature of employment on employees' quality of life (inclusive growth).</p>	<p>Linear Regression Analysis (Jeon, 2015)</p>	<p>The regression model was specified thus: $Y = a + \beta X + e$ Where; Y = SMTEs employees' quality of life a = Constant/ Intercept β = Slope (beta coefficient for nature of employment) X = Nature of employment e = error term</p>

Table 3.7 (Cont'd)

Hypothesis	Analysis Method and Justification	Model Applied
<p>H₀₄: Approaches to simplify the regulatory framework have no significant moderating effect on the relationship between the regulatory framework, performance of SMTEs and nature of employment.</p>	<p>Moderated Multiple Regression Analysis: The existence of a moderating effect implies that the relationship between two or more variables changes as a function of the value of a third variable labelled as 'moderator' (Aguinis, 2015). Moderated multiple regression therefore is used to test the presence of hypothesized moderating effects of an introduced variable on a relationship.</p>	<p>The moderated multiple regression model was specified thus:</p> $Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_{4i} X_{4i} + e$ <p>Where;</p> <p>Y = Nature of employment a (Alpha) = the Constant or intercept β_1 = the Slope (Beta coefficient) approach_centred X_1 = approach_centred β_2 = the Slope (Beta coefficient) for regulatory framework_centred X_2 = regulatory framework_centred β_3 = the Slope (Beta coefficient) performance_centred X_3 = performance_centred β_{4i} = the Slope (Beta coefficient) approach regulatory framework_performance_centred $(X_1 * X_2 * X_3)$ X_{4i} = approach_regulatory framework_performance_centred $(X_1 * X_2 * X_3)$ e = Error term</p>

3.9.2 Qualitative Data Analysis

Data gathered through interviews and from various government documents was analyzed using content analysis (Polit and Hungler, 1995; Elo and Kyngas, 2008).

Content analysis is a method used to analyze written, verbal or visual communication

messages which was first used in analyzing hymns, newspaper and magazine articles and political speeches in the 19th century (Harwood and Garry, 2003; Elo and Kyngas, 2008). This method not only provided an avenue for the researcher to distil words and phrases that had the same meaning into fewer content related categories but also allowed for testing of theoretical issues to enhance understanding of data.

In addition, content analysis is also known as a method of analyzing documents (Sandelowski, 2005; Cavanagh, 2007). To this end, content analysis was used to analyze various government documents/ legislations as per the information that had been obtained from respondents during primary data collection. This was done to confirm the findings and therefore validate the results obtained from the field. It was also used to analyze qualitative data gathered from the semi-structured interviews where the views of respondents were collated into fewer content related categories and embedded within the quantitative data as per the research design used in the study.

3.10 Logistical and Ethical Considerations

Identifying and protecting the rights of human subjects in research is a fundamental principle. To ensure ethical acceptability of this study, the rights of self-determination, anonymity, confidentiality and informed consent were observed. First, a letter of authorization from Graduate school was obtained (Appendix 7.9) as well as written permission to conduct the research from the National Commission for Science, Technology and Innovation (NACOSTI) by way of a research permit (Appendix 7.10).

Second, the principle of autonomy i.e. the right to self-determination and the right to full disclosure (Polit and Hungler, 1999) was key in this study. To this end, respondents' consent was obtained in that, they were informed of the purpose of study and assured that there would be no potential risks or costs involved through letters of transmittal (Appendix 7.1). Additionally, the respondents were informed of their rights to voluntarily consent or decline to participate and to withdraw their participation at any time without any penalty.

Third, the study also adhered to the principles of beneficence and Justice (Polit and Hungler, 1999) which refers to the duty of the researcher to do good and be fair to participants. To this end, the researcher ensured that appropriate anonymity and confidentiality procedures were adhered to. The respondents were assured of the confidentiality of the information supplied and their anonymity was respected by not requiring them to disclose their names on the research instruments. Lastly, respondents were treated respectfully and courteously at all times and their selection was based upon the selection criteria for inclusion in the study and not any other criteria.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Introduction

This chapter contains the statistical analysis of data, interpretation and discussion of research findings. The first section presents the descriptive analysis of the demographic data and general information derived from the survey respondents. The second section describes the results based on the objectives of the study. The specific objectives of the study were; to establish effect of compliance to regulations governing business operations on the performance of SMTEs; assess effects of the regulatory framework and performance of SMTEs on nature of employment; examine the effect of nature of employment on the quality of life of employees working in STMEs in Mombasa County and evaluate the effect of approaches to simplify the regulatory framework for SMTEs to spur inclusive growth. These objectives were formulated into four hypotheses. This chapter therefore describes the analyses of the four objectives and attempts to offer a verdict to the four hypotheses that provided the context for the study.

4.2 Response Rate

The primary data collection exercise came to a close after six months with fifty-nine (59) questionnaires for SMTE Owners/Managers and three hundred and eighty-seven (387) questionnaires for SMTEs employees having been collected for analysis as shown in Table 4.1 below

Table 4.1: Survey Response Rate

Category of Respondents	No. of Questionnaires Issued	No. of Questionnaires Returned	Response Rate
STMEs Owners/Managers	68	59	87%
SMTEs Employees	464	387	83%

Source: Research findings

Table 4.1 above shows that the response rate was 87% for SMTEs owner/managers and 83% for SMTEs employees. Wyse (2012) and Mugenda and Mugenda (2003) provide guidelines for interpretation of the response rate for 95% confidence level with $\pm 5\%$ margin of error by indicating that a response rate of 50% in a survey would be considered adequate, a rate of 60% is good while a rate of 70% and above is excellent. Basing on this premise, since this study recorded a rate way above the required threshold, it would be permissible to conclude that the survey response rate was excellent and statistically significantly valid.

4.3 Demographic Profile and General Information of Respondents

This section describes the demographic data and general information of the SMTEs Owners/Managers and Employees surveyed during the study in Mombasa County.

4.3.1 SMTEs Owners/Managers' Demographic Profile and General Information

The findings in Table 4.2 below describe the sample of the population of the SMTEs Owners/Managers surveyed during the study by age, gender and level of education. The table also presents the general information such as legal status of enterprises, years the

enterprise had been in existence, number of employees and approximate annual gross sales.

Table 4.2: SMTEs Owners/Managers' Demographic Profile and General Information

Gender	Frequency	Percentage (%)
Male	39	66.0
Female	20	34.0
Total	59	100.0
Age		
18-25 years	1	1.7
26-35 years	12	20.3
36-45 years	35	59.4
46 years and above	11	18.6
Total	59	100.0
Level of Education		
Master's Degree	2	3.4
Bachelors' Degree	7	11.9
Diploma	31	52.5
Secondary	14	23.7
Primary	5	8.5
Total	59	100.0
Legal Status of SMTEs in Mombasa County		
Sole Proprietorship	34	57.6
Partnership	11	18.6
Private Limited Company	14	23.8
Total	59	100.0

Table 4.2 (Cont'd)

Years of existence of SMTEs in Mombasa County	Frequency	Percentage (%)
Less than one year	5	8.5
2-3 years	16	27.1
4-5 years	10	16.9
Above 5 years	28	47.5
Total	59	100.0
Number of Employees in SMTE		
5-19 employees	36	61.0
20-35 employees	17	28.8
36-50 employees	3	5.1
51-70 employees	3	5.1
Total	59	100.0
Approximate Annual Gross Sales		
Less than Kshs 1 million	14	23.7
Kshs 1,000,001-2 million	27	45.8
Kshs 2,000,001-3 million	8	13.6
Kshs 3,000,001-4 million	4	6.8
Kshs 4,000,000-5 million	3	5.1
Above Kshs 5 million	3	5.1

Source: Research findings

4.3.1.1 SMTEs Owners/Managers' Gender: The survey respondents were requested to indicate their gender because it is an invariably important variable affecting any social or economic phenomenon and investment in the SMTEs sub-sector is no exception. The findings in Table 4.2 above indicate that majority (66%; n=59) of the respondents were male while 34% were female. This result suggests that mainly men operate the small and

Medium-sized Tourism Enterprises (SMTEs) in the county. The most likely explanation for this finding could be that commonly men are risk takers hence more plausible to be involved in entrepreneurial activity. This finding corroborates the findings of Reynolds, Bygrave, Autio, Gox and Hay (2002) who found that men are about twice as likely to be involved in entrepreneurial activity as women. This finding implies that men being risk takers could take it upon themselves to establish all the regulations affecting their operations and take the necessary steps to comply or navigate through to ensure the success of their businesses.

4.3.1.2 SMTEs Owners/Managers' Age: Table 4.2 above shows the distribution of SMTEs owners/managers by age. It was deemed important to ask respondents about their age because more often than not, it indicates the level of maturity of individuals hence their understanding of important issues affecting business operations such as the regulations that SMTEs need to comply with. Additionally, age is an important adjunct that determines an individuals' ability to not only take risks but also access credit to sustain a business enterprise. The findings indicate that most SMTEs owners/managers (59.4%, n=59) fell between the age categories of 36-45years followed by the 26-35 years age group at 20.3%. The 18-25 years age group was the smallest group representing a partly 1.7% of total respondents surveyed. This finding indicates that most people who run or own SMTEs were in their late thirties and early forties. The reason for this result could be that at this age group, people tend to be risk takers, innovative and dynamic hence they are likely to venture into entrepreneurial activities. Moreover, due to their innovativeness, accessing credit is easier for this age group of entrepreneurs because not

only are old entrepreneurs risk averse but also perceived by financial institutions as generally non-innovative and their major motivation of running the business would just be as a hobby or monopoly of power (Ogubazghi and Muturi, 2014). This finding implies that respondents in this study could be deemed to be mature and understood the regulations affecting their business operations.

4.3.1.3 SMTEs Owners/Managers' Level of Education: It was imperative to establish the level of education of SMTEs Owners/Managers because; in most cases education affects peoples' way of thinking, looking at issues as well as their understanding of any phenomenon. It was therefore deemed that, in a way, the respondents' level of education could determine their ability to understand the various regulations affecting SMTEs in the County and how to comply with them. The findings in Table 4.2 above indicate that majority (52.5%; n=59) of SMTEs Owners/Managers had diploma level of education followed by those who had secondary education (23.7%). The group that had the least representation was those with Masters' degree at 3.4%. This finding suggests that most SMTEs in the County were owned by people whose level of education was between diploma and secondary level representing a total of 76.2% of total respondents surveyed during the study. The reason for this could be twofold. First, it could be that most diploma holders and high school graduates are 'hands on' i.e. technical skills oriented unlike their degree counterparts who would prefer an office job or the so called 'white collar' jobs. Second, it could be that at the diploma level of education and below, individuals are not easily employable hence they venture into entrepreneurship out of necessity. As Reynolds et al 2001) found, more often than not people are forced into

entrepreneurship out of necessity that is, “when there are no better choices for work”. This finding implies that most SMTEs Owners/Managers (76.2%; n=59) by virtue of their education level had an idea of the regulations affecting the day to day running of their businesses.

4.3.1.4 Legal Status of SMTEs in Mombasa County: The legal status of an enterprise was an important pointer to the type and scale of businesses as well as the tax implications that may need to be taken into consideration by the SMTEs owners/managers. Table 4.2 above shows that majority of SMTEs (57.6%) were sole proprietorships while partnerships had the least representation at 18.6%. This finding suggests that most people in the County preferred to run their businesses individually. The most probable explanation for this could be that sole proprietorships are not only easier to start but the entry and exit barriers are equally low.

4.3.1.5 Years of Existence of SMTEs: Respondents were asked to indicate the number of years their enterprises had been in existence. This information was imperative because the contribution of SMTEs to sustainable employment is largely dependent on their ability to survive the first five years of development (OECD, 2010). The results in Table 4.2 indicate that most SMTEs (47.5%) had been in existence for five (5) years and above while those that had been in operation for one year and less had the least representation at 8.5% of total respondents surveyed. This finding implies that the SMTEs in the County are important contributors to job creation. As OECD (2010) indicate, when SMEs survive for more than five years, they are likely to develop into

high growth SMEs thus making an important contribution to job creation and productivity growth.

4.3.1.6 Number of Employees: The number of employees in most instances suggests the size of the enterprise (Hatten, 2011). The SMTEs Owners/Managers were therefore asked to indicate the number of employees their enterprises had during the time of primary data collection. This information was also crucial since it helped the researcher confirm that the enterprises in question actually fell within the definition of what an SMTE was as conceptualized in this study. The findings in Table 4.2 above show that most SMTEs in the County had between 5-19 employees (61%) while those that had 36-50 employees and 51-70 employees had the least presentation at 5.1% each. It is evident from this finding that all the enterprises captured fell within the definition of an SMTE as utilized in the study.

4.3.1.7 Approximate Annual Gross Sales for SMTEs: Information on annual gross sales of the enterprises was sought because in most instances, it is a key pointer to the size of the enterprise and the start-up capital required to start an SMTE. The findings in Table 4.2 above show that majority of SMTEs generated gross sales of between Kshs 1000,001-2million (45.8%; n=59) annually followed by those that made less than Kshs 1 million at 23.7%. Those establishments that reported to make 4,000,001-5million and above 5 million had the least representation at 5.1% each of total respondents surveyed. This finding suggests that more than half (69.5%; n=59) of the enterprises surveyed made annual gross sales of Kshs 2 million and below. This could be attributed to the low startup capital required by such establishments.

4.3.2 SMTEs Employees' Demographic Profile and General Information

The employees working in the SMTEs in the County were also part of the sample frame in this study. This because information on nature of employment and its contribution to employee' quality of life could only be sourced from the people working in these SMTEs. The results in Table 4.3 describes the population of SMTEs employees surveyed during the study in terms of gender, age, level of education, years of service, average monthly income, terms of employment and other benefits received in the course of their employment.

Table 4.3: SMTEs Employees' Demographic Profile and General Information

Gender	Frequency	Percentage (%)
Male	202	52.2
Female	185	47.8
Total	387	100.0
Age		
18-25 years	58	15
26-35 years	323	59.9
36-45 years	81	20.9
46 years and above	16	4.1
Total	387	100.0
Level of Education		
Bachelors' Degree	101	26.1
Diploma	234	60.5
Secondary	52	13.4
Total	387	100.0

Table 4.3: Cont'd

No. of years worked in the SMTE		
Less than one year	74	19.1
2-3 years	199	51.4
4-5 years	74	19.1
Above 5 years	40	10.3
Total	387	100.0
Average Monthly income in Kshs	Frequency	Percentage (%)
Below Kshs 10,000	24	6.2
Kshs 10,001-20,000	118	30.5
Kshs 20,001-30,000	189	48.8
Kshs 30,001-40,000	40	10.3
Above Kshs 40,000	16	4.1
Total	387	100.0
Terms of employment		
Permanent	51	13.2
Contract	267	69.0
Casual	69	17.8
Total	387	100.0
Do you receive other benefits		
Yes	261	67.4
No	126	32.6
Total	387	100.0
Additional benefits received		
Commissions	16	4.1
Medical and Insurance Cover	254	63.3
Missing	126	32.6
Total	387	100.0

Source: Research findings

4.3.2.1 SMTEs Employees' Gender: The SMTEs employees were requested to indicate their gender in the survey instrument because gender is an important variable in any society and is affected by any social or economic phenomenon and employment in the SMTE sub-sector would be no exception. The findings in Table 4.3 show that the gender distribution of SMTEs employees was almost equal at 52.2% (n=387) Male and 47.8% Female. This finding suggests that employment opportunities in SMTEs appeal to either gender. The most likely explanation for this finding could be that the affirmative action campaigns that have been conducted over the years have enabled both men and women compete on a level platform and the job opportunities in the tourism and hospitality industry are no exception.

4.3.2.2 SMTEs Employees' Age: The age of SMTEs employees was an important element because it not only determines their understanding of particular problems facing their jobs but also denotes their level of maturity. The results in Table 4.3 show that majority of SMTEs employees (59.9% n=387) fell in the 26-35 years age category followed by the 36-45 years age group (20.9%) while those of 46 years and above had the least representation at 4.1% of total respondents surveyed. This finding suggests that most (74.9%) SMTEs in the County employed young people who were aged 35 years and below. The most probable explanation for this finding could be that young people are considered energetic, innovative and take instructions better than the older generation who are mostly considered as rigid and resistant to change. The young people are therefore seen as valuable assets who may contribute greatly to the growth of the business.

4.3.2.3 SMTEs Employees' Level of Education: Education affects an individual's personal attitude, way of thinking and looking at various social and economic phenomena as well as their ability to respond to questions about their quality of life in a meaningful manner. The SMTEs employees were therefore requested to indicate their level of education. The findings in Table 4.3 show that SMTEs employees with diploma level of education were the majority at 60.5% (n=387) while those with Bachelors' degree had the least representation comprising of 13.4% of total respondents surveyed during the study. This finding suggests that most people working in the SMTEs in the county had diploma level of education and below comprising of 86.6% (n=387) of total respondents surveyed. The reason for this could be twofold. First, it could be that SMTEs employers may have a distorted view that graduates are 'expensive' hence they may not afford them or they may not be in a position to meet graduate expectations. Second, it could be that graduates shy away from employment opportunities in SMTEs probably due to the low salaries offered in such establishments as depicted later in this study. As Harris and Reid (2005) found, most graduates rarely consider employment in SMTEs due to the perception that SMTEs not only offer lower salaries and benefits compared to larger firms but also there is a lack of clearly defined graduate positions, lack of training opportunities and lack of formality in roles and career paths. This finding implies that most respondents by virtue of their level of education were in a position to understand the questions in the survey and provided meaningful responses about their jobs and quality of life.

4.3.2.4 SMTEs Employees' Years of Service: The duration an individual has worked/served in an enterprise denotes the attractiveness of the job in terms of the benefits offered and the general working environment. To this end, the employees were asked to indicate the number of years they had worked in their respective enterprises. The findings in Table 4.3 above indicate that majority of SMTEs employees (51.4%; n=387) had worked in their respective establishments for a period of 2-3 years while those who had worked for above five (5) years had the least representation at 10%. Although most SMTEs (47.5%) had existed for five (5) years and above as depicted earlier in this study in Table 4.2, only a partly 10% of employees had worked in their respective SMTEs for above five (5) years as shown in Table 4.3. This finding suggests that there could be a high employee turnover in these SMTEs. The most likely explanation for this finding could be that SMTEs do not provide attractive packages, clear paths for career progression and training opportunities hence cultivating employee loyalty becomes an uphill task for the owners/managers.

4.3.2.5 SMTEs Employees' Average Monthly Income: An employee's income plays an imperative role in shaping their economic considerations and their ability to afford material living conditions, education and healthcare that could translate to an improved quality of life (Cielito, 2010). The SMTEs employees were therefore asked to indicate their monthly income from their jobs. It is evident from Table 4.3 above that majority of SMTEs employees (48.8%; n=387) earned an average monthly income of Kshs 20,001-30,000 while those who earned an average income of above Kshs 40,000 had the least representation at 4.1% of total respondents surveyed. This finding infers that most

SMTEs (85.5%; n=387) paid salaries of Kshs 30,000 and below to their employees. The reason for this could be twofold. First it could be attributed to the low level of education as depicted in Table 4.3. Second, it could be due to the low volumes of revenue generated by these SMTEs as depicted earlier in Table 4.2.

4.3.2.6 Additional Benefits: Additional benefits provided to employees is a pointer to the attractiveness of the general work environment. Respondents were asked whether they received additional benefits from their jobs besides their salaries (Table 4.3). It is evident from table 4.3 above that Majority (67.4%, n=387) answered in the affirmative while 32.6% stated otherwise. When respondents were asked further to state the specific kind of benefits they received, majority (63.3%) indicated medical and insurance cover while 4.1% indicated commissions. The number of employees who previously did not indicate as receiving additional benefits could not answer the question hence they were defined as missing values for ease of analysis (Table 4.3). This finding suggests that apart from the mandatory medical and insurance cover as required by law, most SMTEs in the County did not provide unique benefits to their employees. The reason for this could be the low volumes of sales by these enterprises or it could be due to lack of clearly defined employee motivation schemes largely attributed to their size and ownership.

4.4 Analysis by Objectives and Hypotheses

4.4.1 Effect of Compliance to Regulations Governing Business Operations on the Performance of SMTEs

The study set out to establish effects of compliance to regulations governing business operations on the performance of SMTEs in Mombasa County. To start with, respondents were asked whether there could be any obstacle to the growth of their businesses. All the respondents surveyed answered in the affirmative as displayed in Table 4.4 below.

Table 4.4: Obstacles to Business Growth

Any obstacle to the growth of your business?	Frequency	Percentage (%)
Yes	59	100.0
No	0	0
Total	59	100.0

The respondents were then asked to indicate what they thought was the biggest obstacle facing their businesses. They indicated as shown in figure 4.1 below.

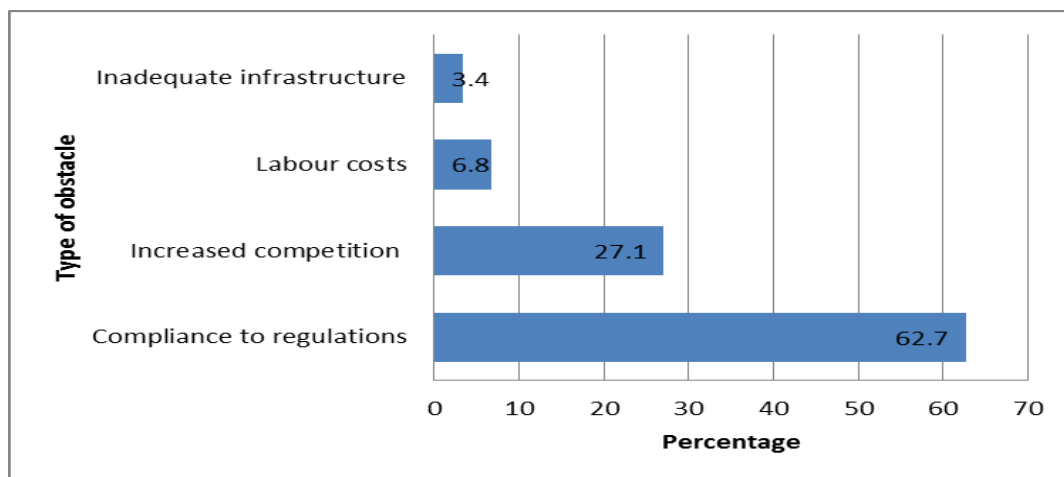


Figure 4.1: Biggest obstacle facing SMTEs in Mombasa County

It is evident from Figure 4.1 that majority of respondents (62.7%; n=59) indicated that the major obstacle was compliance to regulations while inadequate infrastructure had the least representation with only 3.4% of the respondents. This finding suggests that most SMTEs owner/managers felt that the major hindrance to the growth of their businesses was the need to comply with regulations governing business operations. The implication for this finding is unclear at this stage hence further in the study; it was prudent to determine how compliance to regulations impacted on business growth/performance.

To establish effects of compliance to regulations governing business operations on the performance of SMTEs, tenets touching on the performance of SMTEs were put on a five (5) point likert scale. These tenets were derived from the measurement of performance of SMEs in terms of profit of the business, number of employees, time costs, ability to exploit new opportunities and re-investment (Kasipillai, 2005; Schmidt, Bannson and Hallsworth, 2007; Tomlin, 2008; Ocheni and Gemade, 2015; Bouazza, Ardjouman and Abada, 2015). SMTEs owner/managers were then asked to rate on the scale of 1 to 5 their degree of agreement with the statements on how compliance to the various regulations affected the performance of their enterprises. The likert scale used ranged from 1=strongly disagree to 5=strongly agree. Descriptive analysis as posited by Boone and Boone (2012) was used to generate means and standard deviations for each tenet. The results are as displayed in Table 4.5.

Table 4.5: Descriptive Statistics for effects of compliance to regulations governing business operations on the performance of SMTEs

	N	Mean		Std. Deviation
	Stat	Stat	Std. Error	Stat
I use a significant amount of my sales to comply with various regulations which reduce my profits	59	4.05	.085	.655
The time I spend complying with the various regulations diverts my attention from wealth creating initiatives	59	4.10	.071	.548
The cost of complying with the many government regulations reduces the amount of money I re-invest in the business thus hindering growth of the business	59	3.95	.089	.680
The cost of complying with many government regulations reduces my ability to exploit new opportunities which hinders my business growth	59	3.85	.087	.665
The cost of complying with many government regulations affects my ability to employ an adequate number of employees	59	4.10	.071	.548
Compliance costs to the various regulations affects my ability to employ a fully skilled workforce	59	4.20	.076	.581
Valid N (listwise)	59			

Factors closer to five (5) represent the strongest values Source: Research Findings

The findings in Table 4.5 indicate that all the variables yielded mean scores in the high range (closer to 5) and low standard deviations. As posited by Boone and Boone (2012),

a low standard deviation implies that responses from survey respondents clustered around the means.

These findings show that majority of SMTEs owner/managers agreed that compliance to the various regulations affected the performance of their businesses in terms of their ability to employ a fully skilled workforce (M=4.20, SD=0.581); number of employees (M=4.10, SD=0.548); time costs ((M=4.10, SD=0.548); profits of the business (M=4.05, SD=0.651); re-investment (M=3.95, SD=0.680) and ability to exploit new opportunities (M=3.85, SD=0.665). This result indicates that SMTEs most owner/managers had the perception that compliance to the various regulations reduced their profits (69.5%, n=59) hence their ability to employ a skilled workforce (62.7%), their re-investments (64.4%), and the number of employees they could manage to employ (75%). They also probably felt that the time spent complying with the various regulations could have been put into some profitable use in the business for wealth generation and exploitation of new opportunities to grow their businesses (70.5%).

Data from the semi-structured interviews revealed corroborative findings. For instance, when describing the environment where the SMTEs operate, respondent A noted;

“SMTEs are engines of growth in any economy and if enabled, they can really spur inclusive economic growth, however, it is not possible in this case scenario because of the heavy taxation which makes the enterprises employ unskilled workforce. Even so, the levies and licenses operators pay raise the operating overheads significantly such that the enterprises’ ability to train their staff

through sponsored training only remains a mirage even for those who would have the desire to improve their staff through training opportunities. To me, both the County and National Government have no intention of taking care of the goose that lays the 'golden egg'. Therefore, most regulations are one-sided, just focusing on how the government can collect revenue but their long-term effect on the survival of these SMTEs is no ones' concern".

A scrutiny at the license fees that SMTEs in the County were subjected to was also conducted. To this end, respondents were requested to tabulate the licenses they were required to acquire from both the County and National government, the fees payable and the period of validity for each to enable them undertake their businesses. A cross reference of the information obtained about these licenses and fees was made through a content analysis of various government documents since all of them were embedded in various Acts of Parliament or County by-laws. Although some of the information varied as per monthly gross sales for instance the Tourism Fund levy and VAT whose calculation was pegged on the sales, variations in other licenses was minimal hence an average amount was calculated for each type of license. Table 4.6 shows the type of licenses and average annual license fee a typical SMTE was subjected to in the County

Table 4.6: Licenses and license fees a typical SMTE is subjected to in Mombasa County

S/No.	Type of license	Average license fee in KES	Period of validity	Agency	Total Annual Fee in KES
1.	TRA License	27,000/=	1 year	TRA	27,000
2.	Single Business permit	25,000	1 year	Mombasa County	25,000
3.	Health Clearance Certificate	5,000/=	1 year	Mombasa County	5,000
4.	Food Hygiene license	2,000/=	1 Year	Mombasa County	2,000
5.	Food Handlers Certificates	750/=*5*2	6 Months	Mombasa County	7,500
6.	Fire license	2,000/=	1 Year	Mombasa County	2,000
7.	NEMA Effluent Discharge license	10,000/=	1 Year	NEMA	10,000
8.	Occupational Permit	5,000/=	1 Year	Mombasa County	5,000
9.	Music copyright Society license	30,000/=	1 Year	MSCK	30,000
10.	Tourism fund levy	15,000/=	1 month	Tourism Fund	180,000
11.	Value Added Tax	20,000/=	1 Month	KRA	240,000
12.	Liquor	50,000/=	1 Year	Mombasa County	50,000
13.	Bed Levy	180/= per bed	1 day	Mombasa County	64,800
	Total				648,300

Source: Research findings; GoK, 2015; GoK, 2014; Gok, 2013; GoK, 2011; Mombasa County, 2014; Mombasa County, 2015.

Table 4.6 above shows that a typical SMTE in the County pays a total of Kshs 648,300 annually to both the County and National Government in terms of license fees. This implies that for an SMTE making annual gross sales of between Kshs 1 million-2 million or less than Kshs 1 million, compliance costs in terms of money takes an

approximate percentage of 64.83%. Comparing this result with earlier findings in this study on annual gross sales (Table 4.2) where 23.7% of respondents indicated that their SMTEs made an annual gross sales of less than Kshs 1 million while 45.8% indicated that they made a total of Kshs 1 million-2 million annual gross sales, it is an indication that more than half (64.83%) of these enterprises' income was spent on compliance to regulations which represented 69.5% of total respondents surveyed during the study. This finding implies that compliance costs to regulations is likely to reduce the SMTEs profits. As indicated in earlier findings in Table 4.5, it is worth reiterating that compliances costs not only affects profits but their implication is wide ranging and extends to elements such as time spent complying to regulations, ability to exploit new opportunities, number of employees and ability to employ a fully skilled workforce.

Describing the regulatory environment further, when respondents were requested to give their views on the licenses and license fees that SMTEs pay to both the County and National governments, respondent B lamented;

“The regulatory environment is unfavorable because several government agencies attempt to introduce licenses which are not harmonized with the National government. For instance, parastatals have several functions which appear to be overlapping e.g. TRA, NEMA, NTSA among others and all these institutions have express mandate given by National Regulations/ various Acts of Parliament each one pursuing their line, purporting to regulate the same enterprises at the disadvantage of business growth. The unfavorable environment

emanates basically from a lack of harmonization of functions. Additionally, previously there appeared to be a lack of understanding of the delineation of the tourism sector which brought the need of creating a regulatory authority whose impact hopefully may be seen in the years to come, since it may be too early to judge them right now”.

The quantitative and qualitative data gathered through interviews brought to surface that the multiplicity of licenses appeared to be a burden to SMTEs in the County. These present findings seem to be consistent with other previous research in this field. For instance, it corroborates the findings of Bouazza, Ardjouman and Abada (2015) who found that the percentage of annual turnover spent on compliance to regulations is higher in SMEs than larger firms and work related to compliance not only distracts the devotion of owner-managers to wealth creating initiatives but also reduces the flexibility of SMEs to invest in research and development as well as exploit new opportunities. These findings also seem to be in agreement with those of Schmidt, Bennis, Bainbridge and Hallsworth (2007) who found that compliance to legislations can be burdensome to SMEs and business growth and staffing arrangements can be obstructed by burdens that can be measured in terms of management time and information costs.

Further, since majority of the SMTEs owner/managers indicated that they felt that compliance to the various regulations affected their performance, it was also imperative to establish their perception on the amount of impact each of the various regulations had on the performance of their businesses. To this end, the various regulations were divided

into four sub-groups namely business, environmental, labour and taxation and levies. These regulations were then put on a likert scale of four (4) points i.e. 1=No impact to 4=major impact. The SMTEs owners/managers were then asked to indicate the amount of impact they felt the various regulations had on their businesses. Descriptive analysis was used to generate means and standard deviations for each regulation. The findings are as displayed in Table 4.7 below

Table 4.7: Descriptive Statistics for Impact of various Regulations on Performance of SMTEs

	N	Mean		Std. Deviation
		Stat	Std. Error	
<i>Business Regulations</i>				
Tourism Regulatory Authority Regulations (TRA) 2014	59	3.71	.059	.457
Value Added Tax regulations, 2013	59	3.88	.060	.458
Mombasa County Finance Act, 2016	59	3.61	.080	.616
Health and safety regulations, 1993	59	2.12	.084	.646
<i>Environment Regulations</i>				
Environment Management and coordination (waste management) regulations, 2006 (NEMA)	59	3.56	.070	.534
Planning and building regulations, 2009	59	1.56	.091	.702
<i>Labour Regulations</i>				
Employment regulations e.g. employment Act	59	2.10	.105	.803
Labour relations regulations	59	1.81	.098	.754
Social development regulations e.g. NSSF	59	1.32	.074	.571
Occupational safety and health regulations	59	2.08	.081	.624
<i>Taxation and Levies</i>				
Income and corporate tax regulations, 2016	59	3.69	.060	.464
Music copyright society regulations/ KAMP-PRISK	59	3.86	.045	.345
Tourism Fund regulations, 2015	59	3.52	.097	.747
Valid N (listwise)	59			

Factors closer to four (4) represent the strongest values *Source: Research Findings*

The findings in table 4.7 show that under the business regulations category, three regulations yielded high mean scores (closer to 4) while the health and safety regulations had the lowest mean score ($M=2.12$, $SD=0.646$). Under environment regulations, the National Environmental Management Authority regulations had a high mean score ($M=3.56$, $SD=0.534$). All the regulations under the labour regulations category had low mean scores and low standard deviations while all the regulations under the taxation and levies category yielded high mean scores, that is, Music Copyright Society regulations ($M=3.86$, $SD=0.345$) and income and corporate tax regulations ($M=3.69$, $SD=0.464$) and tourism fund levy ($M=3.52$; $SD=0.747$).

This finding implies that the SMTEs owner/managers perceived seven (7) regulations to have a major impact on the performance of their businesses. These include Value Added Tax regulations, TRA regulations, County by-laws, NEMA regulations, Income and Corporate Tax regulations, Music Copyright society regulations and Tourism Fund Levy. Five regulations i.e. Health and safety regulations, planning/building and development regulations, employment regulations, labour relations regulations and occupational safety and health regulations had little impact while one regulation, that is, social development regulations for example, NSSF had no impact on the performance of SMTEs in the County. The most probable explanation for this finding could be that the business regulations, NEMA and taxation and levies require quite some money as depicted earlier in Table 4.6 hence eat into the business' revenue to a great extent than the labour regulations or health and safety regulations. Additionally, some regulations

such as planning and building regulations and occupational safety and health regulations require conformance to set standards and a one-off nominal fee hence they were not thought to have a significant effect on the performance of SMTEs by the owner/managers surveyed.

In reviewing the literature, the data that was found indicated that compliance to regulations is often seen as costly by SMEs (Rutherford, Blackburn and Spence, 2000; Condon, 2004). However, no data was found on the amount of impact each regulation had on the performance of SMTEs. The results of this study indicate that seven (7) regulations had a major impact, five (5) had little impact while one (1) had no impact on the performance of SMTEs. These outcomes may therefore be considered as new and a significant contribution to knowledge in the tourism industry. This result has important implications for policy makers and the industry regulator i.e. Ministry of Tourism and Wildlife and the Tourism Regulatory Authority respectively in that they are a key pointer to the regulations that have the most impact on the performance of SMTEs. These findings may therefore inform the Ministry's and TRA's engagement framework with Counties and other governments with a view of identifying potential solutions that may eventually create an enabling environment for SMTEs to thrive and spur inclusive growth.

Relation between Compliance to Regulations Governing SMTEs and Performance

Further, based on the research hypotheses, the study hypothesized that there was no significant effect of compliance to regulations governing business operations on the performance of SMTEs in Mombasa County. Since both variables were measured on the ordinal scale, composite scores (Tabachnick and Fidell, 2007) for each variable were first calculated to convert the data to interval scale then linear regression analysis was used to analyze the hypothesis applying the model $Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$

Where; Y=Performance of SMTEs

a = Constant/ Intercept

β_1 =Slope (beta coefficient for business regulations)

X_1 = Business regulations

β_2 =Slope (Beta coefficient for environment regulations)

X_2 =Environment regulations

β_3 =Slope (beta coefficient for taxation and levies)

X_3 =Taxation and Levies

β_4 =Slope (beta coefficient for labour regulations)

X_4 =Labour regulations

e =error term

The results are as displayed in the following three tables (Tables 4.8, 4.9 and 4.10)

Table 4.8: Model Summary for effect of compliance to regulations governing business operations on the performance of SMTEs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.857 ^a	.809	.751	1.76499	.809	3.573	4	54	.012

a. Predictors: (Constant), business regulations, environment regulations, taxation& levies, labour regulations

b. Dependent Variable: performance

Computed using $\alpha=0.05$

The first table to consider in linear regression analysis is the model summary Table 4.8 above. The table provides the R and R² values. The R represents the simple correlation which in this case is 0.857 (the “R” column) which indicates a high degree of correlation between the regulatory framework and performance of SMTEs. The R² value normally indicates how much of the total variation in the dependent variable (performance) can be explained by the independent variable (compliance to regulations governing business operations). In this case, 80.9% can be explained which is considerably large. The next table to consider is the ANOVA Table 4.9 below. The ANOVA table normally reports how well the regression equation fits the data (i.e. predicts the dependent variable).

Table 4.9: ANOVA^a for effect of compliance to regulations governing business operations on the performance of SMTEs

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.525	4	11.131	3.573	.012 ^b
	Residual	168.221	54	3.115		
	Total	212.746	58			

a. Dependent Variable: performance

b. Predictors: (Constant), business regulations, environment regulations, taxation and levies, labour regulations

From the above Table 4.9, it can be seen that the regression model predicts the dependent variable significantly well. This is determined by looking at the “regression” row, “sig” column. From this row, it shows that “sig” =0.012 (P value) is less than 0.05. This indicates the statistical significance of the regression model that was applied. Ideally, the regression model statistically significantly predicts the outcome variable i.e.it is a good fit for the data. The third table to consider is the coefficients Table 4.10 below

Table 4.10: Coefficients for effect of compliance to regulations governing business operations on the performance of SMTEs

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	27.757	1.682		16.504	.000
	business regulations	.629	.113	.438	.259	.038
	environment regulations	.499	.255	.465	.387	.007
	labour regulations	-.264	.124	-.368	-2.126	.097
	taxation and levies	.415	.152	.403	.419	.012

a. Dependent Variable: performance

The coefficients table 4.10 above provides necessary information to predict the performance of SMTEs, as well as determine whether compliance to regulations governing business operations statistically contributes to the model by looking at the “sig” column.

It is worth noting that despite compliance to regulations governing business operations having contributed in overall to the performance of SMTEs as indicated in the model summary Table 4.8, labour regulations did not contribute significantly to the model as shown in table 4.10 above because their p value was way above 0.05 ($P=0.097$). The reason for this could be that as indicated earlier in the descriptive results in table 4.7, all the four regulations under the labour regulations category produced low mean scores ($M \leq 2$) and low standard deviations. Precisely, these regulations included employment regulations ($M=2.10$, $SD=0.803$), labour relations regulations ($M=1.81$, $SD=0.754$ and occupational safety and health regulations ($M=2.08$, $SD=0.624$). This implies that the perception of the SMTEs owner/managers surveyed was that these regulations had little impact on the performance of their businesses. Additionally, the social development regulations for example NSSF under this category had the lowest mean score ($M=1.32$, $SD=0.571$) which implies that it had no impact on the performance of SMTEs according to the respondents surveyed during the study. This could be attributed to the philosophy that compliance to these regulations may only involve conformance to set standards or a one-off nominal fee which the operators did not consider to affect their returns on investment (profits) in a significant way.

From table 4.10, the regression equation can be represented thus:

$$\text{Performance} = 27.757 + 0.629 (\text{business regulations}) + 0.499 (\text{environment regulations}) + 0.415 (\text{taxation and levies})$$

The regression equation indicates that for every additional element of compliance to regulations governing business operations, you can expect the performance of SMTEs to be affected by the values indicated in the “B” column. The low P value ($P=0.000$) also means that the results can be generalized to the population from which the sample was drawn. Based on this premise, it would be admissible to conclude with 95% confidence that compliance to regulations governing business operations had a statistically effect the performance of SMTEs in Mombasa County. Consequently, the null hypothesis was rejected and the alternative accepted.

In reviewing the literature, the information found indicated that the performance of SMEs was largely affected by compliance to regulations (World Bank, 2009; OECD, 2010; Kok *et al*, 2011; Akingunola, 2011; Onukwe and Ifeanacho, 2011; Lawless, 2012; Effiom and Edit, 2018; OECD, 2018a). However, no data was found on the statistical effect of compliance to regulations governing business operations on performance of SMTEs. This study found that compliance to the various regulations governing business operations had a statistically significant effect on the performance of SMTEs in the County. A possible explanation for this might be that compliance to the various regulations has a fee attached to it either in form of levies, taxes or license fees which not only reduces the SMTEs owner/managers returns on investment but also reduces

their ability to employ qualified workforce who may contribute to the performance of the business.

The data from the semi-structured interviews provided further support for this finding. In fact, when describing the regulatory environment during the data collection exercise respondent C indicated;

“The many legislations operators need to comply with make the business environment extremely unfriendly. In fact, when the laws or various legislations were put in place, there was no specific focus on SMTEs, but they were generally focusing on all enterprises regardless of size. Ideally many of the laws were developed focusing on the beach hotels or bigger enterprises with no regard to the challenges the small enterprises face. In all fairness, why would a small hotel or small tour firm be subjected to the same levies the giant tour firms and chain hotels are subjected to? This makes the operating environment unlevelled hence not conducive for the SMTEs to not only start but grow.”

On the other hand, while giving their views on the multiplicity of licenses or the various regulations that SMTEs in the County needed to comply with, one respondent argued that the various laws were appropriate in regulating the tourism and hospitality industry. However, the only thorny issue could be the payment of license fees and levies attached to these regulations. During the interviews, it clearly came to surface that the SMTEs owner/managers in the County were not against regulation of the industry because it was paramount for maintenance of quality standards and promoting destination

competitiveness. In fact, they were of the view that regulation should focus more on compliance of the enterprises to set standards and technical requirements to maintenance of standards and not on financial aspects. For instance, it would be prudent to enlighten the operators on maintenance of standards and conduct quality audits from time to time rather than having the operators pay for example health clearance certificate, food hygiene license, environmental license etc. As respondent D put it;

“It needs to be made clear that we are not against regulations per se, but why should compliance to every regulation have some financial aspect attached to it? Does regulation really have to cost money? Why not just set standards and ensure compliance through regular checks?”

Further, data from the interviews revealed that the many licenses, levies and taxes that SMTEs operators paid to both the County and National Governments were hurting businesses because they felt that most of them were unjustified and exerted unnecessary burdens to the owners/managers. As respondent C suggested;

“Licenses and levies should be issued with a reason, I feel this issue of double taxation where operators are forced to pay too much or twice for a similar service makes the business/operating environment extremely unfriendly. I wish the various licenses and levies were consolidated for example, most of my members have been arguing that the tourism levy (2%) they pay to the central government, it would be beneficial if it was shared between the County and National Government so that County agencies do not have to charge levies again. This would go a long way in solving the issue of multiple taxation”.

When respondents were asked to give their recommendations on what needs to be done from a policy perspective to solve the problem of multiplicity of licenses, all respondents interviewed (100%) appeared to concur that harmonization of these licenses would be the best possible solution. This is because the problem appears to emanate from the multi-sectoral nature of the tourism sector. As respondent D observed;

“Due to the multi-sectoral nature of tourism, most governments do not understand the nature of tourism, therefore it is not easy to come up with clearly delineated regulations for the sector. For instance, when regulations are introduced in transport, environment, agriculture, natural resources, forestry among others, there is some element of overlap and they end up affecting businesses in the sector hence harmonization is crucial”.

Further, from the interviews conducted, all respondents (100%) stressed the need to legislate wisely through the introduction of regulatory models whose main agenda would be to inculcate discipline and professionalism in the sector which would lead to improved quality services and be a win-win situation for all parties involved. Implementation of such a regulatory model would borrow much from the tenets of the regulatory governance theory specifically the smart regulation approach which underpinned this study where the needs of the regulator, the regulatee and the customer are taken into consideration.

It is encouraging to compare these findings with those of the World Economic Forum while reporting on the Travel and Tourism Competitiveness Index of the year 2013

which pointed out that in Kenya, the policy/ regulatory environment is not satisfactorily conducive for the development of the tourism sector due to its ambiguity emanating from a plethora of regulations that businesses have to comply with hence presenting a mixed picture (WEF, 2013). These findings also seem to be consistent with those of WTO (1998) and Corthay and Loeprick (2013) who found that in most instances, the little coordination or lack thereof of taxation policy between government departments at both National and Local levels translates to a multiplicity of licenses which burdens businesses especially SMEs.

These findings have significant implications for the Ministry of Tourism and Wildlife as the policy maker and the Tourism Regulatory Authority as the regulator of the tourism industry to re-assess the regulatory environment through a cost-benefit analysis of all the regulations with a view of taking stock of their cumulative effects on the performance of SMTEs. This is because most of the emerging issues from these findings relate specifically to the levies, taxes and license fees attached to the various regulations that SMTEs operators need to comply with. TRA may use these findings to make a justification to the Ministry of Tourism and Wildlife who will further forward to the legislators as to why some of the licenses may need consolidation while others may need to exist for purposes of conformance to set standards with no financial aspect attached to them. This may go to great lengths in solving the issue of multiple taxation and create a conducive environment for SMTEs to spur inclusive growth. It is important to bear in mind that the data for this study was collected at one point in time (cross-sectional

survey) a longitudinal study is therefore recommended to cement the conclusions that have been drawn.

4.4.2 Effects of the Regulatory Framework and Performance of SMTEs on Nature of Employment

The study sought to examine how compliance to the various regulations and performance of SMTEs affected the nature of employment created by SMTEs in the County. To this end, tenets touching on how compliance to the various regulations and performance of SMTEs affected the nature of employment were put on a five (5) point likert scale. These tenets revolved around the ideals that describe the nature of employment as put forward by Hallberg (2000), OECD (2010), Kok et al (2011) and Lawless et al (2012). The SMTEs owner/managers were then asked to indicate their degree of agreement with the statements on a scale of 1 to 5. Means and standard deviations for each variable were then generated using descriptive analysis (Table 4.11)

Table 4.11: Descriptive statistics for effects of the regulatory framework and performance of SMTEs on nature of employment

	N	Mean		Std. Deviation
		Stat	Std. Error	
The many taxes I pay both to the county and national government do not allow me to increase my employees' salaries	59	4.00	.108	.830
It is difficult to comply with the working hours requirement since my returns can only allow me to employ a few employees	59	4.03	.126	.964
The many taxes I pay make it impossible for me to have all my employees on permanent basis	59	4.00	.116	.891
Compliance costs to regulations reduce my profits thus I am only able to employ low skilled workers	59	3.90	.127	.977
Due to compliance costs to regulations, I am not able to guarantee security of employment for my employees	59	3.97	.135	.733
I am not able to provide training opportunities to my employees due to low returns from my business	59	4.05	.109	.839
Valid N (listwise)	59			

Factors closer to five (5) represent the strongest values *Source: Research Findings*

The findings in table 4.11 above show that all the tenets recorded high scores (closer to 5) and low standard deviations. This result suggests that majority of SMTEs owner/managers agreed that compliance to the various regulations had contributed to their inability to provide training opportunities to their employees (76.3%); n=59), increase employees' salaries (77.9%), have all their staff on permanent basis (69.4%), comply with working hours directive (67.8%) and guarantee security of employment (76.3%). They also appeared to agree that compliance to regulations had made them

only afford to employ a low-skilled workforce (64.3%). The most likely explanation for this result is that compliance to regulations requires money in form of taxes, levies and license fees which reduces returns on investment for the SMTEs owner/managers thus affecting the performance of their businesses in terms of the number of employees they are able to employ, the salaries they can manage to pay them, their terms of employment and other fringe benefits.

Data gathered from the semi-structured interviews added more weight to this result. When asked to describe the kind of jobs the SMTEs create, it came to surface that in as much as SMTEs are generally credited widely for employment creation and poverty reduction, their major shortcoming was that the jobs were seasonal in nature and not very beneficial to the local populace. Ideally, when the respondents were asked their views on whether the regulatory environment had any contribution to the jobs the SMTEs created, the response was in the affirmative. As respondent A noted;

“Most of the jobs are seasonal hence the rate of staff turnover is very high. Due to the many levies that operators pay, they don’t seem to be in a position to employ staff on permanent basis. “Regulation is actually to blame for the meager salaries and unpleasant jobs created by SMTEs”

The interviews further revealed that creation of an enabling regulatory environment for SMTEs would be beneficial not only to the operators but to the general economy since it would also contribute to better jobs for the employees and continually spur inclusive

growth. Describing the nature of employment created by SMTEs, respondent B noted that;

“SMTEs are engines of growth in any economy and if enabled, they can really spur economic growth, however, it is not possible in this case scenario because of the heavy taxation which makes the enterprises employ unskilled workforce. Even so, the operating costs are so high such that the enterprises’ ability to train their staff through sponsored training only remains a mirage even for those who would have the desire to improve their staff through training opportunities”.

In addition, data gathered from the SMTEs employees revealed results that supported one of the tenets from SMTEs owners/managers that they could not have all their employees on permanent basis. Ideally, when SMTEs employees were asked to indicate their terms of employment, it was revealed that most employees were on contract basis. Figure 4.2 displays the terms of employment of people working in the SMTEs in the County

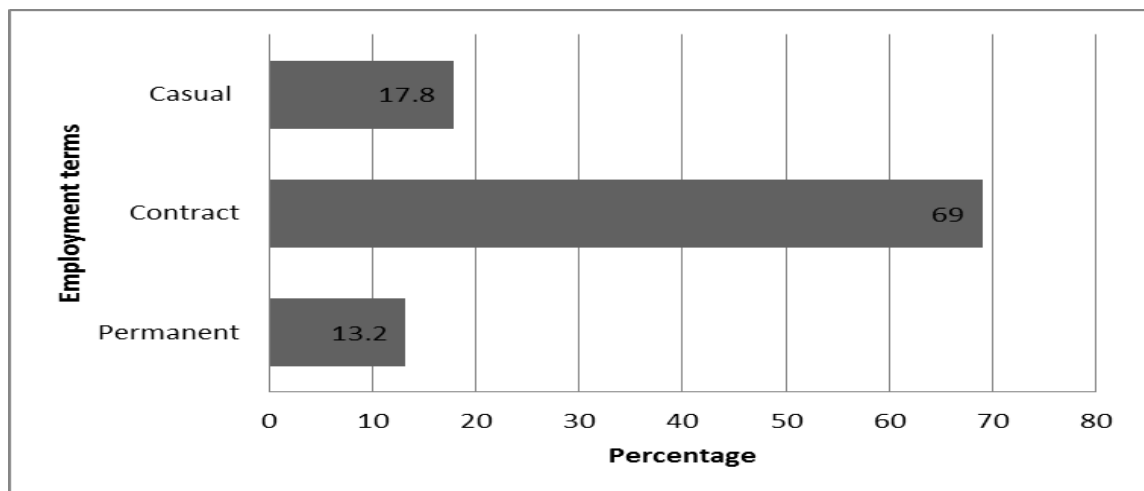


Figure 4.2: SMTEs employees employment terms

The findings in figure 4.2 show that majority of SMTEs employees (69%) were employed on contract basis while those employed on permanent basis had the least representation at 13.2% of total respondents surveyed. This finding implies that most SMTEs in the County preferred to employ people on contract basis.

Further, having gathered views from SMTEs owner/managers on their perception on how compliance to the various regulations affected their performance hence the nature of employment they were able to provide, this study could not have been complete without getting views from the SMTEs employees on the nature of their jobs. As the old adage goes "*it always good to hear it from the horses' mouth*". To this end, similar tenets as the ones used for SMTEs owners/managers touching on the nature of jobs in SMTEs were put on a five point likert scale. Employees were then requested to indicate their degree of agreement with the statements on scale of 1 to 5. Descriptive analysis was then used and the results were as displayed in table 4.12

Table 4.12: Descriptive statistics for Nature of Employment created by SMTEs

	N	Mean		Std. Deviation
		Stat	Std. Error	
I am satisfied with the level of pay I receive from my job	387	2.09	.048	.937
I have a sense of security in my job	387	2.05	.042	.819
I work for 8 hours a day	387	1.98	.048	.953
Anytime I work extra hours, I am paid overtime	387	2.15	.057	1.127
Safety of employees is a primary concern for the owners in this enterprise	387	2.35	.058	1.143
The enterprise owners help employees find an ideal balance between work and life responsibilities	387	2.20	.055	1.075
I can take time off to handle personal commitments	387	2.28	.043	.851
The enterprise owners invest in employee's development through training	387	2.21	.042	.820
Valid N (listwise)	387			

Factors closer to five (5) represent the strongest values *Source: Research Findings*

Findings in table 4.12 above show that five variables produced low mean scores and low standard deviations i.e. 'I work for 8 hours a day' (M=1.98, SD=0.953); 'I have a sense of security in my job' (M=2.05, SD=0.819); 'I am satisfied with the level of pay I receive from my job' (M=2.09, SD=0.937); 'I can take time off to handle personal commitments' (M=2.28, SD=0.851) and 'the enterprise owners invest in employees development through training' (M=2.21, SD=0.820). Although three other variables on the likert scale produced equally low mean scores, they had high standard deviations

which would mean that there was a lot of variance in responses from the respondents (Boone and Boone, 2012). This implies that respondents had mixed reactions to these three variables. Nevertheless, the low mean score of an approximate value of 2 ($M \leq 2$) for all the variables on the likert scale would mean that most of the answers from the respondents fell in the disagree column (2). This finding implies that majority of the SMTEs employees surveyed disagreed that they were satisfied with their pay (80.9%, $n=387$), had a sense of security in their jobs (80.1%), worked for 8 hours a day (80%), could take time off to handle personal commitments (63.3%), their employers invested in their development through training (74.7%), any time they worked extra hours they were paid overtime (76.8%) and that their employers helped them find an ideal balance between work and life responsibilities (72.3%).

Prior studies have noted the importance of SMEs in job creation and overall contribution to economic growth (Hallberg, 2000; Lawless et al, 2012; World Bank, 2014a; Baptiste-Cornelis and Long, 2015). Other studies have also pointed out a wide range of work deficits in SMEs such as low salaries, lack of training opportunities and lack of job security (Devins, Johnson and Sutherland, 2004; ILO, 2009; OECD, 2010; Kok et al, 2011; ILO, 2013) some of which were also identified by this study. However, from the literature review it was indistinct whether compliance to regulations had any contribution to the nature of employment. Since findings from this study had earlier revealed that the regulatory framework statistically significantly affected the performance of SMTEs, it was imperative to establish whether these two variables

(regulatory framework and performance) had any effect on the nature of employment created by SMTEs in the County.

Relation between the Regulatory Framework, Performance of SMTEs and Nature of Employment

Successively, this study hypothesized that there was no significant effect of regulatory framework and performance of SMTEs on the nature of employment created by SMTEs. Standard multiple regression was used to test this hypothesis. Since the data was on likert scales (ordinal data) composite scores for all related variables were computed to convert the data from ordinal to interval scale to satisfy all the assumptions for multiple regression analysis to be conducted. After the computation, the multiple regression analysis procedure was run on SPSS where the regulatory framework (business, environment, labour regulations and taxation and levies) and performance of SMTEs were used as independent variables while nature of employment was used as the dependent variable. The multiple regression model applied was specified thus;

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where;

Y = Nature of employment

a (Alpha) = the Constant or intercept

β_1 = the Slope (Beta coefficient) for business regulations

X_1 = business regulations

β_2 = the Slope (Beta coefficient) for environment regulations

X_2 = environment regulations

β_3 =the Slope (Beta coefficient) for Taxation and Levies

X_3 =Taxation and levies

β_4 =the Slope (Beta coefficient) for labour regulation

X_4 =labour regulations

β_5 =the slope (beta coefficient) for performance of SMTEs

X_5 = Performance of SMTEs

e= Error term

The results of the multiple regression are as displayed in the following three tables (Table 4.13 4.14 and 4.15).

Table 4.13: Model Summary^b for Regulatory framework, performance of SMTEs and nature of employment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.802 ^a	.762	.683	5.77625	.762	2.049	5	53	.007

a. Predictors: (Constant), performance, business regulations, tax regulations, environment regulations, labour regulations

b. Dependent Variable: nature of employment

Computed using $\alpha=0.05$

The first table to consider in multiple regression analysis is the model summary table 4.13 above. This table provides the R, R^2 , adjusted R^2 and the standard error of the estimate. The “R” column represents the value of R, which is the multiple correlation coefficient. The R value is normally considered a measure of the quality of the prediction of the dependent variable which in this case is nature of employment. From

the table, the R value is 0.802 which indicates a good level of prediction. The “R square” column represents the coefficient of determination which is the proportion of the variance in the dependent variable that can be explained by the independent variables i.e. it is the proportion of variation accounted for by the regression model above and beyond the mean model. The model summary table 4.13 shows that the R^2 value is 0.762 which implies that the independent variables explain 76.2% of the variability of the dependent variable that is, nature of employment.

Given that the sample size was below 100 respondents, it was also prudent to look at the adjusted R square value. Tabachnick and Fidell (2007) argue that when a sample size of less 100 respondents is involved, the R square value in the sample tends to be a rather optimistic over-estimation of the true value in the population. Therefore, the adjusted R square statistic ‘corrects’ this value to provide a better estimate of the true population value. In this case the adjusted R value is 0.683 which implies that the independent variables (regulatory framework and performance) explain 68.3% of the variability of the dependent variable (nature of employment). The next table to consider in multiple regression analysis is the Anova table 4.14 below.

Table 4.14: ANOVA^a for Regulatory framework, performance of SMTEs and nature of employment

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	341.752	5	68.350	2.049	.007 ^b
	Residual	1768.350	53	33.365		
	Total	2110.102	58			

a. Dependent Variable: nature of employment

b. Predictors: (Constant), performance, business regulations, tax regulations, environment regulations, labour regulations

Table 4.14 provides the statistical significance of the model that was applied. Ideally, it tests the null hypothesis that multiple R in the population equals 0. The findings in the ANOVA Table 4.14, indicate that the probability significance value (sig) is =0.007. Since this value is below 0.05 it implies that the independent variables (business regulations, environment regulations, taxation and levies and performance of SMTEs) can statistically significantly predict the dependent variable which in this case is nature of employment. The third table to consider in multiple regression is the coefficients table 4.15 below.

Table 4.15: Coefficients^a for Regulatory framework, performance of SMTEs and nature of employment

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	12.628	13.532		.933	.015
Business regulations	.937	.369	.383	2.541	.014
Environment regulations	1.218	.836	.255	1.458	.011
Labour regulations	.151	.424	.235	1.256	.215
Taxation and levies	.532	.505	.045	.299	.006
performance	.733	.445	.074	.524	.002

a. Dependent Variable: nature of employment

The findings in table 4.15 show which of the variables included in the model contributed to the prediction of the dependent variable as well as how each contributes to the dependent variable. This is determined by looking at the unstandardized coefficients column.

From Table 4.15 above, it is clear that labour regulations did not contribute statistically significantly to the model since their *P* value was way above the required threshold of 0.05 ($P=0.215$). The reason for this could be due to the fact that descriptive statistics for all the regulations under the labour regulations category produced low mean scores ($M \leq 2$) which implies that respondents did not perceive them as having a major impact on their operations. The regression equation can therefore be presented as: -

Nature of employment = 12.628 + 0.937 (business regulations) + 1.218 (environment regulations) + 0.532 (Taxation and levies) + 0.733 (performance)

The coefficients table also indicates the statistical significance of each of the independent variables. Essentially, it tests whether the unstandardized coefficients are equal to 0 (zero) in the population. The findings in table 4.15 show that four out of five independent variables yielded probability significance values below 0.05 ($P < 0.05$). i.e. business regulations ($P = 0.014$), environment regulations ($P = 0.011$), taxation and levies ($P = 0.006$) and performance ($P = 0.002$). It would be therefore justifiable to conclude with 95% confidence that the coefficients are statistically significantly different to 0 (zero). This infers that the contribution of the four independent variables was statistically significant. Additionally, p values below 0.05 implies that these findings can be generalized to the population from which the sample was drawn. To ratify the validity of these results, a chi-square test and Cramer's' V were used and the findings are as displayed in table 4.16 below.

Table 4.16: Chi-square test results for regulatory framework, performance of SMTEs and nature of employment

Variable	χ^2	<i>df</i>	<i>V</i>	<i>p</i>
Business regulations	188.986	104	.733	.008
Labour regulations	221.067	130	.218	.112
Environment regulations	84.529	65	.535	.000
Tax regulations	159.673	78	.672	.000
Performance	149.769	117	.551	.002
N of valid values	59			

Computed using $\alpha = 0.05$

P = Probability significance

V = Cramers' V

X² = Chi-Square value

df = Degrees of freedom

Table 4.16 confirms that the four independent variables identified through the multiple regression in table 4.15 had a moderate to high statistically significant association with the dependent variable which in this case is nature of employment ($0.535=V=0.733$; $0.000=P=0.008$). These findings suggest the regulatory framework and performance of SMTEs had a statistically significant effect on the nature of employment created by SMTEs. Based on this premise therefore, the null hypothesis was rejected and the alternative accepted.

In reviewing the literature, the data that was found indicated that taxes and a complex tax system put disproportionate pressure on SMEs because it increases compliance costs thus reducing their profit margins (Ocheni and Gemade, 2015) which obscures business growth and staffing arrangements (Schmidt et al, 2007). However, no data was found specifically on the statistical significant association between the regulatory framework, the performance of SMTEs and the nature of employment they created. This study found the regulatory framework and performance of SMTEs had a statistically significant on the nature of employment created by SMTEs. This is therefore a new finding and contribution to knowledge.

The implications for this finding are threefold. First, since productive employment has been noted as an essential component of the inclusion of the poor in development and thus a key contributor to inclusive growth (World Bank, 2012; World Bank, 2013) coupled with the fact that SMTEs have been touted as being labour intensive and thus engines of economic growth (WTTC, 2015), it would be prudent for the policy makers

(MoTW) to explore ways of enabling SMTEs create productive employment. Specifically, since this study brought to fore the extent to which various regulations influenced the performance of SMTEs thus the nature of employment, it is an important pointer to which category of regulations may warrant the policy makers' attention.

Second, this study has important implications for academicians because, since no single such relationship has been reported in previous literature, this study opens a discursive space and an abundant room for further research especially in determining how compliance to each of the regulations may influence the performance thus the nature of employment created by SMTEs. Third, the result has an implication on the governments' accountability in that, the SMTEs owners/ managers and employees of these enterprises may hold the government to account as far as creating an enabling regulatory environment is concerned. Specifically, they may hold the government to account on the implementation of the long-term strategy (Vision 2030) which aimed to achieve an improvement in the business environment through a fundamental shift to business "unusual", essentially from "red-tape" bureaucracy to "red carpet" and a change philosophy from limited sense of urgency to relentless follow up and a reform of legislative mindset from slow to fast proactive legislation (GoK, 2007).

Although this study yielded significant findings, it is worth acknowledging that there could be some other factors such as access to finance and application of sound HRM practices that may influence the nature of employment created by SMTEs. Further research should therefore be undertaken before the association between the regulatory

framework, performance of SMTEs and nature of employment is more clearly understood.

4.4.3 Effects of Nature of Employment on the Quality of Life of Employees working in SMTEs in Mombasa County (Inclusive growth)

Vallala, Madala and Chhittopadhyay (2014) put forward that the key driver of inclusive growth is productive employment for two major reasons. One, jobless growth in any economy is considered as dangerous as stagnation. Two, it not only lifts the poor out of the poverty trap but also offers a stimulus to growth by providing stable incomes which enlarge the purchasing power of the poor subsequently enlarging the domestic market. As such, the employment created should lead to an improved quality of life for the employees for growth to be considered inclusive (Ianchivichina and Lundstrom 2009). This study was therefore based on the philosophy that if the employment generated by SMTEs led to an improved quality of life for the labour force, it would have contributed to lifting large numbers of the population out of poverty which would ensure that the employees working in these SMTEs are included in the growth process as economic growth occurs hence the term “inclusive growth”. Explicitly, inclusive growth as the ultimate dependent variable in this study was measured on how the employment contributed to employee’s quality of life.

To measure the SMTEs employees’ quality of life, the approach proposed by Bognar (2005) using subjective indicators revolving around epitomes of the subjective hedonism theory (Schwarz and Strack, 1999) underpinning this study was applied. To this end,

tenets touching on how the employees' jobs had influenced their quality of life or how their lives had changed since they got the job were put on a five-point likert scale. SMTEs employees were then requested to indicate their degree of agreement with the statements on a scale of 1 to 5. Means and standard deviations for each variable were then calculated using descriptive analysis (Table 4.17).

Table 4.17: Descriptive Statistics for effect of nature of Employment on the Quality of Life of Employees working in SMTEs in Mombasa County (Inclusive growth)

	N	Mean		Std. Deviation
		Stat	Std. Error	
The benefits offered by the enterprise provide financial security for me and my family	387	2.09	.037	.737
Since I got this job, I have been able to buy material things such as household items that make my life comfortable	387	2.12	.049	.969
My employer provides medical cover as one of the benefits to employees	387	3.22	.057	1.124
The pay from my job enables me meet educational needs for my family and myself	387	2.14	.046	.896
I feel I have made progress in achieving my life goals	387	2.15	.051	.997
I am content with my job hence no need to worry about the future	387	2.19	.048	.948
I feel my life is complete and worthwhile working in this job	387	1.97	.050	.993
Valid N (listwise)	387			

Factors closer to five (5) represent the strongest values *Source: Research Findings*

The results in table 4.17 above show that 6 variables yielded low mean scores ($M \leq 2$) and low standard deviations which suggests that most answers from survey respondents fell in the disagree column. Only one variable i.e. 'my employer provides medical cover

as one of the benefits to employees' produced a mean score at the neutral point ($M=3.22$, $SD=1.124$) and a high standard deviation which would mean that respondents had mixed reactions towards this variable. Nonetheless, the findings in table 4.17 imply that majority of SMTEs employees disagreed that they felt their lives were complete and worthwhile working in their jobs (80.7%, $n=387$); the benefits offered by their enterprises provided financial security for themselves and their families (80.8%); they had been able to buy material things such as household items that made their lives comfortable (71.8%); the pay from their jobs enabled them meet educational needs for self and family (76.2%); they felt they had made progress in achieving life goals (73.3%) and that they were content with their jobs hence they were not worried about the future (69%).

To support this finding, a general question was posed where the SMTEs employees were asked to indicate their view on whether they felt their current jobs had generally contributed to an improvement in their quality of life. Majority (85%, $n=387$) indicated that they felt that their lives had not improved while the rest indicated otherwise as shown in Table 4.18 below.

Table 4.18: SMTEs employees' view on jobs' contribution to overall quality of life

Gender	Frequency	Percentage (%)
Yes	59	15.2
No	328	84.8
Total	387	100.0

Source: Research Findings

In a nutshell, these findings infer that majority of the SMTEs employees felt that their jobs had not contributed to an improvement in their quality of life. The reason for this result is not clear but it may have something to do with the meager income SMTEs employees earned as depicted earlier in Table 4.3 which showed that majority (85.5%) of employees earned a monthly income of Kshs 30,000 and below. This therefore denied them financial security hence they were not able to afford material living conditions and other elements that would make their lives worthwhile. This finding corroborates the ideas of Albouy et al (2012) who found that low incomes exposed individuals to a low standard of living thus disadvantaging them in all dimensions of life such that majority have to cope with greater financial constraints, inferior material living conditions, more difficult working environments and lower levels of economic and physical security.

This result suggests that the jobs created by SMTEs in the County may not be described as productive or decent and therefore employees in these enterprises may be left out of the growth process as economic growth occurs. As put forward by ILO, UNCTAD, UNDESA, WTO (2012), the most important ingredient of inclusive growth is the creation of decent jobs. Supremely, full productive and decent employment is the most significant source of income security and it creates the way for broader social and economic advancement. This finding further supports the ideas of Kapsos (2005), Fox and Gaal, (2008) and McKinsey (2012) who noted that despite the tourism sector having experienced rapid growth worldwide, there has been wide-ranging apprehension that this growth has not created adequate productive employment to lift a bulk of the population out of poverty particularly in sub-Saharan Africa.

Relation between Nature of Employment and Quality of Life of Employees Working in SMTEs in Mombasa County (Inclusive growth)

Following these results and a review of literature, it was imperative to establish whether there was a relationship between the nature of employment and employees' quality of life. Consequently, it was hypothesized that there was no significant effect of nature of employment on employees' quality of life. Since data for both variables were ordinal (on likert scales) it was appropriate to convert them to interval data for linear regression to be conducted. To this end, composite scores were calculated for both variables then linear regression analysis used to test the hypothesis applying the model $Y = a + \beta X + e$

Where; Y=SMTEs employees' quality of life

a = Constant/ Intercept

β =Slope (beta coefficient for nature of employment)

X = Nature of employment

e =error term

The results are as displayed in the following three tables (Tables 4.19, 4.20 and 4.21)

Table 4.19: Model Summary^b for nature of employment and employees' quality of life (inclusive growth)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.881 ^a	.838	.816	3.43301	.816	196.335	1	385	.000

a. Predictors: (Constant), nature

b. Dependent Variable: quality

Computed using $\alpha=0.05$

Chi-Square test: $X^2=3066.898$; $df=336$; $P=0.000$; Cramers' $V=0.804$

The findings in table 4.19 indicate that the R value which usually presents simple correlation between the dependent and independent variables is 0.881. This indicates a high degree of correlation between nature of employment and employees' quality of life. Table 4.19 above also provides that R^2 value which indicates how much of the total variation in dependent variable (quality of life) can be explained by the independent variable (nature of employment). In this scenario, 83.8% can be explained which is quite significant. The ANOVA Table 4.20 below reports how well the regression equation fits the data.

Table 4.20: ANOVA^a for nature of employment and employees' quality of life (inclusive growth)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2313.912	1	2313.912	196.335	.000 ^b
1 Residual	4537.427	385	11.786		
Total	6851.339	386			

a. Dependent Variable: quality

b. Predictors: (Constant), nature

The findings in Table 4.20 show that the regression model predicts the dependent variable (quality of life) significantly well ($P=0.000$). This suggests that the regression model statistically significantly predicts the outcome variable which in this case is employees' quality of life. The coefficients table 4.21 below provides information to predict SMTEs employees' quality of life and determine whether the nature of employment created by SMTEs statistically contributes to the model by looking at the "sig" column ($P=0.000$).

Table 4.21: Coefficients^a for nature of employment and employees' quality of life (inclusive growth)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	8.316	.563		14.766	.000
nature	.611	.022	.581	14.012	.000

a. Dependent Variable: quality

From table 4.21 above, the regression equation can be presented thus;

SMTEs employees' quality of life=8.316+0.611 (nature of employment).

This equation infers that for every additional element of nature of employment, SMTEs employees' quality of life is expected to increase by the value indicated in the "B" column. The P value of below 0.05 (P=0.000) suggests that these findings may be generalized to the population from which the sample was drawn.

To endorse the validity of the findings generated through linear regression analysis, it was imperative to apply other statistical methods. To this end, Chi-square test of significance and Cramers' V were used. As indicated in the caption in table 4.19, the findings revealed a statistically significant high association between the nature of employment and employees' quality of life ($X^2=3066.898$; $df=336$; $P=0.000$; Cramers' $V=0.804$). This result shows that the nature of employment created by SMTEs had a high statistically significant effect on employee's quality of life. On this premise therefore, the null hypothesis was rejected and the alternative accepted.

As mentioned in the literature review, previous studies on quality of life revealed that having a job was associated with quality living by about 90% of the population (Moscardo, 2009; Aref, 2011; Aceleanu, 2012). The results of this study revealed that there was a statistically significant relationship between the nature of employment created by SMTEs and employees' quality of life. These results are significant in at least one major respect in that although literature indicated that having a source of income was associated with quality of life for majority of employees, these studies neither went further to elaborate on the nature of jobs that would lead to an improved quality of life nor provided parameters that were used to measure the nature of employment. This study explicitly looked at nature of employment in terms of income benefits, working hours and balancing work and non-work life, security of employment and skills development and training relating it with quality of life in terms of economic and physical safety, material living conditions, education and overall experience of life. This is thus a novel finding and contribution to knowledge in the tourism industry.

This finding has key implications for developing a framework that may enable SMTEs create productive employment and therefore spur inclusive growth. Specifically, the implications are twofold. First, this finding is a wakeup call to the government to re-look at the implementation of the economic blue print (Vision 2030) which aims to transform the country into a newly industrializing middle-income, providing a high quality of life for all her citizens. Precisely, it is imperative for the government to identify functional implementation strategies it can use to drive this agenda to ensure that its' overall goal of providing a high quality of life is achieved. Second, under the 2030 agenda for

Sustainable Development (UNDP, 2016) which Kenya ratified in the year 2016, the concept of productive employment and inclusive growth feature prominently. Therefore, the finding of this study is a pointer to one of the issues i.e. the regulatory framework for SMTEs that the government may need to address in its quest to promote sustained inclusive growth through full productive employment and decent work.

It is worth noting that the data for this study was collected from a one-time measurement of data (cross-sectional data) in a specific setting i.e. Mombasa County. Additionally, there could be some exogenous and endogenous factors such as spending behavior, family size among others that may have affected the ability of incomes earned by SMTEs employees to translate to an improved quality of life. Although such factors were tentative and outside the scope of this study, it is imperative that more research is undertaken on the relationship between the nature of employment and employees' quality of life probably taking some of these variables into account before the association between these two variables is clearly understood and concluded. These results therefore need to be interpreted and applied with caution.

4.4.4 Approaches to Simplify the Regulatory Framework for Inclusive Growth

Although the legal and regulatory frameworks establish the “rules of the game” in a society and govern the way in which the government, enterprises and civil society interact with each other (OECD, 2004), when enforced at impracticable levels and imposed inadequately, it can endanger robust inclusive economic growth since it erects boundaries in the economy dividing it into formal and informal sectors which further

perpetuates the division (Bannock et al, 2012). It is therefore imperative to identify ways of creating an enabling regulatory environment especially for SMTEs. The regulatory governance theory (Wright and Head, 2009) that underpinned this study did not recommend any approach as the best but somewhat left the idea of regulatory and governance arrangements to the pragmatists approach that “knowledge is never definite or certain; it is always subject to review and firmly grounded in social experience”. Moreover, Gunningham et al (1998) argue that there is no single regulation approach that may be termed as the best, but every arrangement is dictated by the situation at hand. Further, OECD (2018) pointed out that there is no ‘one-size-fit all’ model for simplifying the regulatory environment. To this end, tenets touching on some approaches to regulation and governance (OECD, 2004) revolving around epitomes of the regulatory governance theory, approaches suggested by previous studies and policy surveys (OECD, 2015; OECD, 2018b; Jaoui and Rashid, 2015; Shepherd, Catteneo and Tsai, 2015) were put on a five-point likert scale. SMTEs owners/managers were then requested to indicate their degree of agreement with the statements on a scale of 1 to 5. Interviews were also conducted on the industry officials to establish their views on the same. Descriptive analysis results for the quantitative data were as displayed in Table 4.

Table 4.22: Descriptive Statistics for Approaches to simplify the Regulatory Framework for Inclusive Growth

	N	Mean		Std. Deviation
	Stat	Stat	Std. Error	Stat
Involvement of operators in the development of regulations will add value to our businesses	59	4.27	.099	.762
Adequate and timely communication before new legislations/regulations are enforced would be beneficial to us	59	4.24	.104	.795
Consolidating the number of licenses required to run a small business would improve our returns on investment	59	4.46	.078	.597
Reducing the number of requirements for licensing will save time and add value to our operations	59	4.49	.066	.504
Sensitization of operators on various regulations will enable them make informed choices	59	4.47	.078	.598
Developing regulations taking into consideration challenges faced by tourism SMEs will be beneficial	59	4.34	.112	.863
Valid N (listwise)	59			

Factors closer to five (5) represent the strongest values *Source: Research Findings*

The findings in table 4.22 show that all the variables yielded high mean scores and low standard deviations which indicate that majority of observations from the SMTEs owners/managers clustered around the means. This finding suggests that most respondents (99%, n=59) agreed that reducing the number of requirements for licensing would save time and add value to their operations, sensitization of operators on various regulations would enable the operators make informed choices (94.9%), consolidating

the number of licenses required to run a small business would improve their returns on investment (94.8%); developing regulations taking into consideration challenges faced by tourism SMEs would be beneficial (91.6%); involvement of operators in the development of regulations would add value to their businesses (81.4%) and timely communication before regulations are enforced would be beneficial to them (88.2%).

Data from the semi-structured interviews revealed that an enabling regulatory environment where SMTEs cannot only operate but also grow is paramount to support the industry's central role in economic development and attainment of the sustainable development goal of promoting inclusive growth through the creation of productive employment. Ideally, the point that came out strongly during the interviews was that there is need to segment businesses such that SMTEs are given specific exemptions in terms of compliance to regulations to enable them grow. Describing the regulatory environment respondent C noted;

“Comparing our position with Tanzania, our regulatory framework is very uncompetitive hence not supporting enough not only to start an SMTE but also to operate and eventually making it. Therefore, reworking on the legislations and crafting some dedicated to SMTEs would contribute enormously to creating an enabling environment”.

Another point that came out strongly was that, there is need to re-assess the licensing requirements, consolidate some licenses and shorten some licensing procedures. This will contribute to not only saving the SMTEs owners/managers compliance costs but

also save time that can be invested in wealth creation initiatives. Additionally, involvement of SMTEs owners/managers in the crafting legislations/regulations was mentioned across the board. As the old adage goes “*it is the wearer of the shoe who knows where it pinches*”. In fact, during the interviews, respondent B lamented that;

“A lot of regulations have been made /crafted at the policy level either by consultants who are out of touch with the goings-on on the ground or policy makers at the helm of governance. However, these policies/ legislations were never tested at the grassroots to establish their applicability/worthiness as far as creating an enabling environment is concerned. My take on this process is that most regulations/legislations developed do not really focus on creating an enabling environment for businesses to grow but most of them focus on how government agencies can make money from the operators. In other words, the priority of the government as I see it, is on revenue generation and creating an enabling environment for SMTEs to grow appears to the last thing on the governments’ agenda”

This study produced results which corroborates the findings of OECD (2010) and Eckardt (2014) who recommended that improving the regulatory environment would entail involvement of SME operators in the development of the regulations, providing adequate notice period before new legislations come into effect and reducing the number of licenses required to run a small business. These findings also seem to revolve around the ideals of Djankov (2009), European Commission (2013) and Jaoui and Rashid (2015) who proposed a “smart regulation” approach to improving and simplifying the

regulatory environment which involves considering impacts of regulations on SMTEs when designing legislations and simplifying the existing regulatory environment so that SMTEs find it easier and cheaper to comply with regulatory requirements.

Moderating Effect of Approaches to Simplify the Regulatory Framework for Inclusive Growth

Having gathered views from the SMTEs owners/managers, regulatory agency and industry Associations on appropriate approaches to simplify the regulatory framework, it was imperative to establish whether the proposed approaches would have a significant effect on the relationship between the regulatory framework, performance of SMTEs and nature of employment. The study therefore hypothesized that approaches to simplify the regulatory framework had no significant moderating effect on the relationship between the regulatory framework, performance of SMTEs and nature of employment. Moderated Multiple Regression (MMR) analysis was used to test this hypothesis. The variables were first transformed to generate composite scores to meet all the preconditions for regression analysis (Tabachnik and Fidell, 2007). To avoid possibly problematic high multicollinearity with the moderating variable (approaches), the variables (regulatory framework and performance of SMTEs) were centred and an interaction term created between approaches to simplifying regulatory framework, the regulatory framework and performance of SMTEs as per the requirements for moderated multiple regression and then used to test the hypothesis applying the model thus;

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_{4i} X_{4i} + e$$

Where;

Y =Nature of employment

a (Alpha) =the Constant or intercept

β_1 =the Slope (Beta coefficient) approach_centred

X_1 = approach_centred

β_2 =the Slope (Beta coefficient) for regulatory framework_centred

X_2 = regulatory framework_centred

β_3 =the Slope (Beta coefficient) performance_centred

X_3 =performance_centred

β_{4i} =the Slope (Beta coefficient) approach regulatory faremwork_performance_centred

$(X_1 * X_2 * X_3)$

X_{4i} = approach_regulatory faremwork_performance_centred $(X_1 * X_2 * X_3)$

e= Error term

The results are as displayed below in the following three tables (Table 4.23, 4.24 and 4.25)

Table 4.23: Model Summary^b for Moderating Effect of Approaches to Simplify Regulatory Framework on the relationship between regulatory framework, Performance of SMTEs and nature of employment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df 1	df 2	Sig. F Change
1	.772 ^a	.638	.574	5.80294	.638	2.166	4	54	.015

a. Predictors: (Constant), Approach_regulationf_performance_centred, performance_centred, Approach_centred, regulationf_centred

b. Dependent Variable: employnature

The findings in Table 4.23 above show that the R value is 0.772 which indicates that approaches to simplify the regulatory framework accounted for a large proportion of the

relationship between the regulatory framework, performance of SMTEs and nature of employment. The adjusted R² value is 57.4% which implies that 57.4% of the relationship between the regulatory framework, performance of SMTEs and nature of employment can be explained by the moderating effect of approaches to simplify the regulatory framework. The next table to consider is the ANOVA Table 4.24 below, which shows the statistical significance of the model that was applied. From Table 4.24 below, it can be seen that the moderated regression model predicts the relationship significantly well. This is determined by looking at the “regression” row, “sig” column.

Table 4.24: ANOVA^a for Moderating Effect of Approaches to Simplify Regulatory Framework on the relationship between regulatory framework, Performance of SMTEs and nature of employment

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	291.699	4	72.925	2.166	.015 ^b
Residual	1818.403	54	33.674		
Total	2110.102	58			

a. Dependent Variable: employnature

b. Predictors: (Constant), Approach_regulationf_performance_centred, performance_centred, Approach_centred, regulationf_centred

From the regression row (Table 4.24), it shows that “sig” =0.015 (P value) is less than 0.05. This indicates the statistical significance of the moderated regression model that was applied. The next table to consider is the coefficients table which provides information to show whether approaches to simplify the regulatory framework had a significant moderating effect on the relationship between the regulatory framework, performance of SMTEs and nature of employment.

Table 4.25: Coefficients^a for Moderating Effect of Approaches to Simplify Regulatory Framework on the relationship between regulatory framework, Performance of SMTEs and nature of employment

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	63.877	77.742		.822	.028
1 regulationf_centred	.129	.024	1.150	1.174	.245
performance_centred	.430	.074	.529	.960	.341
Approach_centred	.263	.056	.801	1.135	.261
Approach_regulationf_performance_centred	.771	.000	.966	.851	.008

a. Dependent Variable: employnature

The findings in table 4.25 above show that the moderating variable (approaches) accounted for a significance proportion of the relationship between the regulatory framework, performance of SMTEs and nature of employment (P=0.008). The low P value which is below the cut-off point of 0.05 infers that the moderating effect of approaches to simplify the regulatory framework on the relationship between the regulatory framework, performance of SMTEs and nature of employment was statistically significant hence generalizable to the population from which the sample was drawn. Based on this premise therefore, the null hypothesis was rejected and the alternative accepted.

In reviewing the literature, the information that was found indicated that previous researchers and policy surveys recommended various approaches to simplify the regulatory framework for SMEs in general (OECD, 2010; Kitching and Smallbone, 2010; OECD (2013); Jaoui and Rashid, 2015) Shepherd, Cattaneo and Tsai, 2015;

OECD, 2018b). However, no data was found specifically on what approaches could be applied to simplify the regulatory framework for SMTEs taking into consideration the multidimensional nature of the tourism sector. Additionally, no information was found on the moderating effect of the proposed approaches on the relationship between the regulatory framework, performance of SMTEs and nature of employment. This study found that approaches to simplify the regulatory framework had a statistically significant moderating effect the relationship between the variables under investigation ($R=0.574$; $P=0.008$). This is therefore a new finding and contribution to knowledge.

The implications for this finding are twofold. First, it has important implications for the Ministry of Tourism and Wildlife and the Tourism Regulatory Authority to re-look at the various regulations that SMTEs need to comply with which add unnecessary compliance costs to their operations and consider initiating regulatory reforms. Explicitly from this finding, it is clear that SMTEs which comprise the bulk of tourism businesses and form the lifeblood of Kenya's economy are greatly affected by the multiplicity of regulations. There is therefore need for governments at the national and county level to understand that the heavy legislative burden carried by businesses is a barrier to inclusive economic growth. Through a well-choreographed Regulatory Impact Analysis (RIA), the Ministry of Tourism and Wildlife would be in a position to critically assess the positive and negative effects of existing regulations and non-regulatory attributes which would be key in informing policy. From the sentiments of David Cameron (Swinford, 2014), smart regulations spur economic growth, hence governments need to legislate wisely and remove unnecessary red tape to avoid

suffocating small businesses. Second, this finding has an implication for the stakeholders in the tourism industry such as SMTEs owners and industry associations to demand and pressure for reforms to influence the national policy agenda as far as regulations in the SMTE sub-sector are concerned.

Although previous studies highly recommended the smart regulation approach and this study produced results that not only corroborated these findings but also revealed the moderating effect of approaches to simplify the regulatory framework on the relationship between the regulatory framework, performance of SMTEs and nature of employment, it is worth noting that the results of this study were from a one-time measurement of data (cross-sectional). These results therefore need to be interpreted and applied with caution. In addition, this study did not test the other two approaches i.e. responsive regulation and nodal governance as put forward by Wright and Head (2009). There is therefore abundant room for further progress in determining the best regulation approach that would simplify the regulatory framework for SMTEs with a view of bringing it closer to best practice. Unequivocally, it would be worthwhile to conduct further studies of a longitudinal nature to not only cement the conclusions that have been drawn but also expunge other regulatory approaches from the list of best practice regulatory governance arrangements.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter covers the summary of major findings of the research based on the four objectives and four hypotheses that formed the framework for the study. It correspondingly covers the conclusions and implications of the study which were drawn from the discussion. Further, this chapter addresses the recommendations for both policy and practice and provides recommendations for future research.

5.2 Summary

The overriding purpose of this study was to determine how the regulatory framework in Mombasa County influenced the ability of SMTEs to promote inclusive growth. Utilizing the regulatory governance theory and economic theories of regulation, the study sought to assess how the regulatory framework influenced the performance of SMTEs and the nature of employment they created. Additionally, the subjective hedonism theory was used to examine implications of the employment created on employees' quality of life thus determining whether they were included in the growth process of the economy.

The study utilized a mixed methods embedded design where the questionnaire was the major method of primary data collection while data gathered through semi-structured interviews played a supportive role. Stratified sampling was used for SMTEs Owners/Managers; purposive sampling for industry officials and probability

proportional to size sampling used for SMTEs employees. A total number of 68 respondents formed the sample size for SMTEs Owners/ Managers while 464 formed the sample size for Employees. The primary data collection was conducted for a period of six months from October 2016 through March 2017.

5.2.1 Effect of Compliance to Regulations Governing Business Operations on the Performance of SMTEs

The descriptive analysis for implications of the regulatory framework on the performance of SMTEs yielded high mean scores and low standard deviations i.e. majority of SMTEs owners/managers felt that compliance costs to the various regulations affected their ability to employ a fully skilled workforce (M=4.20, SD=0.581); number of employees they were able to employ (M=4.10, SD=0.548); time costs (M=4.10, SD=0.548); profits of the business (M=4.05, SD=0.651); re-investments (M=3.95, SD=0.680) and ability to exploit new opportunities (M=3.85, SD=0.665). Additionally, the findings revealed that the SMTEs owners/managers perceived seven (7) regulations to have a major impact on the performance of their businesses. These include Value Added Tax regulations (M=3.88, SD=0.458), Music Copyright Society regulations (M=3.86, SD=0.345), Tourism Regulatory Authority Regulations (M=3.71; SD=0.457), Income and Corporate Tax regulations (M=3.69; SD=0.464), County By-laws (M=3.61, SD=0.616); NEMA regulations (M=3.56, SD=0.534) and Tourism Fund levy (M=3.52; SD=0.747).

The results by linear regression analysis to establish whether a statistically significant relationship existed between regulations governing business operations and the performance of SMTEs revealed positive results that confirmed the relationship ($R=0.857$; $P=0.012$). Precisely, the results indicated that three categories of regulations had a statistically significant effect on the performance of SMTEs namely business regulations ($\beta = 0.629$; $P=0.038$), Environment regulations ($\beta = 0.499$; $P = 0.007$) and Taxation and levies ($\beta = 0.415$; $P = 0.012$).

5.2.2 Effects of the Regulatory Framework and Performance of SMTEs on the Nature of Employment created by SMTEs

Findings of the study by descriptive analysis on how compliance to the various regulations influenced the performance of SMTEs and by extension the nature of employment they created in Mombasa County revealed that all tenets under investigation produced high mean scores and low standard deviations i.e. compliance costs to the various regulations had contributed to the inability of SMTEs owners/managers to provide training opportunities to their employees ($M=4.05$, $SD=0.839$), increase employees' salaries ($M=4.00$, $SD=0.830$), have all their employees on permanent basis ($M=4.00$, $SD=0.891$), comply with the working hours directive ($M=4.03$, $SD=0.964$) and guarantee security of their employment ($M=3.97$, $SD=0.733$). The findings also revealed that compliance costs to the various regulations reduced their profits thus making them employ low skilled workers ($M=3.90$, $SD=0.977$).

Data gathered through semi-structured interviews yielded corroborative findings hence added weight to this result. Further, as the old adage goes, "*it is always good to hear it from the horses' mouth*", views gathered from the SMTEs employees on the nature of their jobs produced low mean scores and low standard deviations i.e. i.e. 'I work for 8 hours a day' (M=1.98, SD=0.953); 'I have a sense of security in my job' (M=2.05, SD=0.819); 'I am satisfied with the level of pay I receive from my job' (M=2.09, SD=0.937); 'I can take time off to handle personal commitments' (M=2.28, SD=0.851) and 'the enterprise owners invest in employees development through training' (M=2.21, SD=0.820).

Standard Multiple Regression, Chi-square test of significance and Cramers' V were used to determine whether a statistically significant relationship existed between the regulatory framework, the performance of SMTEs and the nature of employment they created in the County. The findings revealed that the coefficients for four variables were statistically significantly different to zero (0) in the population i.e. business regulations ($P=0.014$; $X^2=188.986$; $V=0.733$), environment regulations ($P=0.011$; $X^2=84.529$; $V=0.535$), taxation and levies ($P=0.006$; $X^2=159.673$; $V=0.672$) and performance ($P=0.002$; $X^2=149.769$; $V=0.551$) which infers that a statistically significant relationship existed between the regulatory framework, the performance of SMTEs and the nature of employment they created.

5.2.3 Effect of Nature of Employment on the Quality of Life of Employees

The results of the study by descriptive analysis on implications of SMTEs jobs on employees' quality of life revealed that six (6) out of seven (7) tenets under investigation yielded low mean scores and low standard deviations i.e. 'I feel my life is complete and worthwhile working in this job' (M=1.97, SD=0.993), 'the benefits offered by this enterprise provide financial security for me and my family' (M=2.09, SD=0.737), 'since I got this job, I have been able to buy material things such as household items that make my life comfortable' (M=2.12, SD=0.969), 'the pay from my job enables me meet educational needs for my family and self' (M=2.14, SD=0.896), 'I feel I have made progress in achieving my life goals' (M=2.15, SD=0.997) and 'I am content with my job hence no need to worry about the future' (M=2.19, SD=0.948).

Further, the study sought to find out whether the nature of employment created contributed to the SMTEs employees' quality of life and thus determining whether they were included in the growth process of the economy. Linear regression analysis and Chi-square test of significance were used to establish whether the contribution was statistically significant. The findings revealed that there was a statistically significant relationship between the nature of employment and employees' quality of life ($P=0.000$; $X^2=3066.898$; $df=336$; $V=0.804$).

5.2.4 Approaches to Simplify the Regulatory Framework for Inclusive Growth

The descriptive analysis for approaches to simplifying and improving the regulatory framework yielded high mean scores and low standard deviations for all the tenets under investigation i.e. ‘reducing the number of requirements for licensing will save time and add value to our operations’ (M=4.49, SD=0.504), ‘sensitization of operators on various regulations will enable them make informed decisions’ (M=4.47, SD=0.598), ‘consolidating the number of licenses required to run a small business would improve our returns on investment’ (M=4.46, SD=0.597), ‘developing regulations taking into consideration challenges faced by tourism SMEs will be beneficial’ (M=4.34, SD=0.863), ‘involvement of operators in the development of regulations will add value to our operations’ (M=4.27, SD=0.762) and ‘adequate and timely communication before new regulations are enforced will be beneficial to us’ (M=4.24, SD=0.795).

Further, the study found that approaches to simplify the regulatory framework had a statistically significant moderating effect on the relationship between the regulatory framework, performance of SMTEs and nature of employment ($R=0.574$; $P=0.008$). Data from the semi-structured interviews produced supporting findings and recommended the smart regulation approach as the best way of simplifying and improving the regulatory environment. Based on the study findings, the revised conceptual model is presented as follows in Figure 5.1

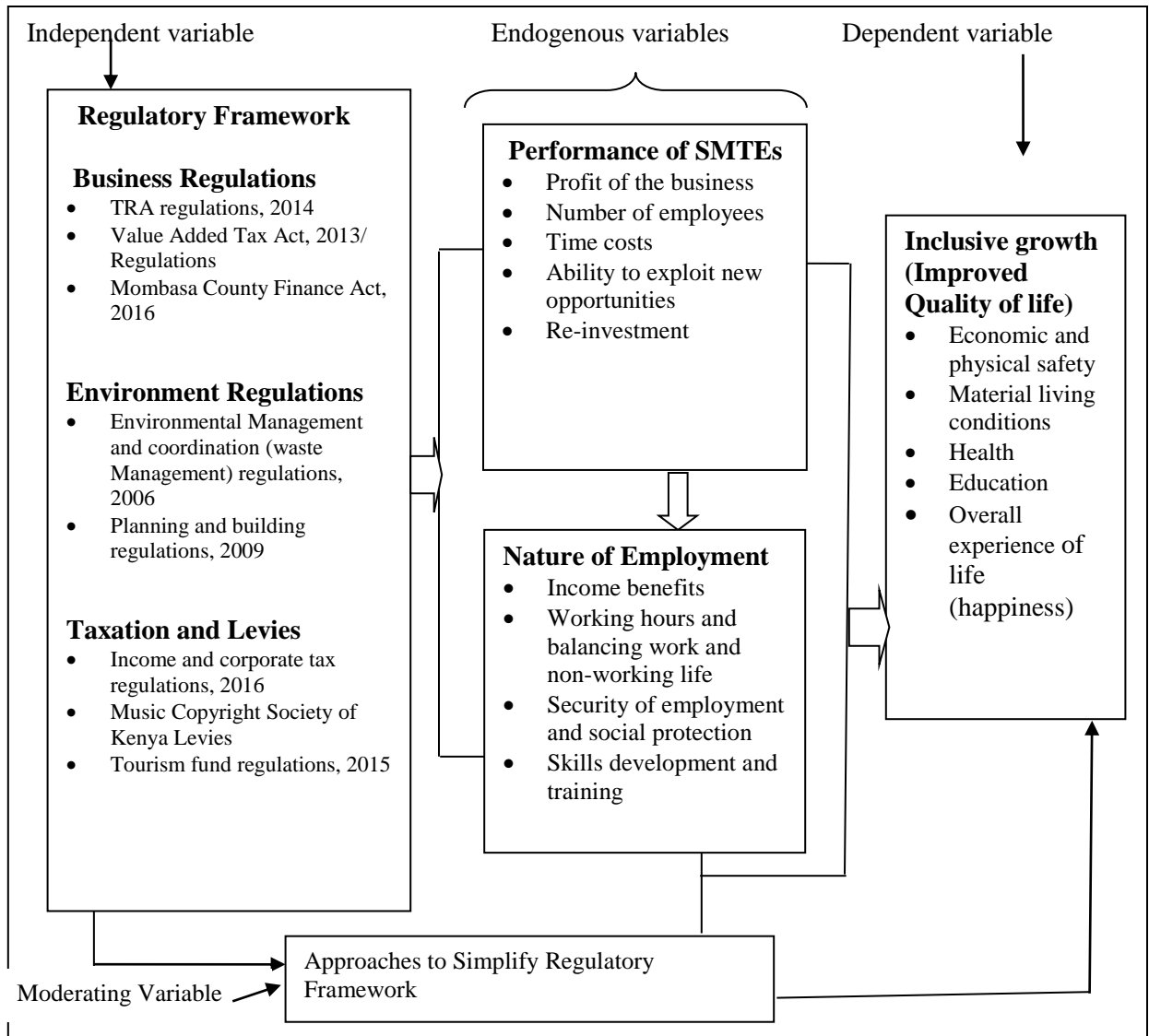


Figure 5.1: Revised Conceptual Model (Source: Researcher, 2017)

5.3 Conclusions

Grounded on the results of the four objectives and the discussion of the four hypotheses that provided the structure for the study, four major conclusions can be drawn as indicated below:-

5.3.1 Effect of Compliance to Regulations Governing Business Operations on the Performance of SMTEs

The results revealed that there was a statistically significant relationship between the regulatory framework and the performance of SMTEs. The qualitative data gathered through semi-structured interviews also supported this result. This finding has important implications for the Ministry of Tourism and Wildlife as the policy making arm of the State on matters tourism and the Tourism Regulatory Authority as the regulator of the tourism industry to re-assess the regulatory environment with a view of making it friendly or enabling for SMTEs to operate and grow. This is due to the fact that most emerging issues from the findings related specifically to the levies, taxes and license fees attached to the various regulations that SMTEs needed to comply with. TRA may therefore use these findings to make a justification to the Ministry of Tourism and Wildlife and the Legislators as to why some licenses may need to be consolidated while others may need to exist for purposes of maintenance of standards with no financial aspect attached to them. It is hoped that this will go along way in solving the issue of multiple taxation that currently burdens SMTEs.

5.3.2 Effect of the Regulatory Framework and Performance of SMTEs on the Nature of Employment created by SMTEs

The study found that a statistically significant relationship existed between the regulatory framework, the performance of SMTEs and the nature of employment they created. The implications for this result are threefold. First, since the study brought to fore the amount of impact the various regulations had on the performance of SMTEs and

thus the nature of employment, it is a pointer to which category of regulations may warrant the policy maker's (MoTW) attention and explore ways of enabling SMTEs create productive employment. Second, the study has important implications for academicians since no single such relationship has been reported in previous literature. This study therefore opens a discursive space and abundant room for further research in determining how compliance costs to regulations influences performance thus the nature of employment created by SMTEs. Third, the result has an implication on the governments' accountability as far as creating an enabling regulatory environment for SMTEs is concerned. Precisely, the SMTEs owners/managers and employees may hold the government to account on the implementation of the long-term strategy (Vision 2030) which targets to achieve an improvement in the business environment through a fundamental change to business "unusual" and a restructuring of legislative mindset from slow to fast proactive legislation.

5.3.3 Effect of Nature of Employment on the Quality of Life of Employees

The study set out to examine whether a statistically significant relationship existed between the nature of employment created by SMTEs and employees' quality of life. The results revealed positive results on the relationship between these two variables. This finding has two important implications. First, it has implications for developing a framework that would enable SMTEs create productive employment in that it is a wake-up call to the government to re-look at the implementation of the economic blue print (Vision 2030) and identify functional implementation strategies it can use to ensure that its' overall goal of providing a high quality of life for citizens is achieved. Second, the

results are a pointer to one of the critical issues (regulatory framework) that the government may need to address in its quest to promote sustained inclusive growth through full productive and decent work in line with the Sustainable Development Goals (SDGs) ratified in the year 2016.

5.3.4 Approaches to Simplify the Regulatory Framework for Inclusive Growth

The study was set out to identify approaches for simplifying the regulatory environment where SMTEs operate. The quantitative data and views gathered from the semi-structured interviews appeared to recommend the smart regulation approach as the best to improve and simplify the regulatory environment. In addition, approaches to simplify the regulatory framework were found to have a statistically significant moderating effect on the relationship between the regulatory framework, performance of SMTEs and nature of employment. The implications for this result are twofold. First, it has implications for the Ministry of Tourism and Wildlife and the Tourism Regulatory Authority to re-look at the various regulations that SMTEs need to comply with which add unnecessary compliance costs to their operations and consider initiating necessary regulatory reforms. Second, the finding has an implication for SMTEs owners/managers through their industry associations and other stakeholders to lobby and pressure for reforms to influence the national policy agenda on matters regulation in the tourism sector.

5.4 Recommendations for Policy / Practice

Grounded on the study outcomes and subsequent discussion of the study objectives and hypotheses that provided the framework for the study, the following recommendations are put forward;

- 1) The Tourism Regulatory Authority should engage with Counties and other Government Departments at the National level through the Ministry of Tourism and Wildlife to conduct a cost-benefit analysis on the various regulations that SMTEs need to comply with and initiate necessary regulatory reforms. Essentially, the regulatory reforms should take a ‘better’ regulation approach rather than a ‘good’ or ‘bad’ regulation approach. It is hoped that such an approach would not only alleviate the cumulative regulatory burden on SMTEs but also ensure that regulatory reforms are enacted in specific areas that hinder SMTEs from realising their full economic potential.
- 2) The Ministry of Tourism and Wildlife as the policy making arm of the State on matters tourism need to explore ways of creating an enabling regulatory environment for SMTEs to create productive employment and thus spur inclusive growth. Explicitly, since tourism is indentified as one of the lead sectors to achieve the Vision 2030 and improvement in the business environment through proactive legislation is alluded to, it would be imperative for the Ministry to critically take stock of how far this has been achieved and initiate corrective action. Of importance is that the Ministry needs to identify countries that have achieved great success in creating an enabling regulatory environment

through excellent regulatory and governance arrangements and benchmark with them. It is hoped that this will translate to the Ministry identifying the best approach of regulatory and governance arrangements it may apply to create an enabling regulatory environment for SMTEs to operate.

- 3) The Ministry of Tourism and Wildlife should work in collaboration with the Counties and other government departments and work on modalities of crafting legislations/ regulations focusing on SMTEs only. It is hoped that such a collaboration will culminate to the creation of an enabling regulatory environment for SMTEs to create productive employment and contribute to an improved quality of life for the employees as envisaged under the Economic Blue Print- the Vision 2030. It will also move the country forward as far as attainment of goal eight (8) of the Sustainable Development Goals which focuses on promoting inclusive growth through full productive employment and decent work is concerned.
- 4) SMTEs Owners/Managers through their industry associations and other stakeholders should lobby and pressure the government for regulatory reforms to reduce the unnecessary compliance costs to regulations. It is hoped that the lobbying will persuade the government to re-look at the implementation of the Vision 2030 and identify functional implementation strategies under the legislative framework.

5.5 Recommendations for Further Research

Although this study provided a general picture on how the regulatory framework influenced the performance of SMTEs and the nature of employment created as well as its contribution to employees' quality of life, there is still plenty of room for further research. The following recommendations are therefore put forward:

- 1) Although this study revealed that compliance to regulations governing business operations had a statistically significant effect on the performance of SMTEs, it is worth acknowledging that the results of this study were from a one-time measurement of data. A longitudinal study is therefore recommended to reinforce the conclusions that have been drawn.
- 2) Even though the results of this study showed that the regulatory framework and performance of SMTEs had a statistically significant effect on the nature of employment, there could be some factors such as access to finance and application of sound human resource management practices that may affect the nature of employment created by SMTEs. Further research taking these factors into consideration need to be undertaken before the association between the regulatory framework, performance of SMTEs and nature of employment is more clearly understood.

- 3) Although this study found that the nature of employment had a statistically significant effect on employees' quality of life, there could be some factors such as spending behavior, family size among others that were not captured in this study. It is therefore imperative that more research is undertaken probably taking some of these factors into consideration before the association between these two variables is clearly understood and concluded.
- 4) Given that the study did not capture the responsive regulation and nodal governance approaches to regulation but focused more on the smart regulation approach, there is abundant room for further progress and research in determining the best regulation approach that would improve and simplify the regulatory environment for SMTEs with a view of bringing it closer to best practice.

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7.0 APPENDICES

APPENDIX 7.1 LETTER OF TRANSMITTAL

Ruth K. Kimaiga
P.O Box 30027-00100
NAIROBI
Mob.Tel:

To Esteemed Respondent

Dear Sir/Madam,

RE: RESEARCH QUESTIONNAIRE

I am a postgraduate student at Kenyatta University pursuing a Doctorate Degree Course in Tourism Management. I am conducting a research on “**Small and Medium-sized Tourism Enterprises as Drivers for Inclusive Growth: Perspectives of the Regulatory Framework in Mombasa County**”.

You have been identified as one of the respondents who will facilitate data collection for this research by providing information to facilitate the completion of the attached questionnaire. Please note that there are no “right” or “wrong” answers hence your honest responses and opinions will greatly aid in generating excellent recommendations for this study.

Any information provided will be treated with utmost confidentiality and data collected will be used for the sole purpose of this study.

If you need any clarification or further information on any of the questions in the questionnaire please do not hesitate to contact me on the mobile number at the top-right corner of this letter.

Thank you for your cooperation

Ruth Kemunto
PRINCIPAL RESEARCHER

**APPENDIX 7.2 LIST OF SMALL AND MEDIUM SIZED TOURISM
ENTERPRISES IN MOMBASA COUNTY**

HOTELS – CLASS A ENTERPRISES

	CLASS	NAME	EMPLOYEES
1.	A1	Mina Love Hotel	44
2.	A1	Moffat Court Apartment	19
3.	A1	Papweza Adamsville	42
4.	A1	Midview Hotel	23
5.	A1	Ratna Serviced Apartments	8
6.	A1	Indiana Beach Apartments	43
7.	A1	New Buxton Inn limited	54
8.	A1	Bamburi Beach Villa limited	31
9.	A1	Severin Safari camp	19
10.	A1	Kivulini Bahari	13
11.	A1	Manson Hotel	22
12.	A1	Dason Industries Limited	13
13.	A1	Surfside villas	19
14.	A1	Plaza Beach Hotel	58
15.	A6	Garden Groove Apartment	19
16.	A6	Bliss Resort	48
17.	A1	Jawambe Hotel Ltd	27
18.	A1	Lotus Hotel	32
19.	A1	Sian Holiday Apartment	15
20.	A1	Paradise Holiday Homes	18
21.	A1	Darad Hotel	25
		Total	592

RESTAURANTS- CLASS B ENTERPRISES

	CLASS	NAME OF ESTABLISHMENT	EMPLOYEES
1.	B	Mahebubs Café	6
2.	B	Haandi Restaurant Limited	11
3.	B	La Veranda Restaurant	21
4.	B	Yukay Fast Foods	37
5.	B	Splendid View Café new –Malindi Rd	23
6.	B	Splendid View Café Maungano Rd	18
7.	B	Hashmi Barbeque ltd	21

8.	B	New Chetna Restaurant	14
9.	B	Gatungaweru general supplies	9
10.	B	Florimon ltd	42
11.	B	Galaxy chinese restaurant ltd	38
12.	B	Dishes of Africa	5
13.	B	Wild Waters ltd	25
14.	B	Blue Bubbles Restaurant	17
15.	B	Red Rose Restaurant	23
16.	B	Aisha Restaurant	16
17.	B	Sinbad Restaurant	8
		Total	334

TOUR OPERATORS – CLASS C ENTERPRISES

	CLASS	NAME	EMPLOYEES
1.	C1	Safari Kenya Magique	17
2.	C1	Bunson Travel Service	35
3.	C1	Deep water sport fishing	20
4.	C1	Wild Waters Limited	16
5.	C1	African Last Minute limited	14
6.	C1	African Route Safaris Limited	26
7.	C1	Mombasa Air Safari Limited	23
8.	C1	Patel Tours Safaris	9
9.	C1	African Quest Safaris	13
10.	C1	Fairways Safaris	15
11.	C1	Wild spot ltd	12
12.	C1	Flying dove Tours and Travel limited	8
13.	C1	SarovaWhitesands Association	24
14.	C1	Travel Africa safaris ltd	13
15.	C1/2	Glory Rent a car Ltd	19
16.	C1	Orion Hotels Ltd	23
17.	C5	Wind Riders Kite Center	16
18.	C1	Boma Travel Services Ltd	13
19.	C1	Gulf Connections Limited	17
20.	C1	Fidex Car Hire	25
21.	C1	Patrick Dream Tours and Safaris	14
22.	C4	Four Ways Travel Services	23
23.	C1	Unik car Hire and Safaris	56

24.	C4	Prime Time Travel Limited	9
25.	C1	Kasa Tours and Car hire	11
26.	C1	Destination Mombasa	19
27.	C1	Natural World Mombasa safaris	47
28.	C4	Kenya Travel Ltd	21
29.	C1	Sun Fun Safaris	10
30.	C1	Africa Tours and Discovery	13
31.	C1	Paws Africa	24
32.	C4	Deans Travel Centre	9
33.	C1	Wildlife Sun Safaris	12
34.	C1	Green Kenya& Safaris	5
35.	C1	Eagle Travel Services	15
		Total	646

Source: GoK (2015)

**APPENDIX 7.3 HOW PROBABILITY PROPORTIONAL TO SIZE SAMPLING
TECHNIQUE WAS USED**

HOTELS

	Name of Establishment	Number of Employees x	Proportion in Total population x/p	Sample Size
1.	Mina Love Hotel	44	$44/592*100=7.4\%$	13
2.	Moffat Court Apartment	19	$19/592*100=3.2\%$	5
3.	Papweza Adamsville	42	$42/592*100=7.1\%$	12
4.	Midview Hotel	23	$23/592*100=3.9\%$	7
5.	Ratna Serviced Apartments	8	$8/592*100=1.4\%$	2
6.	Indiana Beach Apartments	43	$43/592*100=7.3\%$	12
7.	New Buxton Inn limited	54	$54/592*100=9.1\%$	16
8.	Bamburi Beach Villa limited	31	$31/592*100=5.3\%$	9
9.	Severin Safari camp	19	$19/592*100=3.2\%$	5
10.	Kivulini Bahari	13	$13/592*100=2.2\%$	3
11.	Manson Hotel	22	$22/592*100=3.7\%$	7
12.	Dason Industries Limited	13	$12/592*100=2.0\%$	3
13.	Surfside villas	19	$19/592*100=3.2\%$	5
14.	Plaza Beach Hotel	58	$58/592*100=9.8\%$	17
15.	Garden Groove Apartment	19	$19/592*100=3.2\%$	5
16.	Bliss Resort	48	$48/592*100=8.1\%$	14
17.	Jawambe Hotel Ltd	27	$27/592*100=4.6\%$	8
18.	Lotus Hotel	32	$32/592*100=5.4\%$	9
19.	Sian Holiday Apartment	15	$15/592*100=2.5\%$	5
20.	Paradise Holiday Homes	18	$18/592*100=3.0\%$	5
21.	Darad Hotel	25	$25/592*100=4.2\%$	7
	Total	592 (p)		169

RESTAURANTS

	Name of Establishment	No. of Employees	Proportion in Total population	Sample Size
1.	Mahebubs Café	6	$6/334*100=1.8\%$	2
2.	Haandi Restaurant Limited	11	$11/334*100=3.3\%$	3
3.	La Veranda Restaurant	21	$21/334*100=6.3\%$	7
4.	Yukay Fast Foods	37	$37/334*100=11.1\%$	13
5.	Splendid View Café new – Malindi Rd	23	$23/334*100=6.9\%$	8
6.	Splendid View Café Maungano Rd	18	$18/334*100=5.4\%$	6
7.	Hashmi Barbeque ltd	21	$21/334*100=6.3\%$	7
8.	New Chetna Restaurant	14	$14/334*100=4.2\%$	5
9.	Gatungaweru general supplies	9	$9/334*100=2.7\%$	3
10.	Florimon ltd	42	$42/334*100=12.3\%$	15
11.	Galaxy chinese restaurant ltd	38	$38/334*100=11.4\%$	14
12.	Dishes of Africa	5	$5/334*100=1.5\%$	2
13.	Wild Waters ltd	25	$25/334*100=7.5\%$	9
14.	Blue Bubbles Restaurant	17	$17/334*100=5.1\%$	6
15.	Red Rose Restaurant	23	$23/334*100=6.9\%$	8
16.	Aisha Restaurant	16	$16/334*100=4.8\%$	6
17.	Sinbad Restaurant	8	$8/334*100=2.4\%$	3
	Total	334		117

TOUR OPERATORS

	Name of establishment	No. of employees	Proportion in total population	Sample size
1.	Safari Kenya Magique	17	$17/646*100= 2.6\%$	5
2.	Bunson Travel Service	35	$35/646*100=5.4\%$	10
3.	Deep water sport fishing	20	$20/646*100=3.1\%$	6
4.	Wild Waters Limited	16	$16/646*100=2.4\%$	4
5.	African Last Minute limited	14	$14/646*100=2.2\%$	4
6.	African Route Safaris Limited	26	$26/646*100=4.0\%$	7
7.	Mombasa Air Safari Limited	23	$23/646*100=3.6\%$	6
8.	Patel Tours Safaris	9	$9/646*100=1.4\%$	2
9.	African Quest Safaris	13	$13/646*100=2.0\%$	4

10.	Fairways Safaris	15	15/646*100=4.5%	4
11.	Wild spot ltd	12	12/646*100=1.8%	3
12.	Flying dove Tours and Travel limited	8	8/646*100=1.2%	2
13.	SarovaWhitesands Association	24	24/646*100=3.7%	7
14.	Travel Africa safaris ltd	13	13/646*100=2.0%	4
15.	Glory Rent a car Ltd	19	19/646*100=2.9%	5
16.	Orion Hotels Ltd	23	23/646*100=3.5%	6
17.	Wind Riders Kite Center	16	16/646*100=2.5%	4
18.	Boma Travel Services Ltd	13	13/646*100=2.0%	4
19.	Gulf Connections Limited	17	17/646*100=2.6%	5
20.	Fidex Car Hire	25	25/646*100=3.7%	7
21.	Patrick Dream Tours and Safaris	14	14/646*100=2.2%	4
22.	Four Ways Travel Services	23	23/646*100=3.5%	6
23.	Unik car Hire and Safaris	56	56/646*100=8.7%	15
24.	Prime Time Travel Limited	9	9/646*100=1.4%	3
25.	Kasa Tours and Car hire	11	11/646*100=1.7%	3
26.	Destination Mombasa	19	19/646*100=2.9%	5
27.	Natural World Mombasa safaris	47	47/646*100=7.3%	13
28.	Kenya Travel Ltd	21	21/646*100=3.2%	6
29.	Sun Fun Safaris	10	10/646*100=1.5%	3
30.	Africa Tours and Discovery	13	13/646*100=2.0%	4
31.	Paws Africa	24	24/646*100=3.7%	7
32.	Deans Travel Centre	9	9/646*100=1.4%	2
33.	Wildlife Sun Safaris	12	12/646*100=1.8%	3
34.	Green Kenya& Safaris	5	5/646*100=0.8%	1
35.	Eagle Travel Services	15	15/646*100=2.3%	4
	Total	646		178

APPENDIX 7.4 QUESTIONNAIRE FOR SMTES OWNERS/ MANAGERS

(Please **DO NOT** indicate your name anywhere on this questionnaire)

PART 1: GENERAL INFORMATION

1. What is your gender? (Please tick one)

Male

Female

2. What is your age?

18-25 years

26-35 years

36-45 years

46 years and above

3. What is your highest level of education?

Masters' Degree

Bachelors' Degree

Diploma

Secondary

Primary

Other (please specify).....

4. What is the legal status of your Enterprise?

Sole proprietorship

Partnership

Private Limited Company

Other (Please specify)

5. How many years has your business been in existence?

One year and less

2-3 years

4-5 years

Above 5 years

6. How many employees does your enterprise currently have?

- 5-30 employees
- 31-60 employees
- 61-90 employees
- 90-120 employees
- 121-150 employees

7. What is your approximate annual gross sales from your business?

- Less than Kshs1 Million
- Kshs1, 000, 001-2 Million
- Kshs 2,000, 001-3 Million
- Kshs 3,000, 001-4 Million
- Kshs 4,000,001-5 Million
- Above Kshs 5 Million

PART 2: EFFECT OF COMPLIANCE TO REGULATION ON BUSINESS PERFORMANCE

A) IMPACT OF REGULATIONS

8. Do you think there could be obstacles to the growth of your business?

- Yes
- No

9. Which of the following would you say is the biggest obstacle facing your business today?

- Increased Competition
- Compliance to regulations
- Inadequate infrastructure
- Labour costs
- Other (please specify).....

10. The table below contains some regulations governing business operations. How much impact does each of the following areas have on your business? Please rate

on scale of 1 to 4 where; 1=No Impact; 2=Little Impact; 3=Moderate Impact; 4= Major Impact

Statement	1	2	3	4
Tourism Regulatory Authority Regulations,2014				
Value Added Tax Regulations				
Mombasa County Finance Act, 2016				
Health and Safety regulations, 1993				
Environment Management and Coordination (Waste Management) regulations (NEMA), 2006				
Planning and building regulations, 2009				
Employment regulations e.g. employment Act				
Labour relations regulations e.g. Labour relations Act				
Social development regulations e.g. NSSF				
Occupational Safety and Health regulations, 2007				
Income and corporate tax regulations, 2016				
Music copyright society of Kenya regulations				
Tourism fund regulations, 2015				
Any other law: (a).				
(b)				
(c)				
(d)				

11. What are the licenses that you are required to acquire from the National and County government agencies to enable you undertake your business and the fees payable and the period of validity for each

S/No.	Name of License	Fees Payable	Agency	Period of Validity
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				

B) PERFORMANCE

12. The table below contains statements on how compliance to the various regulations affects the performance of your enterprise. Please rate on a scale of 1 to 5 the extent you agree with the statements where 1=strongly disagree; 2=disagree; 3=neutral; 4=agree; 5=strongly agree

Statement	1	2	3	4	5
I use a significant amount of my sales to comply with various regulations which reduces my profits					
The time I spend complying with the various regulations diverts my attention from wealth creating initiatives					
The cost of complying with the many government regulations reduces the amount of money I re-invest in the business thus hindering growth of the business					
The cost of complying with many government regulations reduces my ability to exploit new opportunities which hinders my business growth					
The cost of complying with many government regulations affects my ability to employ an adequate number of employees					
Compliance costs to the various regulations affects my ability to employ a fully skilled workforce					

PART 3: NATURE OF EMPLOYMENT CREATED BY SMTES

13. The following statements indicate general perceptions on how the various regulations affect the performance of your business and the nature of employment that you are able to provide. Please rate on a scale of 1 to 5 the extent you agree with the statements where 1=Strongly Disagree; 2=Disagree; 3=Don't know; 4= Agree; 5=Strongly Agree

Statement	1	2	3	4	5
The many taxes I pay to both the county and national government do not allow me to increase my employees salaries					
It is difficult to comply with the working hours requirement since my returns can only allow me to employ a few employees					
The many taxes I pay make it impossible for me to have all my employees on permanent basis					
compliance costs to regulations reduce my profits thus I am only able to employ low skilled workers					
Due to compliance costs to regulations, Iam not able to guarantee security of employment for my employees					
Iam not able to provide training opportunities to my employees due to low returns from my business					

PART 4: APPROACHES TO SIMPLIFY THE REGULATORY FRAMEWORK

14. The following statements reflect some approaches to regulation and governance that may aid in simplifying the regulatory environment. Please rate on scale of 1 to 5 the extent you agree with the statements where 1=Strongly Disagree; 2=Disagree; 3=Don't know; 4=Agree; 5= Strongly Agree.

Statement	1	2	3	4	5
Involvement of operators in the development of regulations will add value to our businesses					
Adequate and timely communication before new legislations/regulations are enforced would be beneficial to us					
Consolidating the number of licenses required to run a small business would improve our returns on investment					
Reducing the number of requirements for licensing will save time and add value to our operations					
Sensitization of operators on various regulations will make them make informed choices					
Developing regulations specifically targeting small businesses taking into consideration challenges faced by Tourism SMEs will be beneficial					

15. In your opinion, what other steps do you think the National and County governments can take to improve the regulatory environment?

THANK YOU VERY MUCH FOR YOUR COOPERATION

APPENDIX 7.5 QUESTIONNAIRE FOR SMTES EMPLOYEES

(Please **DO NOT** indicate your name anywhere on this questionnaire)

PART 1: GENERAL INFORMATION

1. What is your gender? (Please tick one)

Male	<input type="checkbox"/>
Female	<input type="checkbox"/>

2. What is your age?

18-25 years	<input type="checkbox"/>
26-35 years	<input type="checkbox"/>
36-45 years	<input type="checkbox"/>
46 years and above	<input type="checkbox"/>

3. What is your highest level of education?

Masters' Degree	<input type="checkbox"/>
Bachelors' Degree	<input type="checkbox"/>
Diploma	<input type="checkbox"/>
Secondary	<input type="checkbox"/>
Primary	<input type="checkbox"/>
Other (please specify).....	

4. How many years have you worked in this enterprise?

Less than one year	<input type="checkbox"/>
2-3 years	<input type="checkbox"/>
4-5 years	<input type="checkbox"/>
Above 5 years	<input type="checkbox"/>

5. What is your average monthly income from your job?

Below Kshs 10,000	<input type="checkbox"/>
Kshs 10,001-20,000	<input type="checkbox"/>
Kshs 20,001-30,000	<input type="checkbox"/>
Kshs 30,001- 40,000	<input type="checkbox"/>
Above Kshs 40,000	<input type="checkbox"/>

PART 2: NATURE OF EMPLOYMENT CREATED BY SMTES

6. What are your terms of employment in this enterprise?

Permanent

Contract

Casual

Other (please specify).....

7. Are there any other benefits you receive from your job apart from your salary?

Yes

No

8. If yes in number 9 above, please list in the space provided below other benefits that you receive from your job

.....

9. The following statements contain some dimensions on the nature of your job. Please rate on a scale of 1 to 5 the extent to which you agree with each one of them. Where 1=Strongly Disagree; 2=Disagree; 3= Don't know; 4=Agree; 5=Strongly Agree

Statement	1	2	3	4	5
I am satisfied with the level of pay I receive from my job					
I have a sense of security in my job					
I work for 8 hours a day					
Anytime I work extra hours, I am paid overtime					
Safety of employees is a primary concern for the owners in this enterprise					
The enterprise owners help employees find an ideal balance between work and life responsibilities					
I can take time off to handle personal commitments					
The enterprise owners invest in employees development through training					

PART 3: QUALITY OF LIFE OF SMTES EMPLOYEES (INCLUSIVE GROWTH)

10. The following statements touch on how your job has influenced your quality of life (how your life has changed since you got this job). Please indicate on a scale of 1 to 5 the extent you agree with the statements where 1=Strongly Disagree; 2=Disagree; 3=Don't know; 4=Agree; 5=Strongly Agree

Statement	1	2	3	4	5
The benefits offered by the enterprise provide financial security for me and my family					
Since I got this job, I have been able to buy material things such as household items that make my life comfortable					
My employer provides medical cover as one of the benefits to employees					
The pay from my job enables me meet educational needs for my family and myself					
I feel I have made progress in achieving my life goals					
I am contented with my job hence no need to worry about my future					
I feel my life is complete and worthwhile working in this job					

11. Do you think your current job has generally contributed to an improvement in your quality of life?

Yes

No

12. Please list in the space provided the things that can be done to your job that can have the greatest effect to your quality of life

.....

13. Any other recommendation?

.....

THANK YOU VERY MUCH FOR YOUR COOPERATION

**APPENDIX 7.6 INTERVIEW GUIDE FOR TOURISM REGULATORY
AUTHORITY OFFICERS**

1. Preliminary findings indicate that business operators in the county pay some license fees to both the County and National government. What is your take on this issue of multiplicity of licenses?
2. Do you think the issue of multiplicity of licenses makes the business environment complex and unfriendly?
3. What is your view on the various laws and regulations that small and medium enterprises in the tourism sector need to comply with in their operations?
4. The Travel and Tourism Competitiveness index report by the World Economic forum in 2013 ranks Kenya number 108 out of 139 countries under the policy and regulatory framework component thus making Kenya uncompetitive worldwide in terms of an enabling regulatory environment. What is your view on this?
5. What is your take on the kind of jobs the small and medium tourism enterprises create in the County?
6. Small and medium enterprises are crucial economic engines in any developing country. What do you think needs to be done from a policy perspective as far as regulations are concerned to create an enabling environment for them to thrive?

APPENDIX 7.7 INTERVIEW GUIDE FOR ASSOCIATIONS EXECUTIVE OFFICERS

1. How would you describe the regulatory environment where the small and medium tourism enterprises who are your members operate?
2. Majority of your members have indicated that there are some license fees they pay to both the County and National government. What is your take on this issue of multiplicity of licenses?
3. Do you think the issue of multiplicity of licenses makes the business environment complex and unfriendly?
4. What is your take on the various laws and regulations that small and medium enterprises in the tourism sector need to comply with in their operations?
5. The Travel and Tourism Competitiveness index report by the World Economic forum in 2013 ranks Kenya number 108 out of 139 countries under the policy and regulatory framework component thus making Kenya uncompetitive worldwide in terms of an enabling regulatory environment. What is your take on this?
6. What is your take on the kind of jobs the small and medium tourism enterprises create in the County?
7. Do you think the regulatory environment has got anything to do with these kind of jobs?
8. Small and medium enterprises are crucial economic engines in any developing country. What do you think needs to be done from a policy perspective as far as regulations are concerned to create an enabling environment for them to thrive?

APPENDIX 7.8 GIS MAP OF SMTES IN MOMBASA COUNTY



Source: <http://www.google.co.ke/google-maps>

APPENDIX 7.9 APPROVAL FROM GRADUATE SCHOOL



KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 57530

Internal Memo

FROM: Dean, Graduate School

DATE: 9th August, 2016

TO: Ms. Ruth K. Kimaiga
C/o Department of Tourism Management
Kenyatta University

REF: T130/30918/15

SUBJECT: APPROVAL OF RESEARCH PROPOSAL

This is to inform you that Graduate School Board at its meeting of 27th July, 2016 approved your Research Proposal for the Ph.D. Degree, entitled "Small and Medium-Sized Tourism Enterprises as Drivers for Inclusive Growth: Perspectives of the Regulatory Framework in Mombasa County".

You may now proceed with your Data collection, subject to Director General, National Commission for Science, Technology & Innovation

As you embark on your data collection, please note that you will be required to submit to Graduate School completed supervision Tracking Forms per semester. The form has been developed to replace the progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

By copy of this letter, the Registrar (Academic) is hereby requested to grant you substantive registration for your Ph.D. studies.

Thank you.

REUBEN MURIUKI
FOR: DEAN, GRADUATE SCHOOL

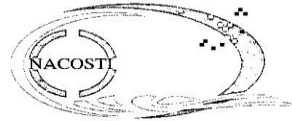
c.c. Registrar (Academic) Att. Mr. Likam
Chairman, Department of Tourism Management

Supervisors:

1. Dr. Alice Nzioka
C/o Department of Hospitality Management
KENYATTA UNIVERSITY
2. Dr. Esther Munyiri
C/o Department of Tourism Management
KENYATTA UNIVERSITY

RM/cao

APPENDIX 7.10 RESEARCH AUTHORIZATION



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,
2241349, 3310571, 2219420
Fax: +254-20-318245, 318249
Email: dg@nacosti.go.ke
Website: www.nacosti.go.ke
When replying Please quote

9th Floor, Utalii House
Uhuru Highway
P. O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

NACOSTI/P/16/4814/13518

Date:

16th September, 2016

Ruth Kemunto Kimaiga
Kenyatta University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “*Small and Medium-Sized Tourism Enterprises as drivers for inclusive growth: Perspectives of the regulatory framework in Mombasa County,*” I am pleased to inform you that you have been authorized to undertake research in **Mombasa County** for the period ending **14th September, 2017.**

You are advised to report to **the County Commissioner and the County Director of Education, Mombasa County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

**BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner
Mombasa County.

The County Director of Education
Mombasa County.

**APPENDIX 7.11 ITEM-TOTAL STATISTICS FOR SMTEs OWNERS'
QUESTIONNAIRE**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I use a significant amount of my sales to comply with various regulations which reduce my profits	112.83	101.178	-.040	.815
The time I spend complying with the various regulations diverts my attention from wealth creating initiatives	112.61	102.897	-.169	.818
The cost of complying with the many government regulations reduces the amount of money I re-invest in the business thus hindering growth of the business	112.71	99.036	.092	.812
The cost of complying with many government regulations reduces my ability to exploit new opportunities which hinders my business growth	112.83	99.178	.079	.812
The cost of complying with many government regulations affects my ability to employ an adequate number of employees	112.44	103.285	-.222	.817
compliance costs to the various regulations affects my ability to employ a fully skilled workforce	112.34	103.504	-.231	.818
tourism regulatory authority regulations 2014	113.20	91.441	.541	.794
value added tax regulations	113.15	92.994	.464	.798
county by-laws	113.53	93.943	.385	.801
health and safety regulations	113.78	96.589	.218	.807
environment regulations (NEMA)	113.80	97.682	.219	.807
planning/building/development regulations	113.71	94.450	.338	.803
employment regulations e.g. employment Act	113.64	93.302	.448	.798
labour relations regulations	113.73	92.753	.519	.796
social development regulations e.g. NSSF	113.69	94.423	.363	.802
occupational safety and health regulations	113.46	100.252	.010	.815
income and corporate tax regulations	113.15	96.925	.249	.806
music copyright society regulations	113.59	97.314	.136	.812

the many taxes a pay both to the county and national government do not allow me to increase my employees' salaries	113.15	88.994	.546	.792
it is difficult to comply with the working hours requirement since my returns can only allow me to employ a few employees	113.05	88.877	.495	.795
the many taxes I pay make it impossible for me to have all my employees on permanent basis	112.88	92.244	.373	.801
there are taxes I pay to both the County and National government hence i feel it is an issue of double taxation	112.49	93.703	.470	.798
compliance costs to regulations reduce my profits	112.64	85.716	.798	.781
due to compliance costs to regulations, I am not able to guarantee security of my employment for my employees	112.58	85.007	.789	.780
I am not able to provide training opportunities to my employees due to low returns from my business	112.49	89.634	.678	.789
involvement of operators in the development of regulations will add value to our businesses	112.27	94.546	.404	.800
adequate and timely communication before new legislations/regulations are enforced would be beneficial to us	112.31	100.457	.002	.815
consolidating the number of licenses required to run a small business would improve our returns on investment	112.08	101.286	-.044	.814
reducing the number of requirements for licensing will save time and add value to our operations	112.05	100.808	.005	.812
sensitization of operators on various regulations will enable them make informed choices	112.07	94.788	.513	.799
developing regulations taking into consideration challenges faced by tourism SMEs will be beneficial	112.20	95.475	.290	.805

**APPENDIX 7.12 ITEM-TOTAL STATISTICS FOR SMTES EMPLOYEES'
QUESTIONNAIRE**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I am satisfied with the level of pay I receive from my job	37.91	107.018	.531	.903
I have a sense of security in my job	37.95	104.967	.747	.897
the owners of this enterprise have a mutual trust and respect for employees	37.50	103.525	.592	.901
I work for 8 hours a day	38.02	104.168	.674	.899
Anytime I work extra hours, I am paid overtime	37.85	99.782	.761	.895
Safety of employees is a primary concern for the owners in this enterprise	37.65	100.690	.706	.897
The enterprise owners help employees find an ideal balance between work and life responsibilities	37.80	100.460	.769	.895
I can take time off to handle personal commitments	37.72	106.024	.653	.900
The enterprise owners invest in employees through training and development	37.79	106.874	.628	.900
My employer has allowed me to be a member of a trade union	37.83	107.169	.486	.904
The benefits offered by the enterprise provide me with financial security for me and my family	37.91	107.253	.680	.900
Since I got this job, I have been able to buy material things such as household items that make my life comfortable	37.88	104.784	.628	.900
My employer provides medical cover as one of the benefits to employees	36.78	113.993	.122	.916
The pay from my job enables me meet educational needs for my family and myself	37.86	104.352	.712	.898
I feel I have made progress in achieving my life goals	37.85	110.518	.318	.909
I am content with my job hence no need to worry about the future	37.81	110.991	.315	.909
I feel my life is complete and worthwhile working in this job	38.03	107.779	.457	.905

APPENDIX 7.13 FREQUENCIES FOR RESEARCH QUESTIONNAIRES

A) FREQUENCIES FOR SMTES OWNER/MANAGERS' QUESTIONNAIRE

The time I spend complying with the various regulations diverts my attention from wealth creating initiatives

	Frequency	Percent	Valid Percent	Cumulative Percent
disagree	2	3.4	3.4	3.4
neutral	8	13.6	13.6	16.9
Valid agree	41	69.5	69.5	86.4
strongly agree	8	13.6	13.6	100.0
Total	59	100.0	100.0	

The cost of complying with the many government regulations reduces the amount of money I re-invest in the business thus hindering growth of the business

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	1	1.7	1.7	1.7
disagree	3	5.1	5.1	6.8
Valid neutral	9	15.3	15.3	22.0
agree	38	64.4	64.4	86.4
strongly agree	8	13.6	13.6	100.0
Total	59	100.0	100.0	

The cost of complying with many government regulations reduces my ability to exploit new opportunities which hinders my business growth

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	2	3.4	3.4	3.4
disagree	3	5.1	5.1	8.5
Valid neutral	9	15.3	15.3	23.7
agree	41	69.5	69.5	93.2
strongly agree	4	6.8	6.8	100.0
Total	59	100.0	100.0	

The cost of complying with many government regulations affects my ability to employ an adequate number of employees

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid neutral	6	10.2	10.2	10.2
agree	41	69.5	69.5	79.7
strongly agree	12	20.3	20.3	100.0
Total	59	100.0	100.0	

compliance costs to the various regulations affects my ability to employ a fully skilled workforce

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid neutral	5	8.5	8.5	8.5
agree	37	62.7	62.7	71.2
strongly agree	17	28.8	28.8	100.0
Total	59	100.0	100.0	

tourism regulatory authority regulations 2014

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no impact	3	5.1	5.1	5.1
little impact	6	10.2	10.2	15.3
moderate impact	18	30.5	30.5	45.8
major impact	32	54.2	54.2	100.0
Total	59	100.0	100.0	

value added tax regulations

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no impact	3	5.1	5.1	5.1
little impact	4	6.8	6.8	11.9
moderate impact	19	32.2	32.2	44.1
major impact	33	55.9	55.9	100.0
Total	59	100.0	100.0	

county by-laws

	Frequency	Percent	Valid Percent	Cumulative Percent
no impact	1	1.7	1.7	1.7
little impact	18	30.5	30.5	32.2
Valid moderate impact	19	32.2	32.2	64.4
major impact	21	35.6	35.6	100.0
Total	59	100.0	100.0	

health and safety regulations

	Frequency	Percent	Valid Percent	Cumulative Percent
no impact	3	5.1	5.1	5.1
little impact	22	37.3	37.3	42.4
Valid moderate impact	20	33.9	33.9	76.3
major impact	14	23.7	23.7	100.0
Total	59	100.0	100.0	

environment regulations (NEMA)

	Frequency	Percent	Valid Percent	Cumulative Percent
no impact	1	1.7	1.7	1.7
little impact	20	33.9	33.9	35.6
Valid moderate impact	31	52.5	52.5	88.1
major impact	7	11.9	11.9	100.0
Total	59	100.0	100.0	

planning/building/development regulations

	Frequency	Percent	Valid Percent	Cumulative Percent
no impact	4	6.8	6.8	6.8
little impact	17	28.8	28.8	35.6
Valid moderate impact	23	39.0	39.0	74.6
major impact	15	25.4	25.4	100.0
Total	59	100.0	100.0	

employment regulations e.g. employment Act

	Frequency	Percent	Valid Percent	Cumulative Percent
no impact	3	5.1	5.1	5.1
little impact	14	23.7	23.7	28.8
Valid moderate impact	28	47.5	47.5	76.3
major impact	14	23.7	23.7	100.0
Total	59	100.0	100.0	

labour relations regulations

	Frequency	Percent	Valid Percent	Cumulative Percent
no impact	3	5.1	5.1	5.1
little impact	15	25.4	25.4	30.5
Valid moderate impact	31	52.5	52.5	83.1
major impact	10	16.9	16.9	100.0
Total	59	100.0	100.0	

social development regulations e.g NSSF

	Frequency	Percent	Valid Percent	Cumulative Percent
no impact	3	5.1	5.1	5.1
little impact	17	28.8	28.8	33.9
Valid moderate impact	25	42.4	42.4	76.3
major impact	14	23.7	23.7	100.0
Total	59	100.0	100.0	

occupational safety and health regulations

	Frequency	Percent	Valid Percent	Cumulative Percent
no impact	3	5.1	5.1	5.1
little impact	9	15.3	15.3	20.3
Valid moderate impact	27	45.8	45.8	66.1
major impact	20	33.9	33.9	100.0
Total	59	100.0	100.0	

income and corporate tax regulations

	Frequency	Percent	Valid Percent	Cumulative Percent
little impact	9	15.3	15.3	15.3
Valid moderate impact	18	30.5	30.5	45.8
major impact	32	54.2	54.2	100.0
Total	59	100.0	100.0	

music copyright society regulations

	Frequency	Percent	Valid Percent	Cumulative Percent
no impact	6	10.2	10.2	10.2
little impact	14	23.7	23.7	33.9
Valid moderate impact	16	27.1	27.1	61.0
major impact	23	39.0	39.0	100.0
Total	59	100.0	100.0	

tourism fund regulations

	Frequency	Percent	Valid Percent	Cumulative Percent
no impact	1	1.7	1.7	1.7
little impact	6	10.2	10.2	11.9
Valid moderate impact	19	32.2	32.2	44.1
major impact	33	55.9	55.9	100.0
Total	59	100.0	100.0	

the many taxes I pay both to the county and national government do not allow me to increase my employees' salaries

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	3	5.1	5.1	5.1
disagree	10	16.9	16.9	22.0
Valid neutral	14	23.7	23.7	45.8
agree	25	42.4	42.4	88.1
strongly agree	7	11.9	11.9	100.0
Total	59	100.0	100.0	

it is difficult to comply with the working hours requirement since my returns can only allow me to employ a few employees

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	3	5.1	5.1	5.1
disagree	14	23.7	23.7	28.8
Valid neutral	2	3.4	3.4	32.2
agree	31	52.5	52.5	84.7
strongly agree	9	15.3	15.3	100.0
Total	59	100.0	100.0	

The many taxes I pay make it impossible for me to have all my employees on permanent basis

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	3	5.1	5.1	5.1
disagree	7	11.9	11.9	16.9
Valid neutral	8	13.6	13.6	30.5
agree	30	50.8	50.8	81.4
strongly agree	11	18.6	18.6	100.0
Total	59	100.0	100.0	

compliance costs to regulations reduce my profits

	Frequency	Percent	Valid Percent	Cumulative Percent
disagree	9	15.3	15.3	15.3
neutral	4	6.8	6.8	22.0
Valid agree	30	50.8	50.8	72.9
strongly agree	16	27.1	27.1	100.0
Total	59	100.0	100.0	

Due to compliance costs to regulations, I am not able to guarantee security of my employment for my employees

	Frequency	Percent	Valid Percent	Cumulative Percent
disagree	9	15.3	15.3	15.3
neutral	5	8.5	8.5	23.7
Valid agree	24	40.7	40.7	64.4
strongly agree	21	35.6	35.6	100.0
Total	59	100.0	100.0	

I am not able to provide training opportunities to my employees due to low returns from my business

	Frequency	Percent	Valid Percent	Cumulative Percent
disagree	3	5.1	5.1	5.1
neutral	10	16.9	16.9	22.0
Valid agree	27	45.8	45.8	67.8
strongly agree	19	32.2	32.2	100.0
Total	59	100.0	100.0	

involvement of operators in the development of regulations will add value to our businesses

	Frequency	Percent	Valid Percent	Cumulative Percent
neutral	11	18.6	18.6	18.6
Valid agree	21	35.6	35.6	54.2
strongly agree	27	45.8	45.8	100.0
Total	59	100.0	100.0	

consolidating the number of licenses required to run a small business would improve our returns on investment

	Frequency	Percent	Valid Percent	Cumulative Percent
neutral	3	5.1	5.1	5.1
Valid agree	26	44.1	44.1	49.2
strongly agree	30	50.8	50.8	100.0
Total	59	100.0	100.0	

reducing the number of requirements for licensing will save time and add value to our operations

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid agree	30	50.8	50.8	50.8
strongly agree	29	49.2	49.2	100.0
Total	59	100.0	100.0	

sensitization of operators on various regulations will enable them make informed choices

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid neutral	3	5.1	5.1	5.1
agree	25	42.4	42.4	47.5
strongly agree	31	52.5	52.5	100.0
Total	59	100.0	100.0	

developing regulations taking into consideration challenges faced by tourism SMEs will be beneficial

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	2	3.4	3.4	3.4
neutral	3	5.1	5.1	8.5
agree	25	42.4	42.4	50.8
strongly agree	29	49.2	49.2	100.0
Total	59	100.0	100.0	

B) FREQUENCIES FOR SMTES EMPLOYEES' QUESTIONNAIRE

I am satisfied with the level of pay I receive from my job

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	97	25.1	25.1	25.1
disagree	216	55.8	55.8	80.9
neutral	17	4.4	4.4	85.3
agree	57	14.7	14.7	100.0
Total	387	100.0	100.0	

I have a sense of security in my job

	Frequency	Percent	Valid Percent	Cumulative Percent
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	strongly disagree	88	22.7	22.7	22.7
	disagree	226	58.4	58.4	81.1
Valid	neutral	40	10.3	10.3	91.5
	agree	33	8.5	8.5	100.0
	Total	387	100.0	100.0	

the owners of this enterprise have a mutual trust and respect for employees

		Frequency	Percent	Valid Percent	Cumulative Percent
	strongly disagree	76	19.6	19.6	19.6
	disagree	148	38.2	38.2	57.9
Valid	neutral	64	16.5	16.5	74.4
	agree	91	23.5	23.5	97.9
	strongly agree	8	2.1	2.1	100.0
	Total	387	100.0	100.0	

I work for 8 hours a day

		Frequency	Percent	Valid Percent	Cumulative Percent
	strongly disagree	127	32.8	32.8	32.8
	disagree	183	47.3	47.3	80.1
Valid	neutral	43	11.1	11.1	91.2
	agree	25	6.5	6.5	97.7
	strongly agree	9	2.3	2.3	100.0
	Total	387	100.0	100.0	

Anytime I work extra hours, I am paid overtime

		Frequency	Percent	Valid Percent	Cumulative Percent
	strongly disagree	121	31.3	31.3	31.3
	disagree	176	45.5	45.5	76.7
Valid	neutral	9	2.3	2.3	79.1
	agree	72	18.6	18.6	97.7
	strongly agree	9	2.3	2.3	100.0
	Total	387	100.0	100.0	

Safety of employees is a primary concern for the owners in this enterprise

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	95	24.5	24.5	24.5
disagree	158	40.8	40.8	65.4
neutral	53	13.7	13.7	79.1
agree	65	16.8	16.8	95.9
strongly agree	16	4.1	4.1	100.0
Total	387	100.0	100.0	

The enterprise owners help employees find an ideal balance between work and life responsibilities

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	103	26.6	26.6	26.6
disagree	177	45.7	45.7	72.4
neutral	50	12.9	12.9	85.3
agree	41	10.6	10.6	95.9
strongly agree	16	4.1	4.1	100.0
Total	387	100.0	100.0	

I can take time off to handle personal commitments

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	68	17.6	17.6	17.6
disagree	177	45.7	45.7	63.3
neutral	109	28.2	28.2	91.5
agree	33	8.5	8.5	100.0
Total	387	100.0	100.0	

The enterprise owners invest in employees through training and development

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	58	15.0	15.0	15.0
disagree	231	59.7	59.7	74.7
neutral	58	15.0	15.0	89.7
agree	40	10.3	10.3	100.0
Total	387	100.0	100.0	

The benefits offered by the enterprise provide me with financial security for me and my family

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	64	16.5	16.5	16.5
disagree	249	64.3	64.3	80.9
Valid neutral	49	12.7	12.7	93.5
agree	25	6.5	6.5	100.0
Total	387	100.0	100.0	

Since I got this job, I have been able to buy material things such as household items that make my life comfortable

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	112	28.9	28.9	28.9
disagree	166	42.9	42.9	71.8
Valid neutral	60	15.5	15.5	87.3
agree	49	12.7	12.7	100.0
Total	387	100.0	100.0	

My employer provides medical cover as one of the benefits to employees

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	41	10.6	10.6	10.6
disagree	63	16.3	16.3	26.9
Valid neutral	75	19.4	19.4	46.3
agree	184	47.5	47.5	93.8
strongly agree	24	6.2	6.2	100.0
Total	387	100.0	100.0	

The pay from my job enables me meet educational needs for my family and myself

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	81	20.9	20.9	20.9
disagree	214	55.3	55.3	76.2
Valid neutral	59	15.2	15.2	91.5
agree	24	6.2	6.2	97.7
strongly agree	9	2.3	2.3	100.0
Total	387	100.0	100.0	

I feel I have made progress in achieving my life goals

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	100	25.8	25.8	25.8
disagree	184	47.5	47.5	73.4
neutral	58	15.0	15.0	88.4
agree	34	8.8	8.8	97.2
strongly agree	11	2.8	2.8	100.0
Total	387	100.0	100.0	

I am content with my job hence no need to worry about the future because

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	93	24.0	24.0	24.0
disagree	174	45.0	45.0	69.0
neutral	81	20.9	20.9	89.9
agree	33	8.5	8.5	98.4
strongly agree	6	1.6	1.6	100.0
Total	387	100.0	100.0	

I feel my life is complete and worthwhile working in this job

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	138	35.7	35.7	35.7
disagree	174	45.0	45.0	80.6
neutral	34	8.8	8.8	89.4
agree	32	8.3	8.3	97.7
strongly agree	9	2.3	2.3	100.0
Total	387	100.0	100.0	

APPENDIX 7.14 TIMELINE FOR MAJOR MILESTONES

YEAR	MONTH	MAJOR MILESTONES
2015	August-October	<ul style="list-style-type: none"> • Concept preparation and presentation
	November-December	<ul style="list-style-type: none"> • Introduction and Literature review
2016	January-February	<ul style="list-style-type: none"> • Research methodology • First draft submission to supervisors
	March	<ul style="list-style-type: none"> • Proposal review as per supervisors' guidance • Forward proposal to Department and request for defence
	April	<ul style="list-style-type: none"> • Department proposal presentation/defence
	June-July	<ul style="list-style-type: none"> • Proposal review as per Department guidance • Forward proposal to graduate school
	July-September	<ul style="list-style-type: none"> • Pre-testing of research instruments • Review of research instruments as per results from pre-test • Obtain Research permit from NACOSTI
	October 2016-March 2017	<ul style="list-style-type: none"> • Data collection • Data Entry and Analysis
2017	April- May	<ul style="list-style-type: none"> • Thesis writing
	June-September	<ul style="list-style-type: none"> • Results and discussion, Summary & conclusions • Presentation of first draft of thesis to supervisors • Review of thesis as per supervisors' guidance • Presentation of second draft to supervisors • Review of thesis and request for Department defence
	October/November	<ul style="list-style-type: none"> • Department presentation/ defence • Submission of notice of submission of Thesis to Graduate School
	November-December	<ul style="list-style-type: none"> • Correction of the presented draft as per Department's guidance
2018	January-February	<ul style="list-style-type: none"> • Submission of the corrected version to Graduate school
	April	<ul style="list-style-type: none"> • Final defence at Graduate School
	May	<ul style="list-style-type: none"> • Correction and submission of corrected copy to Graduate School
	June-July	<ul style="list-style-type: none"> • Application for graduation & graduation

APPENDIX 7.15 RESEARCH BUDGET

Budget Items	Quantity	Cost/Unit	Year 1 Amount (KES)	Year 2 Amount (KES)	Year 3 Amount (KES)
8.1. Expendable supplies					
Printing papers	10 reams	600	6,000	-	-
Field note books	1 dozen	1,500	1,500	-	-
Pilot pens (erasable)	4 packets	5,400	21,600	-	-
Internet (data bundles)	81 cards	1,000	61,000	10,000	10,000
Airtime	20 cards	1,000	20,000	-	-
Document folders	1 dozen	2,600	2,600	-	-
Sub-total			112,700	10,000	10,000
8.3. Local travel (<i>local traveling costs, accommodations, allowances - should not be more than 20% of the total budget</i>) - <i>This grant does not support international travelling costs at all.</i>					
Travelling (Nrb-Msa)	2 pax	30,000	60,000	-	-
Travelling within Mombasa County	2 pax	7,500	15,000	-	-
Transport reimbursement to focus group participants	3 each 10 pax	2,000	60,000	-	-
Daily subsistence allowance for researcher and assistant	2 pax for 24 days @4,500 pp	108,000	216,000	-	-
Allowance to research assistant	24days	2,000	48,000	-	-
Sub-total			399,000	-	-
8.4. Documentation, publication costs, conferences					
Focus group discussion venue (conferences)	3 for 10 pax each	50,000	150,000	-	-
Thesis typesetting, printing and binding	25 copies	30,000	118,150	230,850	75,000
Publication of findings in tourism journals	3 papers	90,000	-	180,000	90,000
Stakeholders' final conference (Msa)			-	184,000	-
Sub-total			268,150	594,850	165,000
Yearly Budget			779,850	604,850	175,000
Total Amount	1,559,700/=				