

Contribution of Tourism to Micro- and Small-Enterprise Growth

Mshenga, P. M., Richardson, R. B., Njehia, B. K. and Birachi, E. A.

*Department of Agricultural Economics and Agribusiness Management, Egerton University. P. O. Box
536, Egerton*

Agriculture, Recreation and Resource Studies, Michigan State University, East Lansing, MI, USA

E-mail: patmapenzi@yahoo.com

Abstract

Tourism is an increasingly important economic sector in many developing countries. In Kenya it represents the second greatest contribution to Gross Domestic Product (GDP) after agriculture. Data from a survey of 449 micro and small enterprises (MSEs) in coastal Kenya were used in a modified Evans Growth Model to examine the contribution of tourism to the growth of farm and non-farm MSEs. We also examine the influence of entrepreneur and business characteristics on the growth of farm and non-farm MSEs along the Kenyan Coast. Age of the business, business income, marital status, number of employees, and form of business organization were found to significantly influence MSE growth. Tourist spending and activities were also found to have a significant effect on the growth of MSEs. The results have implications for the role of tourism in economic development, small business growth and poverty alleviation.

Key words: Coastal Tourism; Micro and Small Enterprises; Business Growth; Economic Development; Kenya