

# **Contribution and Growth of Small Car Wash Business to Addressing Youth Unemployment and Sustainability in Kericho County, Kenya. A Case Study of Baraka Riverbank**

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## **Abstract**

Kenya has recently seen an unusual increase in the number of small-scale, informal car washes. This research examines the role of small car washes in reducing youth unemployment, with a focus on Kericho County's Baraka riverbank, which has a high concentration of small car washes. The topic of youth self-entrepreneurship in relation to the critical factor of employability is investigated using the entrepreneurial ecosystem conceptual model. The results highlight a number of socioeconomic issues and vulnerable livelihoods. While the Kenyan economy has mostly been characterized by growth, it has failed to create jobs, resulting in an unemployment problem that has forced many young people to seek alternate ways of survival. Car wash entrepreneurship becomes intriguing in this environment because it is relatively easy to start and requires little initial capital. Car wash enterprises not only bring hope to jobless youth, but they also contribute to the economy. However, in its current form, this approach is not long-term viable or profitable. This necessitates strong policy intervention in order to achieve SMME status.

**Key Words:** *Entrepreneurship, Youth unemployment, carwash*

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## **I. Introduction**

The volume of traffic on Kenya's highways has considerably grown. The number of vehicles on our roadways is expected to continue to increase as the middle class expands. There's a hidden business potential here. Apart from being a threat in the form of the dreaded traffic jams that city inhabitants have grown accustomed to, it may also turn out to be a lucrative economic opportunity. This increase in the number of people owning cars is an opportunity for young people. Every now and then, these cars will require cleaning. Car wash services will be in high demand as a result of this.

Loads of automobiles have been pouring onto Kenyan streets every month in recent months. Kenyans purchased 90,664 cars in 2013, according to the Kenya National Bureau of Statistics. The goal of this study was to see if the development of small scale car wash enterprises in Kenya is a response to the country's high youth unemployment rate, or if it is a reflection of the youth's growing entrepreneurship and entrepreneurial mindset. It aims to see if the enterprises under investigation contribute to the country's economic progress by tackling youth unemployment issues. It also examines the challenges and opportunities that exist within the business structure, as well as the enabling environment, that affect the sustainability and potential growth of these businesses for car washers, as there is a significant spillover effect because they can now get more customers who want their cars washed.

## **II. Background and Context**

Kenya's economy is the fourth largest in Sub-Saharan Africa (SSA), and Nairobi is the country's capital. It is located between 5°N and 5°S latitudes and 34°E and 42°E longitudes. It is surrounded on the southeast by the Indian Ocean, on the east by Somalia, on the north by Ethiopia, on the north by Sudan, on the northwest by Uganda, and on the south by Tanzania. With an estimated 40 million people in 2013, it is the sixth most populous country in SSA. There are 42 ethnic communities in the city, and the population is growing at a pace of 2.5 percent per year. The area is 580,400 km<sup>2</sup> and the population density is 69 people per km<sup>2</sup>. In 1963, it declared independence from the United Kingdom. The official language is English, and the national language is Kiswahili. Kenya has a literacy rate of 73.6 percent among adults. In purchasing power parity (PPP) figures, the gross domestic product (GDP) per capita in 2011 was \$1,700 [4]. Only the average national income is

reflected in GDP per capita. Agriculture and tourism are the mainstays of the country's economy. It is governed by a multiparty system. More than 60% of Kenyans are poor (living on less than \$1.00 per day or unable to afford food that provides a daily intake of 2,100 kilocalories). These folks are either asset less or have little assets, and they cultivate small plots of land that are insufficient to make a living. Kenya is confronted with a classic food price conundrum: how to keep agricultural prices high enough to offer farmers with production-strengthening incentives while still keeping them affordable. Another key issue in Kenya is food price fluctuation, which is commonly cited as a major hindrance to smallholder productivity growth and food security. Rapid spikes in inflation can stifle economic growth and exacerbate poverty among a country's inhabitants (Mohajan, 2013).

Unemployment in Kenya has become a concern for both those in positions of authority and people looking for work. Despite the fact that successive governments have attempted to alleviate an already dire situation, labor supply has increased in relation to demand. This has resulted in a significant backlog. The youth, who are looking for a return on their investment in education, are the ones who are most affected. Though there are varying statistics on Kenya's unemployment rate, there is little doubt that it is high, based on data from many stakeholders. According to a recent UN report, Kenya's unemployment rate is 39.1%, according to the Human Development Index (HDI) 2017. Kenya has the highest unemployment rate in the East Africa, according to the data. With a population of over 40 million people, unemployment is a major concern in Kenya, particularly among the youth. As previously said, youth unemployment is a major worry for policymakers, and the Kenyan government must implement a number of initiatives to solve the problem of "youth unemployment."

The findings of a Botswana Institute for Development Policy Analysis (BIDPA) research into another Botswana government program, Ipelegeng, a labor-intensive public works program, are illuminating. The majority of respondents (82%) thought "the program had helped them improve their welfare," but the "notion that Ipelegeng could be used as a vehicle for entrepreneurial skills and small business development was rejected by 62.6 percent of respondents and endorsed by only 37.4 percent," leading BIDPA researchers to conclude that "Ipelegeng is weak as an entrepreneurial vehicle." (Marobela, Mebratu, & Shunda, 2016).

The subject matter of this research; car wash business, serves as an initiative to create employment among the youth in Kenya: car wash business. Recognizing the potentiality of the car wash business to generate employment among the youth, The Ministry of Youth, Sport and Culture, through the Youth Empowerment Schemes should target the young people in the car wash business or those interested in the car wash business. Legal regulation of the car wash industry is a clear indication of the importance the Government of Kenya attaches to this industry in helping to reduce unemployment among the youth. The informal self-employed car washers face a number of challenges including; inadequate access to credit facilities due lack of collateral securities, lack of enough space to accommodate all the participants, extreme weather conditions especially during rainy seasons since they don't have shades and they are not yet recognized by any organization.

### **III. Literature Review**

Entrepreneurship has long been recognised as a catalyst for economic growth. Entrepreneurship necessitates dedication (Crocì, 2016). Entrepreneurship is a different discipline in and of itself. Crocì (2016) also characterized entrepreneurship as an autonomous and interdisciplinary discipline that may work independently. According to another study, entrepreneurship "begins with action and the formation of a new organization" (Barot, 2015). According to Barot (2015), entrepreneurship is a key to success, and everybody who starts a new company organization is entering a new paradigm of entrepreneurship. Nonetheless, entrepreneurship is a disciplined and self-sufficient activity that has converted old behaviors into new ones. Entrepreneurship is a kind of expression (Chang et al, 2015). "Art entrepreneurship is a relatively new field of research," according to Chang (2015), "and the focus area is exploring the management process of entrepreneurship such as creativity and autonomy, adaptation, and creating artistic as well as economic and social value."

Entrepreneurship, according to some studies, is a cure-all for unemployment (Oladele, Akeke, & Oladunjoye, 2012). However, it remains to be seen whether entrepreneurship can truly be the remedy to capitalism's problems. In Africa, harnessing the power ascribed to entrepreneurship as a lever for economic performance and job creation remains a challenging problem. Despite the growth of the private sector, governments still have to deal with a large number of people looking for work. As a result, an investigation of the economic structure is critical in determining the main cause of joblessness, the implications, and why young people are motivated to pursue entrepreneurship despite all difficulties.

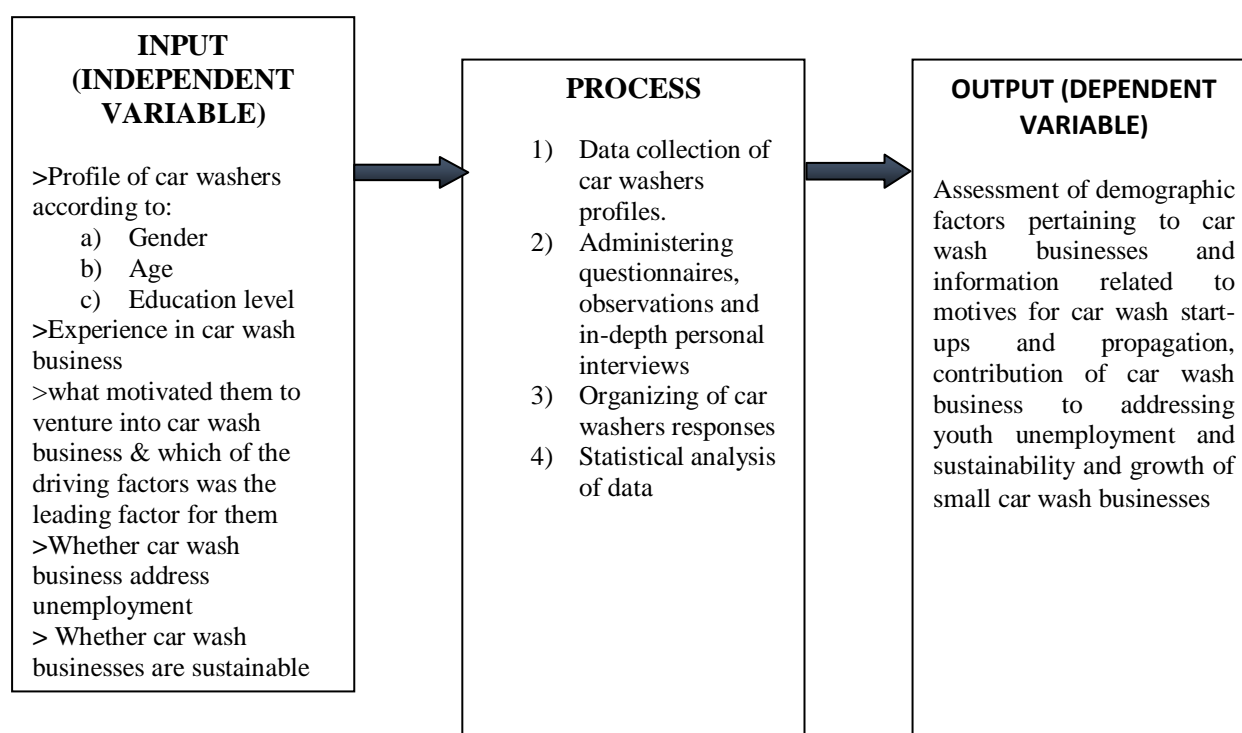
The quality of life of a country's citizens reflects its economic success. People in Kenya and many other African countries, especially the so-called industrialized countries with a higher quality of living, nonetheless struggle to put food on the table due to a lack of job possibilities. The kids who complete secondary and postsecondary school in the hopes of finding work are the ones that suffer the most. In this setting, youth unemployment is linked to the more recent emergence of entrepreneurial informal business initiatives. In some

cases, job insecurity leads to undesirable anti-social consequences such as crime and drug use (Anho, 2014). When young people are excluded from mainstream political and economic activities, they become apathetic and alienated.

Okorie et al. (2013) looked into the impact of youth participation in car wash activities (CWA) on agricultural labor. They discovered that, while CWAs provided kids with daily earnings, 82.2 percent of respondents said that their involvement with CWAs barely supplied their basic needs, and that 93 percent of respondents did not perceive CWAs as having a future (Okorie, et al., 2013). In terms of job satisfaction, the majority of respondents (84.1%) were dissatisfied with their job satisfaction in CWAs, and the researchers concluded that "lack of skills for alternative livelihood strategies among the respondents, as well as the daily earnings that their engagement in CWAs guarantees" kept respondents in CWAs. These two issues appear to have served as exit obstacles for the respondents from the car wash sector. This is an intriguing circumstance because new entrants are frequently discouraged by entry hurdles (Shunda, Marobela, & Ganamotse, 2015).

#### IV. Conceptual Model

The diagram below represents the input-process-output (IPO) model visual diagram for this research's conceptual framework.



#### V. Materials and Methods

This study adopted a survey research technique design. The data was collected using a questionnaire that sought information on the profile and characteristics of people who venture into small car wash businesses, key factors that lead to the start-up of these businesses/occupations, and the extent to which small car wash businesses respond to unemployment concerns in Kenya.

The data was gathered using a convenience sample of 50 small vehicle washers in Bararaka riverbank. This required conducting personal, in-depth interviews with car wash workers in order to gain a better understanding of their experiences, employment history, socioeconomic background, and how all of this influenced their entrepreneurial goals. Furthermore, the researcher leveraged the participants' observations over time by interacting with them as real customers by having them wash their own cars. These encounters gave me valuable insight into the inner workings, structure, and relationships of small car washers. For example, it was discovered that the majority of vehicle washers work full-time. Another level is co-ownership, in which two or three young people collaborate and share proceeds based on the number of cars washed.

## VI. Results and Discussion

This section elaborates the demographics of car washers. It also examines statistics on the factors that drive car wash start-ups and expansion, the importance of car wash businesses to reducing youth unemployment, and the viability and growth of small car wash enterprises.

### 6.1 Socio-demographic characteristics

**Table 1: Respondents' Gender, Age and Level of education**

Socio-demographics (n=50)	Percent (%)
<b>Gender</b>	100%
Male	0%
Female	
<b>Age distribution</b>	
20-25 years	34%
26-35 years	48%
36-40 years	4%
41-50 years	4%
<b>Education level</b>	
Pre-primary	
Primary	20%
Secondary	44%
Post-secondary	24%
	12%

The 50 youth car washers questioned were all male (100%), with no female participation, indicating that the car wash business is primarily a male-dominated activity in Kenya.

This is in line with the findings of a survey conducted by Marobela, Mebratu, and Shunda (2016), which found that males participate in emerging and new entrepreneurship activities at a considerably higher rate (96%) than females (4 percent). According to some researchers, women's low participation in business ventures is due to a combination of factors, including stereotypical gender roles, disproportionate family responsibilities that leave women with little time for business ventures, lack of resources, low levels of education for women, differences in personal risk taking attributes, and other personal and socio-economic factors (Caliendo et al., 2014)

The majority of people who start a small car wash business in Kenya are between the ages of 26 and 35, with only 8% of the examined population being between the ages of 36 and 50.

Youth is defined as a person between the ages of 15 and 35, according to BIDPA-World Bank (2012). When we apply this criterion to our findings, we see that the car wash industry in Kenya is dominated by youth, with 90 percent of vehicle washers being between the ages of 15 and 35.

The analysis of data also reveal that 64% of people who started a car wash business had only an elementary education.

The idea that education level is one of the key demographic characteristics for accessing or limiting formal employment options, leading to informal business endeavors, is supported by research (Anho, 2014).

### 6.2 Experience in car wash business venture

According to the findings, 28% of the questioned youth car washers were started within the last year, while 32% are 2-3 years old, making 60% of the sample population youthful businesses with less than 3 years of experience. Despite the fact that the vehicle wash industry has been around in Kenya for more than 20 years, the data shows that the number of car wash business initiatives is rapidly expanding.

### 6.3 What motivated them to venture into car wash business & which of the driving factors was the leading factor for them

According to the results of the first question, 63% of the sample population said their start-up was driven by a desire to seize a business opportunity, while 37% percent said they had no other options or needed to supplement their low-paying part-time jobs. When asked to rate the most compelling reasons for starting a car wash business, 48 % cited a lack of work as the most compelling reason, 43% cited a desire to raise personal income, and the remaining 9% cited a desire for increased freedom. This indicates that the primary motivator for 91% of respondents was to meet fundamental economic needs.

Williams & Round (2016) asserts that entrepreneurial motives are presented in the literature and research as a dichotomy of two motivational variables known as necessity vs opportunity factors. Entrepreneurship is sometimes referred to as a "pull or push" factor, with market opportunities being referred to as pull factors and a lack of employment opportunity being referred to as push factors. Necessity entrepreneurs

engage in entrepreneurship to avoid unemployment, whereas opportunity entrepreneurs pursue a recognized opportunity for profit.

#### **6.4 Whether car wash business address unemployment concerns**

In terms of the contribution of their business to their personal economy and family's livelihood, 96% of respondents agree that their car wash business provides them with a source of income and meets their basic needs, and 93% agree that their car wash business served as a viable alternative to other employment opportunities. The car wash business, on the other hand, is the sole source of income and livelihood for 73% of respondents, with 25% indicating supplementary income.

These findings are in contrast with the findings of a study conducted in Nigeria which found that, while car wash businesses could provide daily cash flows to their owners, they were considered insufficient to support their families' livelihoods, leading the researchers to conclude that it was not a viable alternative to employment (Okorie et al., 2013).

#### **6.5 Whether car wash businesses are sustainable**

The findings suggest that personal savings and family support were the primary sources of funding for these business start-ups, with none of the respondents receiving a financial loan or assistance from any bank or government organization. Furthermore, our data shows that only 29% of car wash businesses are registered, while 71% are not, implying that accessing support from formal financial and government institutions may be difficult. Whereas 92% of respondents recognize that the car wash industry is highly competitive, and that succeeding and growing the business will necessitate assistance in many areas, including human, financial, and institutional capacity building, 76% of respondents never received any type of business management or technical training before or after starting their business, which could have aided them in managing their business. 95% of those who said they had received some type of training said it was for simple on-the-job car wash operation methods. Only 5% of respondents said they had received government training on topics such as poverty eradication and customer service training, which they found to be extremely valuable to their business management.

According to Okpara (2011), a number of factors influence the long-term viability and expansion of small and medium-sized firms, including the availability or lack of entrepreneurial skill and experience, capital, bad infrastructure, insufficient profitability, and a favorable environment.

#### **6.6 Challenges on the informal self-employed car washers**

This research survey discovered a number of challenges faced by informal youth car washers in Baraka riverbank. They include;

- a) The car washers lack protective clothing which may expose them to waterborne diseases.
- b) Don't easily access any credit facilities and are not affiliated to any self-help group
- c) Limited space which is not enough to accommodate all the available car washers
- d) They are affected by extreme weather conditions especially during rainy seasons since they do not have any shade structures.
- e) Lack of special skills thus limiting their work diversity in other ventures such as car repairs, painting and car servicing, among others.

Despite these challenges, 85% believe the car wash sector has a promising future, and more than 60% of them have expressed growth ambitions such as expanding their business's areas, ideas and locations. Clearly, despite their promising potential and growth, the desire to enter a highly competitive business terrain with a low education profile, minimal prior business and financial management training, and no financial or technical support, these small car wash businesses raise serious doubts about their sustainability and growth, beyond serving as short-term stopgap measures to pacify urgent and underlying unemployment concerns of less educated youth.

#### **6.7 Benefits of informal car washing ventures**

Some of the advantages as pointed out by the study comprises of the following;

- ✓ Cheaper to start as compared to the formal car wash
- ✓ Water used are not metered, i.e. they use free water from the river
- ✓ Provide source of livelihood and economic opportunities to many unemployed youth
- ✓ It also helps curb crime rate in the country since most of the idle youths are actively engaged

## VII. Conclusion and Policy Recommendations

This study looked into the characteristics that prompted Kenyan youth to start a car wash business. Socioeconomic conditions and their impact on young people's livelihoods are one significant driving force. Our findings show that there is a link between informal entrepreneurship, education, and unemployment among young people. The majority of the responders were young people who had dropped out of school and had no formal education. They had tried unsuccessfully to get official employment prior to founding their own firm. As a last resort, they turned to the car wash industry. It is apparent that this type of business currently provides for people's livelihoods and fundamental requirements. However, in the long run, this is not a feasible and sustainable alternative to other work options that pay well. Because this is presently their only chance, it is critical for the government to engage this primarily male youth and develop ways to help them become more formalized and high-income generators, such as car washers at gas stations. Another intervention would be at the policy level, in the form of an empowerment regulatory framework that recognizes them as SMMES and so provides incentives like training and money to make them more appealing and sustainable operations. The policy makers should also make it mandatory for small informal car washers to join Savings and Credit Co-operative Societies in order to align them to regulated car wash business operations.

The statistics indicate that this phenomena is more than merely the youth's desire to pursue business and entrepreneurship. Deep socio-economic distresses lie beneath these motivations. Poor education, unemployment, and poverty are the underlying structural issues that force young people to resort to car washing as a temporary work solution. It is because of these terrible economic realities that the young unemployment movement is born. Unfortunately, when they marched to parliament to protest and express their concerns, they were greeted with police brutality, with some activists being beaten and arrested. In the future, a full-fledged national study is required to properly comprehend the relevance and impact of Kenya's youth informal car wash businesses and relate them to entrepreneurship policy in order to create a conducive environment for them to thrive. Another recommendation suggested by the study which relate to water and environmental health is that the county government should visit all the informal car wash businesses in order to educate them on water conservation and NEMA laws.

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**IMAGES**



1. Radar\_lake\_side\_car\_wash

Source: [https://addisfortune.net/wpcontent/uploads/2013/03/radar\\_lake\\_side\\_car\\_wash.jpg](https://addisfortune.net/wpcontent/uploads/2013/03/radar_lake_side_car_wash.jpg)



2. Kisumu lakeside car-washers

Source: [https://lh3.googleusercontent.com/njiF66sAOghmcWWK\\_QnErWL7-y1Gsoi2b6gNR7](https://lh3.googleusercontent.com/njiF66sAOghmcWWK_QnErWL7-y1Gsoi2b6gNR7)



3. Kisumu lakeside car-washers

Source:[https://lh3.googleusercontent.com/ws-Q\\_FoT5tAvtTKtNmbzIXQ-YM9AaKaNietf6CEG](https://lh3.googleusercontent.com/ws-Q_FoT5tAvtTKtNmbzIXQ-YM9AaKaNietf6CEG)

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