

A long-exposure photograph of a city street at night. The sky is a deep blue with some clouds. On the left, there are several tall buildings, including a prominent one with many windows. The street is illuminated by streetlights, and the motion of vehicles has created long, bright white and red light trails that stretch across the road. A road sign is visible in the foreground on the right side of the road.

State of **Side Hustle** in Kenya 2021

State of Side Hustle in Kenya 2021

Kenyan SME as well as the broader private sector faced one of the toughest test years yet in 2020 owing to the negative effects of COVID 19 with some sectors such as tourism , music and entertainment as well as small scale retail among others bearing the greatest brunt.

Most businesses reacted to the pandemic by reviewing their budgets-costs downwards due to a decline in revenue. One of the major cost that was affected was salaries hence most workers were either laid off or were put on partial pay.

The sudden loss of income and or decline in disposable income in some cases led to a shift to setting up a business either full time or part time with data from the Registrar of Companies showing the business names registered between April and November 2020 rose 58.5 percent to 65,782 compared to 41,490 in a similar period last for 2019 indicating the fastest jump in decades.

The drop or loss of income by formally employed entrepreneurs continues to have the effect of driving them to set up side businesses to supplement their diminishing income.

Viffa is conducted its Third edition exploratory study on side hustles with the objective:



Establish motivation to starting side hustles



Side Hustle sector preference



Performance and unique challenges faced by side hustles



Propose relevant recommendation for SMEs run by formally employed entrepreneurs



Study tool
Online & Telephone survey

Sample Size

137



Sample Design

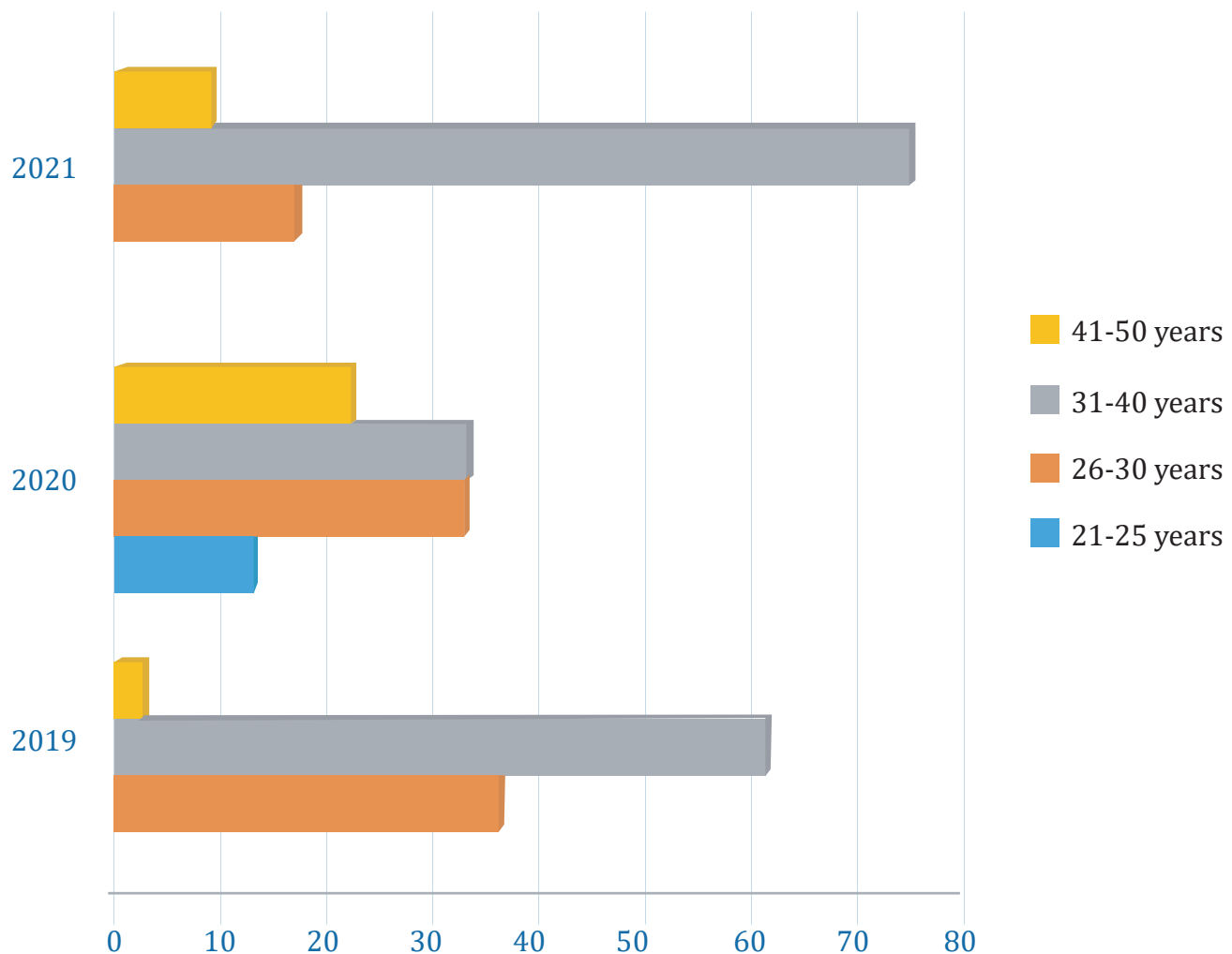
Purposive {Counties; Nairobi, Kajiado, Machakos, Kiambu, Kisumu, Mombasa, Nakuru}
Random {Within counties}

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Results

Entrepreneurs Age Distribution



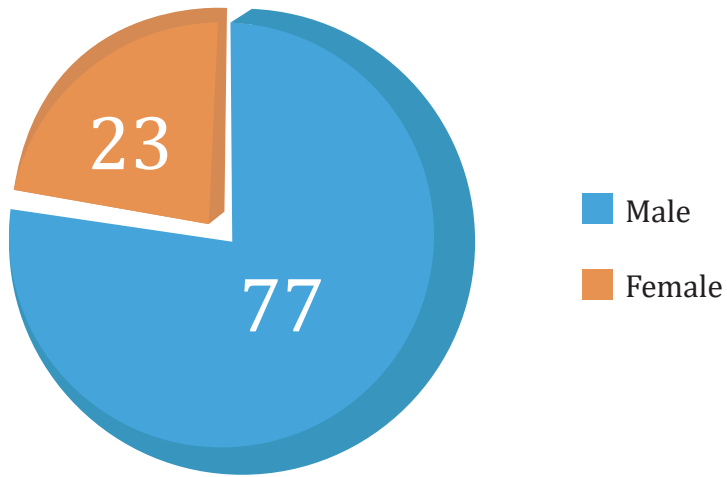
Insight

Leading side hustle age bracket in 2021 was 3-40 Years which also experienced a 42 percent point increase between 2020 and 2021. This could be explained by shedding of formally employed mid to senior level managers or salary cuts due to COVID 19 who in most instance of systemic business shocks are not significantly affected as is seen in previous years.

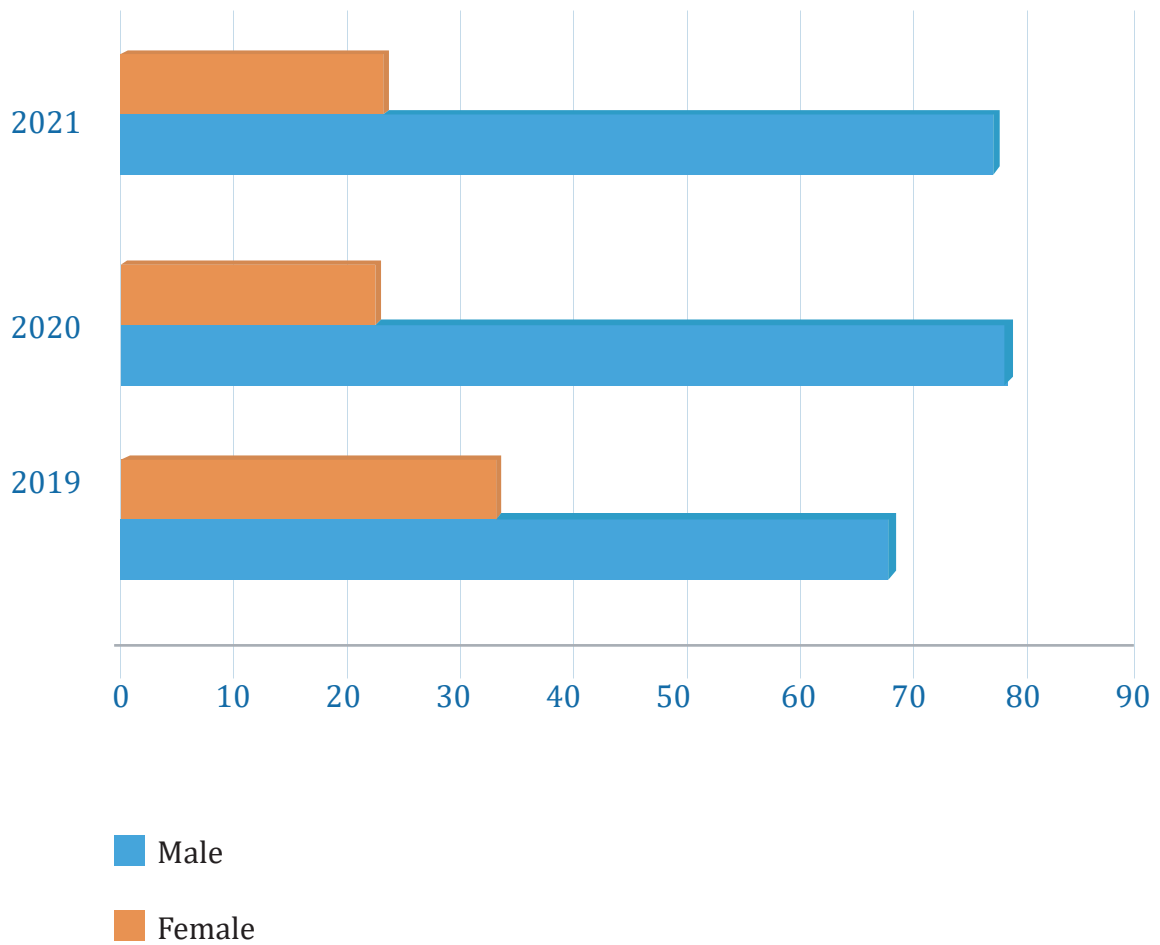
Respondents engaged in side business of age brackets 26-30 Years and 41-50 years experienced a percentage point drop of 16 percent and 14 percent respectively.

Gender

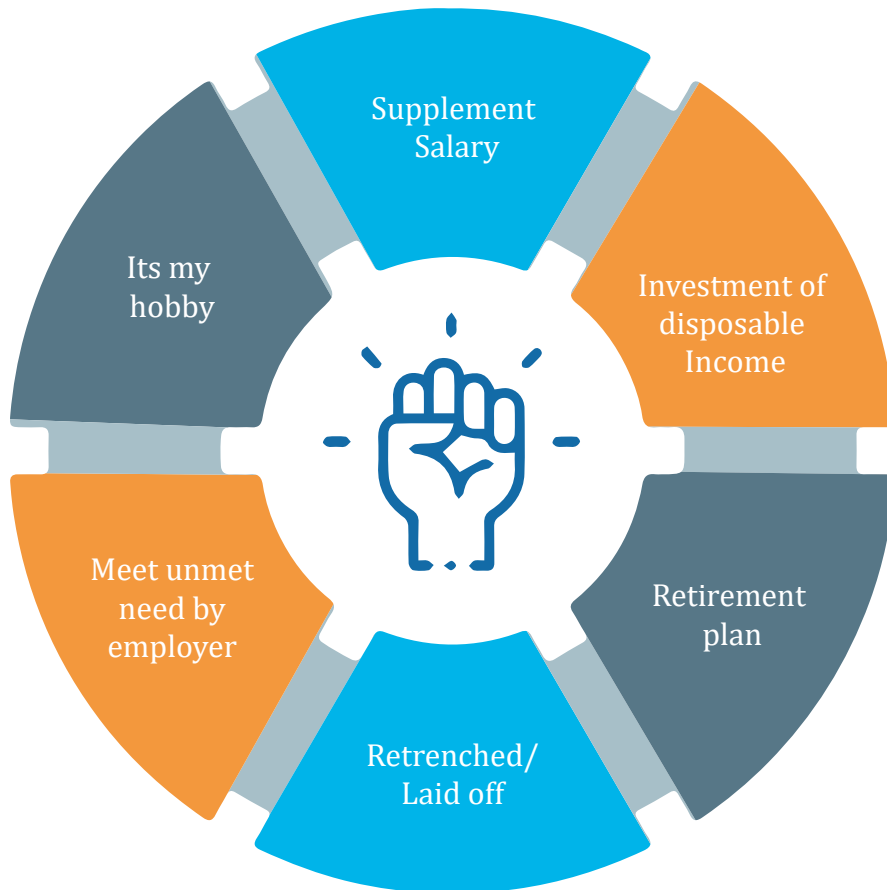
Side Business Gender Distribution 2021



Side Business Gender Distribution Trend



Motivation for starting side business



Insight

Salary supplement remains to motivation for starting side business followed by investment of disposable income and retirement plan both of which respondents indicated provide above market returns compared to government securities. Side Business investment also offered an easy to reach cashflow in case of personal emergency.

Most preferred Side Business Sectors



Insight

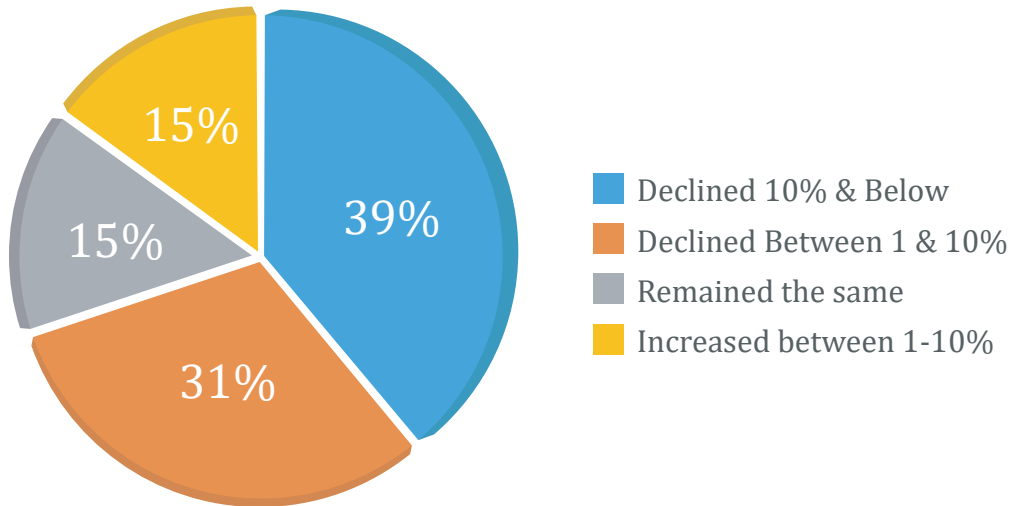
Wholesale-retail dropped from number Three in 2020 to number Seven in 2021 reflecting the cognizant of its vulnerability or risk to external shocks such as demonstrated by COVID 19. This is also backed by Kenya National Bureau of Statistics data (MSME Report 2016) that shows that wholesale retail leads in terms of mortality accounting for over 70 percent of SME mortality.

Sectors that experienced a surge between 2020 and 2021 attributed to COVID 19 are; Education (Online learning and home schooling support), Construction and Real Estate and Business Services.

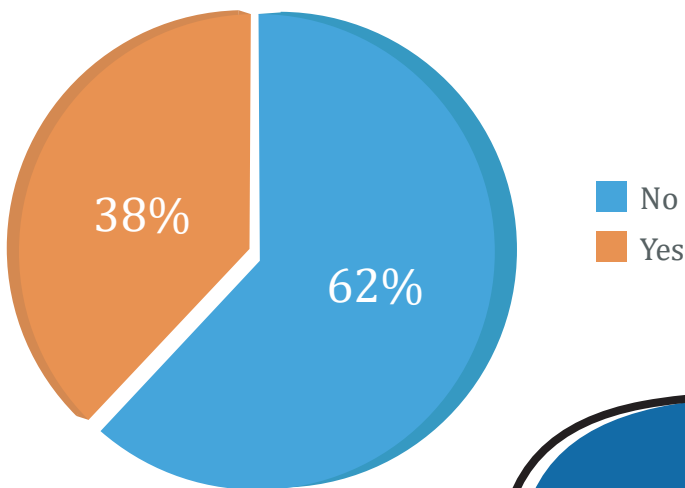
Number of employees

100 percent of respondents indicated they employed between 1-10 people

Revenue performance between 2020 and 2019



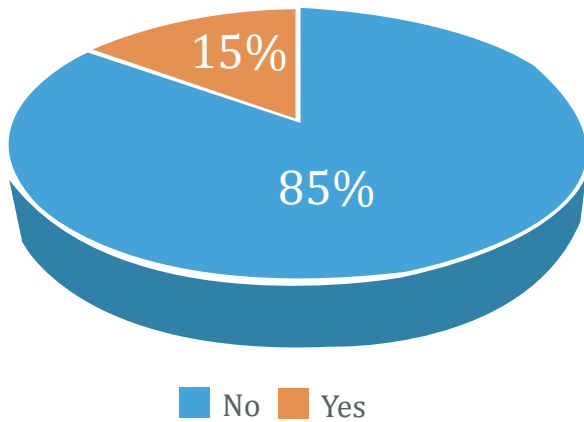
Sale of product online



Insight

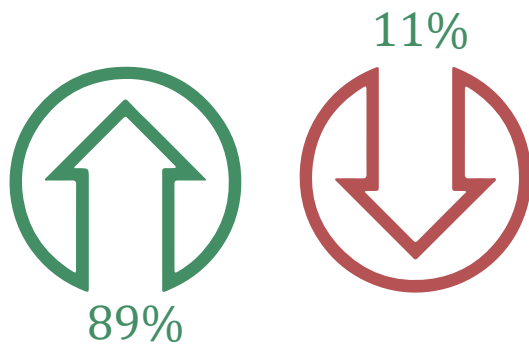
62 percent of respondents indicated that they don't sell their product online despite the impetus to ecommerce driven by COVID 19. This can be explained by sector distribution where agriculture and construction are leading and business model favor brick and mortar rather than ecommerce.

Profitability of side business (Revenue Exceeds Expenses)



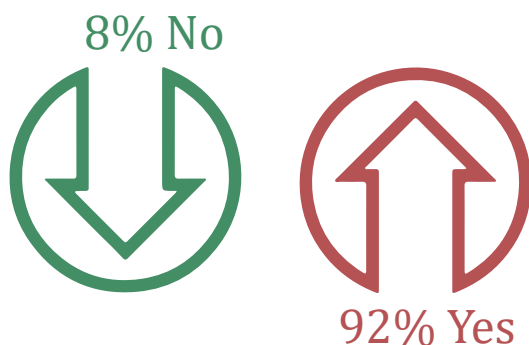
85 percent of respondents indicated that their side business was profitable while 15 percent indicated that their side business wasn't profitable

Effect of side Business to current Income level



89 percent of respondents indicated that their side business improved their level of income while 11% indicated that their side business didn't improve their income level

Effect of side Hustle to performance of day job

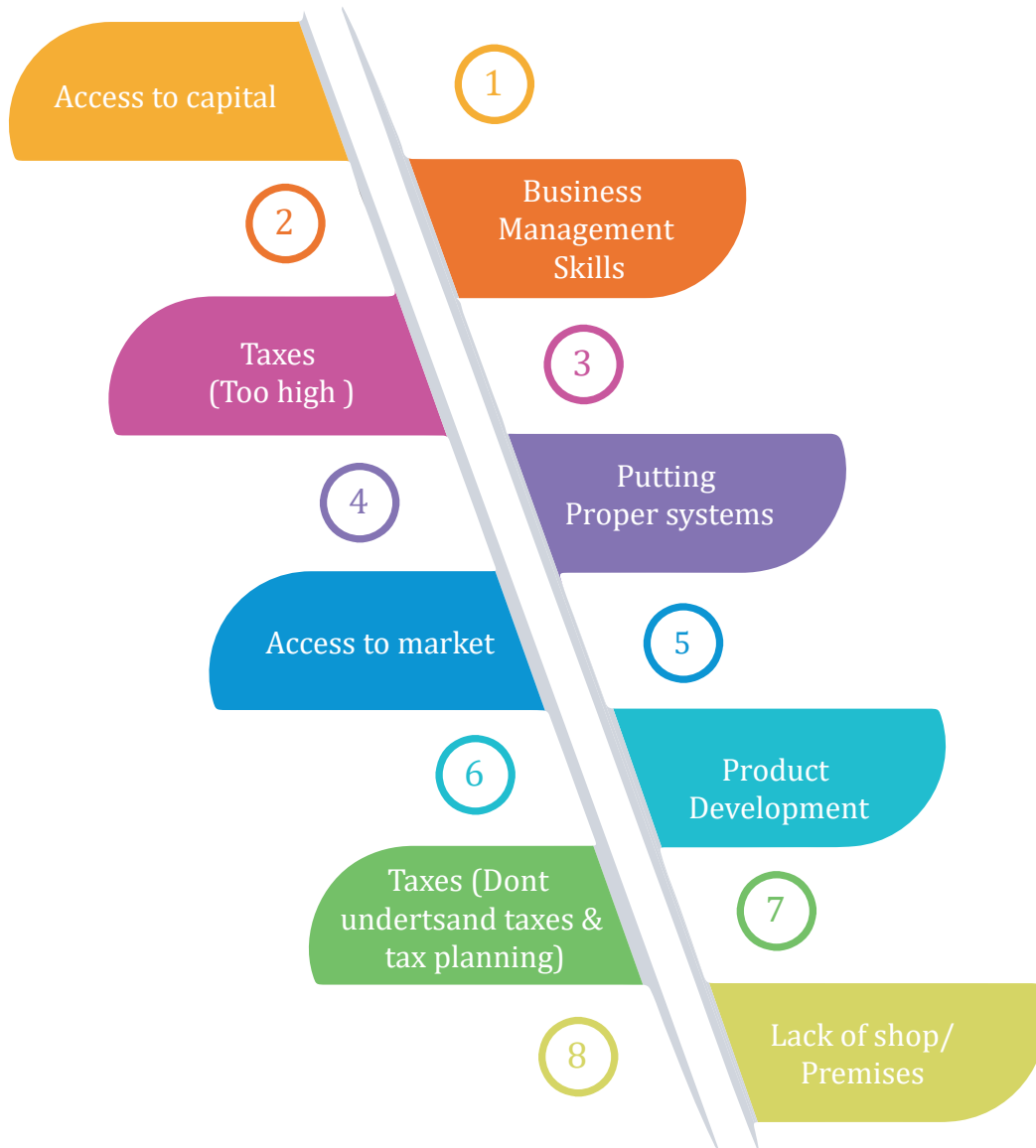


92 percent of respondents indicated that their side hustle improved their performance of day job while 8 percent indicated that their side hustle had no or negative performance on their day job.

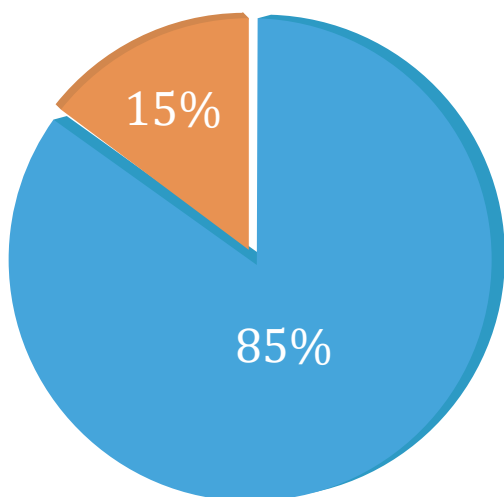
Insight

Corporate employers should establish framework to encourage employees to engage in side business outside official work hours and on special occasions within working hours as an employee motivation, training and development mechanism. This especially applies to employers who don't have a comprehensive remuneration package and want to reduce attrition of their best talent. If such a scheme is well managed employers will reap the benefit of increased skill and productivity at no or significantly less cost compared to formal training as well as low attrition due to job satisfaction.

Side Business Challenges



2021 Plans for Side Business



Insight

85 percent of respondents are actively seeking formal employment despite existence of profitable side business while 15 percent seeks to expand their business while keeping their day job

- Look for fulltime Job while keeping the side Business
- Expand side business while keeping fulltim Job

