

Abstract

Following the 2007 general election in Kenya, sporadic violence erupted throughout the country lasting for a period of two months. In its wake it left a trail of death, injuries, displacements, looting, destruction of homes, business premises and some government installations. In this study we exploit the regional variation in the occurrence of violence to estimate its impact on the rate of firm entry in the period that followed. Using data from a 2010 census of establishments from the Kenya National Bureau of Statistics, we find evidence that in the period immediately following the violence there was a negative impact on the rate of new firm entry. This was highest in the Service sector with an estimated decline of 8.7 per cent on the rate of new firm entry.