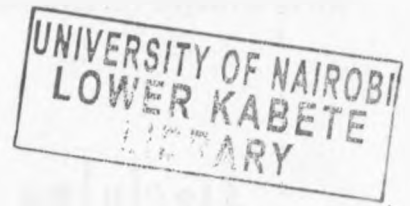


**MEMBERSHIP PERCEPTION OF THE RELEVANCE OF BUSINESS
ASSOCIATION IN CHANGING EXTERNAL ENVIRONMENT
A CASE OF KENYA MOTOR INDUSTRY ASSOCIATION**

RITA KAVASHE NARIANGAI



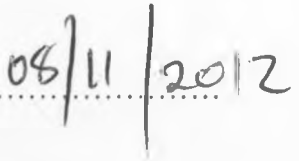
**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT FOR THE
AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL
OF BUSINESS, UNIVERSITY OF NAIROBI**

NOVEMBER, 2012

DECLARATION

I, Rita Kavashe Nariangai, hereby declare that this project is my own work and effort and that it has not been presented in any other university for an award.

Signature: 

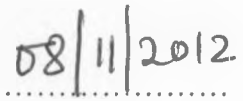
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DEDICATION

I wish to dedicate this work to my daughter, Haika Tumo who, my Son Michael Seki for their inspiration and understanding during the period of study. Special dedications to my father who taught me the value of education and encouraged me to always seek knowledge and understanding.

ACKNOWLEDGEMENT

This study has been made possible by a number of people and institutions to whom I am heavily indebted to and to whom I would like to express a lot of gratitude to.

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ACRONYMS AND ABBREVIATIONS

NGO:	Non- governmental organizations
CMC:	Cooper Motor Corporation
GMEA:	General Motors East Africa Ltd
GDP:	Gross Domestic Product
KNBS:	Kenya National Bureau of Statistics
KMI:	Kenya Motor Industry

ABSTRACT

The study aimed at investigating the membership's perceptions of the services being offered by the KMI association and whether their expectations are being met. The study also aimed at finding out the challenges faced by members in a changing external environment.

Descriptive research design was chosen for the study. The population of the study comprised of all 27 members of the Kenya Motor Industry Association. Since the population is small we shall take the entire population. Data collected was sorted, classified and coded then tabulated for ease of analysis. The data was summarized and categorized according to common themes. Data collected was analyzed using frequency distribution tables, descriptive statistics and mean and standard deviation while the results of the survey were presented using tables. The SPSS (version 17) computer software aided the analysis.

The major findings indicate that majority of the respondents outsourced provision of concrete business services and the most outsourced was data and information. On the importance of the collective services provided by business associations' lead in the advancement of the industry in different ways majority of the respondents agreed to a great extent with advancement of the industry in technical support services, advancement of the industry in information dissemination services was to a moderate extent, advancement of the industry in business services was to a moderate extent as while advancement of the industry in educational services was to a low extent. The study concludes that communication with other members was mainly through formal meetings this concludes that other modes of communication were not utilized well. Although the members were satisfied with the services offered by KMI the value the service they get at KMI against the membership fee shows they don't correspond. The study concludes that KMI does not meet all the business needs of the members and that's why they participate in other business associations. The study recommends that KMI should increase its visibility through more of community service and awareness in various fields. KMI should become more active in developing the Motor Industry as a whole, and less in personal member interests. The association should play a bigger role in terms of advocacy and dialogue with ministries in terms of formulation of policies.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations are environment dependent and environment serving and they are in a constant two-way interaction with the environment. They receive inputs from the environment, transform or add value to them, and return the outputs in form of goods and services back to the environment. They therefore affect and are affected by what happens in the external environment, which is beyond the organization's control. Environmental change creates pressure for change in the organization and this means that they have to respond to relevant external change to ensure that they survive (Ansoff and McDonnell, 1990).

The privatization and structural changes in the world economies have made industries activities become part of the private ventures whereby the government performs only the regulatory or facilitation role. Professional trade associations as non- governmental organizations (NGO's) seem relevant bodies , which are in a position to ensure free access to results , dissemination of information thus guaranteeing sustainability of achievement and a multiplication effect (Clothier 1997). The cooperation of the industrial sector through the business associations and support extended by such associations has been central worldwide to the ability of such industries to upgrade and face the new challenges posed by liberalization and globalization in the 1990,s (IIL, 1999).

According to Mckinsey, (2010) Africa economic pulse has quickened, infusing the continent with a new commercial vibrancy. Real GDP rose 4.9% per year from 2000 through 2008, more than twice its pace in the 1980s and 90s. Telecom, banking and retail are flourishing. Construction is booming. Foreign investment is surging. Africa growth acceleration resulted from more than a resource boom. Arguably more important were government actions to end political conflicts, improve macroeconomic conditions and create better business climates, which enabled growth to accelerate broadly across countries and sectors. Vehicle industry in Africa expected to grow from 1.6m to 2.1 million units by 2018. Further growth expected after 2018 driven by sustained GDP growth. Mckinsey, (2010) in his study highlights vision for Africa on how LCV's, commercial vehicles and buses are significant segments of the market due to: the requirement for infrastructure development, the contribution of agriculture, mining and the oil

industry to the various economies, the size of the population and the requirement to move people and goods over long distances given the very poor railroad infrastructure.

In the context of changes in the economic, political and social environment over the years, both the role and the responsibility of the business associations have been extended and altered, and their reach and range of services widened and deepened. Like any other organizations, the business associations have had to change with the changing external environment in order to address the needs of their membership effectively. Clothier (1997) identifies the good practices that business associations have to adopt in order to effectively serve their membership, which includes the membership of the associations i.e. who should the association represent, the activities of the association, strategic planning, staffing and essential qualities of their staff and the financing of the associations. For organizations to achieve their objectives there is need for them to constantly scan the environment and adapt to changes that strategically positions their organization for success. Since independence Kenya has been changing rapidly, and this has brought about the need for manufactures and KMI to adapt to the changes in the environment.

According to Johnson and Schools (1999) they argue that managers whether in private or public sector are finding it difficult to make sense of business environmental in which they operate. One of the reasons for this is the speed of change organizations must keep changing to create short-term advances. Change in attitudes and behaviors can build a culture based on open communication, interpersonal trust, constructive handling of conflict, teamwork and collaborative problem solving. Organizations frameworks help managers in selecting forces most likely to affect a particular company. They provide cognitive frameworks for combining forecasts about those forces into statements of opportunities and threats basis of company strategy (Newman et al, 1989). Organizations that have successfully managed change have been able to link strategic change with operational change and every aspect of the organization in relation to dynamic external environment. In most organizations, operations are an internal function that is buffered from the external functions by other organization functions (Kibera and Waruinge, 1998). Stakeholder analysis is a critical factor in many industries management. Complex relationships among stakeholders and clients exist underlying their diversity of opinion and philosophies (Johnson and Scholes 2002). Strategy implementation can be done smoothly when these parties agree if they perceive a positive reward for their involvement or may react differently.

1.1.1 The Concept of Perception

Individuals are different in terms of how they view the world around them, how they interpret and react to different stimuli and situations, and how they assign meaning to different phenomena. Hence, perception is formed as a result of how these individuals, in general, view the world around them and form a coherent picture of it. Different scholars have come up with different views of perception. Kotler (2003) defines perception as the process by which an individual selects, organizes and interprets information inputs to create a meaningful picture of the world. Perception depends not only on the physical stimuli, but also on the stimuli's reaction to the surrounding field and on the conditions within the individual.

Perception is largely selective. Selectivity of perception serves as a filter through which potentially important or favorable experiences will be allowed to flow, while potentially unimportant or unfavorable experiences are locked out. Extensions of these are selective exposure and selective retention, (Kibera and Waruingi, 1998). Knowledge of the perceptual process is essential since the manner in which users of a product or service interpret the information is affected by their cognitive understanding that they have established in their minds.

1.1.2 Overview of the Motor Industry

The Automotive industry in Kenya is primarily involved in the retail and distribution of motor vehicles. There are a number of motor vehicle dealers operating in the country, with the most established being Toyota (East Africa), Cooper Motor Corporation (CMC), General Motors East Africa Ltd, Simba Colt and DT Dobie. In the last five years, the Chinese, Indian and Korean manufactures are establishing distribution footprint in Kenya. In Kenya there are three vehicle assembly plants in the country, which concentrate on the assembly of pick-ups and heavy commercial vehicles. The motor industry is segmented into two major groups: the formal and informal Sector. The formal sector refers to the established local franchise holders in the market.

The modern global automotive industry encompasses the principal manufacturers, General Motors Corporation, Ford, Toyota, Honda, Volkswagen, and Daimler Chrysler, all of which operate in a global competitive marketplace (Bowler, 2004). Arthur (2006) suggested that the globalization of the automotive industry, has greatly accelerated during the last half of the 1990's due to the construction of important overseas facilities and establishment of mergers between giant multinational automakers. Increasing global trade has enabled the growth in world commercial

distribution systems, which has also expanded global competition amongst the automobile manufacturers. Japanese automakers in particular, have instituted innovative production methods by modifying the U.S. manufacturing model, as well as adapting and utilizing technology to enhance production and increase product competition (Bowler, 2004).

According to Thompson (1994), economic development and transportation demand has increased the numbers of workers commuting to and from work, customers travel to and from service areas and products being shipped between producers and consumers. In Kenya, the most popular mode of transport is road. Indeed, most vehicles driven on the Kenya roads are used cars. Motor Vehicle Manufacturer General Motors East Africa Ltd (GMEA) market share increased to 24% per cent in 2010 despite the ravages of the global financial crisis and high interest rates.

Data from Kenya Motor Industry reveal that the sale of new motor vehicles increased by 10 per cent in 2011 to 12,186 cars compared to the 11,050 units sold a year earlier. Auto dealers including Toyota, General Motors East Africa Ltd and Simba Colt noted that the industry witnessed marginal growth ahead of GDP growth of about 4.3 per cent in 2011. The 10 per cent growth is in line with the increased demand for commercial vehicles that are being used for infrastructure development and housing construction that is being undertaken in the country.

The auto industry is a key contributor of Kenyan economic growth and it has expanded over 30% in the ten-year period ending 2011. Kenya's economy is reasonably diversified; employment is created through automotive industry, which contributes 0.53 percent of GDP. GDP in 2011 was US\$34.8 billion. Agriculture makes up 19% of GDP, industry 18% and services 62.6% and automotive industry about 7%. Although the automotive industry sector is still small, it is a growing source of East African exports. The industry is growing; becoming a key contributor to the Kenyan economy. The industry's yearly growth rate is expected to exceed 5.5% from 2011 to 2015; the industry is a leading employer with 3 million people involved in direct manufacturing, parts supply, body fabricators and supplies to the formal motor industry. Indirect employment from automotive activity is three fold, connected indirectly to the auto industry. Other industries involved in the manufacture and service of vehicles include textiles, plastics, iron, steel, glass, aluminum, computer chips and rubber. The industry also involves significant research and development activity, representing investment of nearly \$25 billion. It is estimated that the

manufacture of vehicles contributes more than \$120 billion to the Kenyan government (KNBS, 2012).

1.1.3 The Kenya Motor Industry Association

The Kenya Motor Industry (KMI) was formed in 1998 and registered under section 10 of the Societies Act, under Rule 4 of 1968. The KMI is governed by Constitution and rules through an Executive Council of elected members. Operations are conducted through an independent Secretariat known as the KMI Bureau. The KMI was constituted as a corporate body by industrialist to promote their interest in the sphere of conducive industrial policy for enhancement of investment, production and lobbying on behalf of members to the Government of Kenya. The KMI has a permanent secretariat and registered office known as the KMI Bureau, which handles the association's general administration, acts as the channel for all communication. KMI is a non political and non-profit making organization and largely dependent upon membership subscription, and revenues collected from the bi-annual total motor show. Membership include firms and companies engaged directly in formal motor vehicles business and or firms who by the very nature of their business have direct interest in the growth of the industry, i.e. financial institution, oil firms and insurance companies. The KMI is the leading federation of companies in Kenya's formal motor sector, embracing distributors of all the major vehicle makes, vehicle assemblers, component manufacturers, equipment agents, parts suppliers, oil companies, insurance firms and banking organizations. The KMI is expected to facilitate the growth and development of the formal motor sector.

The KMI strives to fulfill this role through various approaches that include; to mobilize and represent the sector on all commercial, industrial and related national policy issues, act as a communication forum between all its members, and as a link with government, the media and the general public; technical advisory services and training government official and members in specialized fields, lobbying for equal playing field for both the formal and informal motor sector in the areas of policy changes in taxation and standards, and conflict resolution arising from grievances amongst the members. Such grievances (whether of technical or other nature) will be heard by the KMI Tribunal, which will be the KMI Technical Committee unless otherwise specified by the KMI Executive Council. The KMI is a regular source of media and public

information on wide range generic motoring issues, collaborating with other organizations with similar objects for the benefit of the members and coordination of the bi-annual Total Motor Show.

The KMI membership is categorized into major categories namely vehicle Assemblers, vehicle distributors, component manufactures, equipment agents, parts supplier, oil suppliers and financial, insurance services providers. At inception in 1998 the association had a total of 56 members. This membership has been declining over the years. The membership currently stands at 27 (KMI website, 2012).

1.2 Problem Statement

Organization members are constantly being bombarded with information, requests, demands, and suggestions. According to Arnold and Friedman (1995) perception has to do with the way in which messages are received and information interpreted. To Arnold and Friedman, what people do depends largely upon which of these many perceptual inputs they pay attention to, as well as how the inputs and messages are interpreted and understood.

Members of any association expects that as their need grow and/or change, the institutions must put itself in a position to offer them satisfactory services (Clothier, 1997). As a result, therefore there is need for the association to continuously realign its strategies to the changes in the internal and external environment in order to adequately serve the interest of the membership.

The business environment within which the KMI operate has been very volatile. The political anxieties, competition from new entrants, social reforms, technological advancement and globalization are some of the challenges that have greatly affected the growth of this sector Leggatt and Martin (2003). These challenges cannot be ignored because the industry plays a significant role in contributing to the economy through payment of taxes, creating employment and used by government as a source of information transport policy formulation. The challenges posed have had serious strategic threats to the association, some have not been able to survive the new turn of events and those that are still surviving have had to adopt urgent measures in form of competitive strategies.

The changing role of business associations in the promotion of the interest of their membership in Kenya in relation to the various changes in the government's policy towards the industrial sector,

has lead to such changes occurring in the economic environment of the country, it has become imperative that the business of today and tomorrow will definitely require substantial guidance in terms of lobbying, advisory services, and management consultancies amongst others if they have to prosper. In regard, business association articulating the views of the private sector, and offering other support services have become even more important. Their importance rises in line with the growth of the economic sectors that they represent as well as the global competitive environment. Ideally they have important functions and can be catalysts for the development of their members.

The automotive industry faces many challenges. It is certain that a well organized business associations with well-articulated strategies have a very significant effect on the long-term viability of their members' business (Nadvi, 1999), long-term over capacity, with the inevitable depressing effect on profitability (Price Waterhouse Coopers, 2008). According to the Japanese Used Car Exporter and Auction Agent (2010), 45,788 units of cars were imported to Kenya in 2006, 42,347 units in 2009, 50,546 units in 2010 and 55,699 units in 2011. Data from Kenya Motor Industry (the industry lobby) show that the sale of new motor vehicles increased by 10 per cent in 2011 in line with the economic growth and demand for commercial vehicles. Muthoni (2000), established in her study on membership relevance in the Kenya association manufacturing that there was a reduced numbers of members over the periods but her respondents indicated that their membership with the association was important. Since she studies the manufacturing industry and the year of study was 2000 before the new government came into power many changes have taken place and particular in the motor industry.

There have also been several other local studies on perception with relation to service quality. These studies include: Njoroge (2003), focused on Kenya Power and Lighting Company Limited while that of Odawa (2004) was on the University of Nairobi's Masters in Business Administration Program and that of Mwaura (2002) focused on the Matatu Industry. While several studies have been done on strategy, change management and perception, this is meant to fill the void on perception of membership relevance in the motor industry in Kenya.

1.3 Objectives of the Study

This study was to seek;

- i. Determine the membership's perceptions of the services being offered by the KMI association and whether their expectations are being met.
- ii. Determine the challenges faced by members of the KMI in changing external environment.

1.4 Value of the study

This comprehensive study helps managers in the banking sector to come up with motor vehicle financing products. The study will be vital to the government in formulating relevant policies and legislation regarding the Kenyan motor industry, especially in attracting Foreign Direct Investments. The study will benefit the insurance companies in Kenya in drafting of insurance policies/contracts regarding motor vehicles and finally the study will benefit scholars by providing food for thought and a challenge to conduct further research in the subject of stake holder's perception in the change management of companies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter the study introduces an enthusiastic reader to the literature review regarding the concept of perception of membership and its relevance to business.

2.2 Concept of Perception

Perception is a cognitive process that lets a person make sense of stimuli from the environment. These stimuli affect all senses: sight, touch, taste, smell and hearing. The stimuli can come from other people, events, physical objects or ideas. A person's perception process is a mechanism that helps her adapt to a changing environment (Dember, 1960). Attitudes have played a key role in social psychology because of the presumed connection between people's perception of their world and their behavior in it. An attitude is "a learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object" (Fishbein and Ajzan, 1975).

Perception is influenced by internal and external factors leading people / employees to see some perceived objects or persons, events differently. External factors are characteristic of perceived objects or persons, which may include size, intensity, contrast, repetition, motion, novelty, status and appearance. Internal factors in perception are characteristics of the perceiver. The perceivers have a tendency to use themselves as a basis for perceiving others, events, objects. Internal factors that can influence perception are needs and motives, past experiences, self-esteem and personality (Nzuve, 1999).

People emerge with different perceptions of the same stimulus object because of three perceptual processes: selective attention, selective distortion and selective retention. Selective attention arises due to the fact that people are exposed to a tremendous amount of daily stimuli. The consumers have a heightened awareness of stimuli that meet their needs or interests and minimal awareness of stimuli irrelevant to their needs. Selective distortion describes the tendency of people to twist information into personal meanings. Selective retention asserts that people will forget much of what they learn. They tend to retain information that supports the attitudes and beliefs for chosen alternatives (Kotler, 1988; Kibera and Waruingi, 1998).

2.3 Perception of Association

Business associations are many, extremely varied in terms of their composition, scale, and organization and undertake wide range of tasks (Moore and Hamalai, 1993, Doner and Schneider, 1998). There are “peak” associations that bring together all bodies, sector-specific and sub-sectoral associations, regional associations as well as chamber of commerce. The role and relevance of the business associations in representing the views of their membership also vary depending on the needs of the membership. They may perform various functions including, political voice, provision of concrete business services such as seminars, information and library services, exhibition and trade fairs, foreign contacts, specialized legal advice and assistance, and certification of documentation of a product quality, an area for social contact between members, participation in the framing and/or implementation of public policy, including performance of regulatory duties (Moore and Hamalai (1993).

Most business associations are classified as non-profit making organizations brought into existence to serve certain prescribed ends. Those manufactures in need of the services offered by the associations agree to pay a fixed membership subscription at an agreed periodic interval to meet the cost of maintaining it. Business associations as representatives of the private sector in any country are normally considered as major stakeholders in the economies by the governments. In addition to the services that they offer, they represent a key forum for joint action. Business associations bring about cooperation and collaboration even amongst competing parties through the support that they will provide across the broad to the particular sector. It is argued that “spatial and sectoral grouping” can generate potential benefits for local producers (Sengenberger et al, 1991) and the members in the particular field compete but also cooperate (Nadvi, 1999). In addition to the obvious advantages that arise from the physical agglomeration of a number of firms engaged in similar activities, there are advantages that include external economies and knowledge spillovers (Stewart and Ghani, 1991), and it also enhances possibilities of joint action.

According to Schmitz (1994), the success of developing country industrial associations lies in the concept of collective efficiency, namely the external economy and joint action benefits generated by associating with each other. In this regard, there is evidence from Europe that has highlighted the importance of local collective institutions such as business associations and producer or service

institutes (Best, 1990). Business associations can represent the collective interests of a sector. They also provide a range of key services to local firms and undertake the function of regulating and mobilizing cooperation. The importance of the collective services provided by business associations was emphasized by Brusco (1992) in the development of SME dominated Italian industrial district. Best (1990) also drew from the Italian experience to highlight the influence of associations such as the national confederation of artisans (CAN) in providing local producers with a wide range of managerial, financial, business and technical services. Such examples can be found even in developing countries as well as developed economies such as Germany where for instance Schmitz (1992) cites evidence of sectoral associations in Baden Wurttemberg Industrial district of delivering technical and legal advice as well as market intelligence to the local industries.

The decision to join an association, according to Doner and Schneider (2000) is only one, and often a minor form of collective action. Once individuals or firms join an association, they are continually faced with options for collective action; whether to go for meetings, run for office, vote in elections, provide full information on the member's firm, voluntarily contribute additional material resources, and subject their firm's behaviour to collective decisions. Networking amongst the members is also another benefit that they get from joining associations. Networking amongst the member is also another benefit that they get from joining associations. Networking is "the study of connections communications, interactions, exchange of resources between social units, such as individuals, organizations, or corporations" (Caulkins, 1988). According to Mitchell (1973), three ways that a social network may be seen as follows; Communication content which relates to the passage of information from one member to another such as new markets or new technology, exchange contents which can be seen as informal transactions between individuals, and normative content which refers to the norms or expectations members have about each other because of their specific characteristics or attributes.

Business associations can have a positive impact on the development of the industrial sector in any given set-up. There are various ways by which business associations can potentially contribute to the economic performance such as supporting members with a range of "market complementing" and market enhancing" functions (Doner et al. 1998) these functions include horizontal coordination amongst producers, vertical coordination of upstream linkages, the setting and enforcement of product standards, and the provision of information and technical training (Segal,

1996). They also underline further the need to explore the nature of organization within the business associations. However, according to Moore and Hamalai (1993), this has to be treated with caution especially at the national level since business associations can generate political conflict and lead to waste of resources as associations compete with each other, rather than encourage cooperation and collaboration.

2.3.1 Collective Gains and Efficiency

Interest in business associations continues to grow and increasingly, they are being invited to participate in official meetings and are being consulted by governments (IDS, 1996). They are seen to have a potential role in accelerating economic development. According to Porte (1988), business associations can enhance cluster competitiveness and institutionalize collective linkages. In addition to providing a neutral forum for identifying common needs, constraints and opportunities, business associations can serve as focal points for efforts to address them (Segal, 1996). This collective efficiency provides the basis for competitiveness and the collective gains are likely to increase where the firms enter into joint action. The joint action has always to be assessed to understand how associations can assist the members to face new competitive. According to Ndavi (1999), the functions undertaken by business associations can be broadly categorized under the following activities; coordination and regulation, representation of the members' interests to various levels of government and the provision of real services.

Coordination by the association can be both at the horizontal level, both local produces and at vertical level in terms of backward and forward linkages the local producers have within their supply chain. Through the horizontal coordination, producers can, for example regulate capacity, ensuring that prices of products are not allowed to decline due to overproduction. They can also regulate local business practices, determining the boundaries of what may be considered as acceptable to the local collaboration (Segal, 1996).

Lobbying government and public relation have tended to be the most common activity undertaken by associations within the developing countries (Nadvi and Schmitz, 1994; Clothier, 1997). Through lobbying, associations seek to defend the interests of their members, to influence policy-making process to the benefit of their members by providing informed interventions at various

levels of government. Business associations have been seen to be lobbying while primarily seeking fiscal and trade benefits from the government to their members. In the import-substitution era, lobbying functions helped to strengthen the consensus for the protectionist measures for the industrial sector (KMI 1999). However, trade liberalization and the new competitive pressures in the global economy have raised new pressures on business associations. These pressures require the associations to extend their capacity beyond lobbying, as well as focus more strategically within the lobbying functions. A larger range of service provisions, information sourcing, and strategic networking by associations that allows the members to develop capabilities as well as link themselves to external agents that provide access to higher value markets may become increasingly more critical (Nadvi, 1999).

Business associations can also play a more significant function in assisting producers to ease their internal constraints through provision of services such as technical and managerial advice, information services that link to producers with distant markets, technology support that help the members upgrade, assistance in trade fair participation and benchmarking services that help local producers compare their performance with global best practice, amongst others (Nadvi, 1999, Clothier, 1997). They will also help members in the promotion of trade through provision of trade information such as importers and exporters worldwide, tariffs and subsidies, by product, provided by each country and the estimated demand and supply of each product (KMI, 1994). The business associations will also review the policy framework mainly the industrial and export policy framework of the country and advice members on how to cope with them, (Segal, 1996). They should also provide advisory/consultancy services in areas such as marketing, both locally and internationally, industrial efficiency methods, research and development, quality control and improvement, project identification and feasibility studies.

2.4 The Changing External Environment

According to PricewaterHouseCoopers (2008), the established dealers face intense competition from imported second-hand vehicles, mainly from Japan and United Arab Emirates which account for about 70% of the market. The last decade witnessed a significant decline in the number of new vehicles sold in the country. There has been a steady recovery in the last four years, but the numbers achieved still fall far short of the numbers recorded a decade ago. In 2004, the leading

motor vehicle companies recorded sales of 9,979 units. Although 27% better than the previous year, this is still well below the levels achieved in the early 1990's. The slump in the volume of new cars sold is attributable the increased competition from second hand vehicles and the depressed economic environment.

In the automotive industry there seems to be a close connection between the actual performance of the economy and vehicle sales. Yeoh & Jeong (1995) states that, in general a country's economy is measured by economic growth (GDP-Growth) and unemployment statistics. The greater the GDP the more value is produced in an economy. Low unemployment rate translates to better spending power of the population. The political environment of the country influences the business to a great extent. New vehicle dealers contend that the tax regime has tended to favor the importers of second hand vehicles. Kenya Motor Industry Association (KMI) estimates that new cars pay on average KES 500,000 in taxes while imported second hand cars attract approximately KES 100,000. The operators in the new vehicle sub-sector argue that it is these disparities in tax levels that render the new vehicles more expensive hence hindering sales (Leiby and Rubin, 1997).

Experts in the Motor Sector also argue that new vehicle trade is characterized by big businesses and substantial initial capital investment as opposed to second hand car dealership, which is dominated by small businesses with low initial capital requirements. This therefore implies that the operators in the new vehicles sub-sector will not be able to pull out whenever business environment changes due to the huge potential losses of exit (Leiby and Rubin, 1997).

2.5 Factors Influencing Perception

Perception is the process through which people select, organize and interpret or attach meaning to events happening in the environment. How employees perceive, organize and interpret information depend very much on the characteristics of the stimuli, characteristics of the situation and some of our own personality characteristics. Different people may perceive the same environment differently, based on what particular aspects of the situation they choose to selectively absorb, how they organize this information and the manner in which they interpret it to grasp the situation. Misperceptions occur due to perceptual errors and distortions, and managers are bound to take poor or improper decisions (Pattanayak and Mishra, 1999). People differ in their perception to similar situations and explanations given for such divergence frequently refer to some underlying

processes, which result in individual differences. They differ in terms of physical characteristics such as size, weight, age and sex as well as in background characteristics such as training and education, and personality traits such as extroversion or aggressiveness (Mitchell, 1978). Perception is therefore the starting point for all behavior (Costley and Todd, 1983). Perception is defined as those factors that shape and produce what we actually experience.

There are numerous general factors, which are related to what one perceives. The Internal factors includes response disposition, which implies that people tend to perceive familiar stimuli more quickly than unfamiliar ones: One's feeling toward the objects in question, in general, it appears that we select things about which we hold positive feelings. The more frequently one is exposed to something, the greater the likelihood that it will be positively evaluated: Response salience, salience refers to the contemporary aspects of the situation, which may influence our experience. Particular instructions, current needs or actions that immediately precede a situation may influence our perception. The External factors on the other hand include intensity of the stimuli, which explains why we tend to notice bright lights, pungent smell, odor smell and loud noises: Motion, explains that moving objects tend to be more readily perceived than stationary objects: Size of objects, large obtrusive objects tends to be perceived more easily than small ones. That is, we tend to pay attention to larger things and, somehow, bigness has a goodness quality to it: physical environment, research has shown that living in certain types of setting, for example, urban areas versus plains or forest influence our perceptions (Segal, 1996).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlines the overall methodology to be used in the study. This includes the research design, population of the study, sample size, sample frame, data collection methods, research procedures and data analysis and presentation.

3.2 Research Design

The research used a research design method to assist the researcher to achieve the objective of the study. Mugenda and Mugenda, (1999) stated that the descriptive survey is a method that will collect data from the population and help the researcher to get the descriptive existing phenomena. Descriptive research design was chosen because it enabled the researcher to generalise the findings to a larger population. The design is deemed appropriate because the main interest is to investigate membership perception of the relevance of business association in changing external environment.

3.3 Population

The population of the study comprised of all 27 members of the Kenya Motor Industry Association. Since the sample was small for sampling, we took the whole population thus a census survey for this research was adopted.

3.4 Data collection

The researcher used a questionnaire. Semi structured questionnaire was used to collect data. The closed ended questions was used for easy coding and analysis while the open ended questions was used to elicit more information from respondents to complete any missing links. The questionnaire has items aiming at answering the study questions and it meets the research objectives. The choice of this tool of data collection is guided by the time available and the objectives of the study. Questionnaire provided a high degree of data standardization and adoption of generalized information amongst any population. The target population for this study where the top management of the organisations.

It took a period of two weeks to collect the data required as all the respondents are within close proximity to each other, domesticated by the nature of their employment and positively acquainted to the researcher. The respondents were required to complete questionnaire as honestly and as completely as possible. Data was collected using a “drop and pick later” method.

3.5 Data Analysis

Data collected was sorted, classified and coded then tabulated for ease of analysis. The data was summarized and categorized according to common themes. Data collected was analyzed using frequency distribution tables, descriptive statistics and mean and standard deviation while the results of the survey were presented using tables. The SPSS (version 17) computer software aided the analysis as it was more users friendly and most appropriate for analysis of Management related attitudinal responses (Newton and Jeonghun, 2010).

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETITION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented on the membership perception of the relevance of business association in changing external environment. The data was gathered exclusively from questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, Likert type questions were included whereby respondents indicated the extent to which the variables were practiced in a five point Likerts scale.

4.1.1 Response Rate

The study targeted to sample 27 respondents in collecting data with regard to the membership perception of the relevance of business association in changing external environment. From the study, 18 out of 27 sampled respondents filled in and returned the questionnaire contributing to 67%. This commendable response rate was made a reality after the researcher made personal visits to remind the respondent to fill-in and return the questionnaires.

Table 4:1: Response Rate

Response	Frequency	Percentage
Responded	18	67
Not responded	9	33
Total	27	100

Source: Survey Data, 2012

4.1.2 Type of Ownership

The study sought to know the business type of ownership

Table 4.2: Type of Ownership

	Percentage	Frequency
Private	6	1
Partnerships	22	4
Corporations	11	2
Limited Liability Company	44	8
Multinational	17	3
TOTAL	100	18

Source: Survey Data, 2012

The study found that 44% of the respondent who were the majority indicated that their business were Limited Liability Company, 22% were partnerships, 17% were multinationals, 11% were corporations and 6% who were the minority indicated their business were private owned.

4.1.3 Type of Business

The study aimed at investigating type of business in terms of operations the study found that 33% were service businesses, 22% were wholesalers, retail and distributors both were shown by 17% while 11% who were the minority were manufacturing firms.

Table 4.3: Type of Business

	Percentage	Frequency
Manufacturing	11	2
Retail	17	3
Distribution	17	3
Wholesale	22	4
Service	33	6
TOTAL	100	18

Source: Survey Data, 2012

4.1.4 Number of Employees

According to the study majority of the firms had 451 and above employees, 28% had 251-450 employees, 17% of the firms had 51-250 employees while 11% of the firms had employed staffs that were below 50.

Table 4.4: Number of Employees

	Percentage	Frequency
451 and above	44	8
251-450	28	5
51-250	17	3
Below 50	11	2
TOTAL	100	18

Source: Survey Data, 2012

4.2 Members Expectations

4.2.1 Reasons That Motivate Companies to Join the KMI Association

The study sought to know the respondents reasons in what motivate companies to join the KMI association

Table 4.5: Reasons That Motivate Companies to Join Association

	Mean	Std dev
Lobbying and advocacy for business friendly policies	4.7705	0.48528
Support in lobbying for business regional market access	4.9672	0.37921
Assistance to access market information and data	3.8689	0.27560
To benefit from consultancy service in area such as quality management, technical support	2.5738	0.45441
As a way of networking with other industry players	4.8689	0.33499
TOTAL	21.0493	1.92949
AVERAGE	4.2099	0.385898

Source: Survey Data, 2012

According to the findings majority of the respondents indicated support in lobbying for business regional market access to a very great extent as shown by a mean score of 4.9672, as ways of networking with other industry players was shown by a mean score of 4.8689, lobbying and advocacy for business friendly policies was shown by a mean score of 4.7705, assistance to access market information and data was shown by a mean score of 3.8689 however on the issue of benefit from consultancy service in area such as quality management, technical support respondents indicated to a moderate extent as shown by a mean score of 2.5738.

4.2.2 Role and Relevance of Business Associations

The study aimed at knowing the role and relevance of business associations

Table 4.6: Role and Relevance of Business Associations

	Mean	Std dev
Political voice	3.0492	0.37446
Provision of concrete business services such as data and information	3.1311	0.47733
Influence public policy	4.9180	0.40588
Contact with media	1.2951	1.25309
Specialized legal advice and assistance	4.6885	0.18931
Conflict resolution	4.7869	0.30531
TOTAL	21.8688	3.00538
AVERAGE	3.6448	0.500897

Source: Survey Data, 2012

According to the findings majority of the respondents pointed out on influence public policy as shown by a mean score of 4.9180, on conflict resolution they indicated a mean score of 4.7869, specialized legal advice and assistance to a great extent as shown by a mean score of 4.6885, provision of concrete business services such as data and information was to a moderate extent as shown by a mean score of 3.1311, political voice was to a moderate extent as shown by a mean score of 3.0492 while on the contact with media the respondents indicated to no extent as shown by a mean score of 1.2951.

4.2.3 Last 10 Years Motor Industry in Kenya Significant Changes

The study aimed at investigating the respondents view in relation to significant changes they have seen in the last 10 years the Motor industry in Kenya has undergone

Table 4.7: Last 10 Years Motor Industry in Kenya Significant Changes

	Mean	Std dev
Market access	4.7049	0.38256
Advocacy	3.3115	0.40879
Provision of concrete business services such as data and information	4.5082	0.13803
Public policy	4.3607	0.51694
Contact with media	4.6885	0.40315
Specialized legal advice and assistance	4.3607	0.41302
Conflict resolution	1.3934	0.33584
TOTAL	27.3279	2.59833
AVERAGE	3.9040	0.37119

Source: Survey Data, 2012

According to the study majority of the respondents indicated they have seen great improvement in market access with a mean score of 4.7049, contact with media was to a great extent as shown by a mean score of 4.6885, provision of concrete business services such as data and information was to a great extent as shown by a mean score of 4.5082, public policy was to a great extent as shown by a mean score of 4.3607, Specialized legal advice and assistance was to a great extent as shown by a mean score of 4.3607 however advocacy was to a moderate extent 3.3115 while conflict resolution was to a low extent as shown by a mean score of 1.3934.

4.2.4 Contribute To the Competitive and Economic Performance

The study aimed at exploring business association and how they potentially contribute to the competitiveness and economic performance of an industry by supporting members with a range of market complementing and market enhancing functions

Table 4.8: Contribute To the Competitive and Economic Performance

	Mean	Std dev
Horizontal coordination amongst producers	3.0000	0.50555
Vertical coordination of upstream linkages	3.9016	0.43743
Setting and enforcement of product standards	1.1967	0.31706
Provision of information and technical training	4.1738	0.11412
TOTAL	12.2721	1.37416
AVERAGE	3.0680	0.34354

Source: Survey Data, 2012

Majority of the respondents highlighted the benefits as provision of information and technical training to a great extent as shown by a mean score of 4.1738, Vertical coordination of upstream linkages was to a moderate extent as shown by a mean score of 3.9016 as well as horizontal coordination amongst producers as shown by a mean score of 3.0000 while setting and enforcement of product standards was to a low extent as shown by a mean score of 1.1967.

4.2.5 Level of KMI Association Importance

The study intended to know the level of importance of firm's membership in the KMI association

Table 4.9: Level of KMI Association Importance

	Percentage	Frequency
Very important and relevant	22	4
Important	39	7
Necessary when my company experience problem	17	3
Not relevant	17	3
Indifferent	6	1
TOTAL	100	18

Source: Survey Data, 2012

According to the findings 39% respondents who were the majority indicated it was important, 22% indicated it was very important and relevant, 17% of the respondents indicated the

membership was necessary when the respondent company experience problem as well respondents with the same percentage (17%) indicated the membership to be not relevant while 6% who were the minority indicated the membership as indifferent.

4.3 Experiences with KMI Service

4.3.1 Value the Service

Respondents were requested to value the service they get at KMI against the membership fee

Table 4.10: Value the Service

	Percentage	Frequency
Very good value	22	4
Good value	11	2
No comment	44	8
Fair	17	3
No value	6	1
TOTAL	100	18

Source: Survey Data, 2012

According to the study 44% who were the majority cited value of service they get at KMI against the membership fee to with no comment, 22% indicated service at KMI against the membership fee to be of very good value, 17% indicated service at KMI against the membership fee to be fair, 11% indicated service at KMI against the membership fee as of good value and 6% indicated service at KMI against the membership fee to be of no value.

4.3.2 Communication with Organization

The study sought to know how the associations communicate with the respondent's organization

Table 4.11: Communication with Organization

	Percentage	Frequency
Through circular	6	1
Visits	6	1
Meetings	33	6
No contact	11	2
Fax	6	1
Telephone	17	3
E- Mail	22	4
TOTAL	100	18

Source: Survey Data, 2012

From the findings 33% of the respondents indicated they communicate through meetings, 22% communicate through E- Mail, 17% communicate through Telephone, 11% indicated they have no contact and communicating with the association through circular, visits and fax had equal percentage (6%).

4.3.3 Member of Other Business Associations

Respondents were requested to answer if they were member of any other business associations, according to the findings 67% who were the majority indicated yes while 33% who were the minority indicated no.

Table 4.12: Member of Other Business Associations

	Percentage	Frequency
Yes	67	12
No	33	6
TOTAL	100	18

Source: Survey Data, 2012

Those who indicated yes as their response highlighted the following as members of the following associations; Kenya Manufacturers Association, United Business Association, Kenya Bankers Association, East Africa Association and Leginc Association of Kenya.

4.3.4 Benefits Outsourced From Other Associations

The study sought to know which other benefits which the firms outsource from other associations although they are offered by KMI

Table 4.13: Benefits Outsourced From Other Associations

	Percentage	Frequency
Market access	6	1
Advocacy	17	3
Provision of concrete business services such as data and information	28	5
Public policy	17	3
Contact with media	0	0
Specialized legal advice and assistance	11	2
Conflict resolution	21	4
TOTAL	100	18

Source: Survey Data, 2012

According to the findings majority of the respondents (28%) indicated they outsourced provision of concrete business services such as data and information, 21% indicated they

outsourced conflict resolution, 17% indicated they outsourced advocacy, 17% indicated they outsourced public policy, 11% indicated they outsourced specialized legal advice and assistance and 6% indicated they outsourced market access.

4.3.5 Collective Services Provided By Business Associations' Lead

The study aimed at knowing the importance of the collective services provided by business associations' lead in the advancement of the industry in different ways

Table 4.14: Collective Services Provided By Business Associations' Lead

	Mean	Std dev
Information dissemination services	3.0492	0.33524
Educational services	1.0333	0.31163
Business services	3.0000	0.41914
Technical support services	4.2344	0.31778
TOTAL	11.3169	1.38379
AVERAGE	2.8292	0.345948

Source: Survey Data, 2012

According to the findings majority of the respondents agreed to a great extent with advancement of the industry in technical support services as shown by a mean score of 4.2344, advancement of the industry in information dissemination services was to a moderate extent as shown by a mean score of 3.0492, advancement of the industry in Business services was to a moderate extent as shown by a mean score of 3.0000 while advancement of the industry in educational services was to a low extent as shown by a mean score of 1.0333.

4.4 Satisfaction with the Services from KMI

4.4.1 Satisfaction Level with Services KMI Association

The study aimed at investigating the satisfaction level with services KMI association gives to members

Table 4.15: Satisfaction Level with Services KMI Association

Type of service	Mean	Std dev
Consultancy service	4.0820	0.23425
Business information service	4.4262	0.04782
Business advisory service	1.0656	0.50409
Lobbying/Advocacy (Taxation, infrastructure, business licensing etc)	4.2131	0.29248
Trade Fairs/Exhibitions, buyer/seller meetings	4.3279	1.35057
Representation of business interest on policy matter	1.0656	1.40082
Origination of forums for exchange of views by members	4.0164	0.24488
Representations of business before relevant ministries and department	3.5410	0.77833
Advisory service on license ,certificate regulations	4.3934	0.32008
Entrepreneurship development	4.2951	1.03128
TOTAL	35.4263	6.2046
AVERAGE	3.5426	0.62046

Source: Survey Data, 2012

According to the findings majority of the respondents were greatly satisfied with services the association gives to members as shown business information service was to a great extent as shown by a mean score of 4.4262, advisory service on license, certificate regulations was to a great extent as shown by a mean score of 4.3934, trade Fairs/Exhibitions, buyer/seller meetings was to a great extent as shown by a mean score of 4.3279, entrepreneurship development was to a great extent as shown by a mean score of 4.2951, Lobbying/Advocacy (Taxation, infrastructure, business licensing etc) was to a great extent as shown by a mean score of 4.2131, consultancy service was to a great extent as shown by a mean score of 4.0820, origination of forums for exchange of views by members was to a great extent as shown by a mean score of 4.0164, representations of business before relevant ministries and department was to a moderate

as shown by a mean score of 3.5410 while on business advisory service was to a low extent as shown by a mean score of 1.0656 as well as representation of business interest on policy matter was to a great extent as shown by a mean score of 1.0656.

4.4.2 Suggestions to Improve the Services Provided To Members

Respondents suggested that they would like KMI to increase its visibility through more of community service and awareness in various fields, KMI to become more active in developing the Motor Industry as a whole, and less in personal member interests and that the association should play a bigger role in terms of advocacy and dialogue with ministries in terms of formulation of policies.

CHAPTER FIVE: SUMMARY, DISCUSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to Determine the membership's perceptions of the services being offered by the KMI association and whether their expectations are being met and to determine the challenges faced by perception of membership relevance of business association in changing external environment.

5.2 Summary of the Findings

On reasons in what motivate companies to join association the study found that majority of the respondents indicated support in lobbying for business regional market access was to a very great extent, as ways of networking with other industry players, lobbying and advocacy for business friendly policies was to a great extent, assistance to access market information and data was to a great extent however on the issue of benefit from consultancy service in area such as quality management, on technical support respondents indicated to a moderate extent. The study found that in knowing the role and relevance of business associations majority of the respondents pointed out on influence public policy to a great extent, on conflict resolution was to a great extent, specialized legal advice and assistance to a great extent, provision of concrete business services such as data and information was to a moderate extent, political voice was to a moderate extent while on the contact with media the respondents indicated to no extent.

The study found that in the last 10 years changes have seen the Motor industry in Kenya in a significant way where majority of the respondents indicated they have seen great improvement in market access to a great extent, contact with media was to a great extent, provision of concrete business services such as data and information was to a great extent, public policy was to a great extent, specialized legal advice and assistance was to a great extent, however advocacy was to a moderate extent while conflict resolution was to a low extent.

The study found that business association had potentially contribute to the competitiveness and economic performance of an industry by supporting members with a range of market complementing and market enhancing functions with majority of the respondents highlighted the benefits as provision of information and technical training to a great extent, Vertical coordination of upstream linkages was to a moderate extent as well as horizontal coordination amongst producers to a moderate extent while setting and enforcement of product standards was to a low extent. The study found that majority of the respondents indicated KMI association was important firm's to the members. According to the study the majority had no comment on the value of service they get at KMI against the membership fee. Majority of the respondents indicated they communicate through meetings.

Majority of the respondents were member of other business association and were members of the following associations; Kenya Manufacturers Association, United Business Association, Kenya Bankers Association, East Africa Association and Leginc Association of Kenya. Majority of the respondents indicated they outsourced provision of concrete business services and the most outsourced was data and information. On the importance of the collective services provided by business associations' lead in the advancement of the industry in different ways majority of the respondents agreed to a great extent with advancement of the industry in technical support services, advancement of the industry in information dissemination services was to a moderate extent, advancement of the industry in business services was to a moderate extent as while advancement of the industry in educational services was to a low extent

On the satisfaction level with services KMI association gives to members the study found that majority of the respondents were greatly satisfied with services the association gives to members as shown business information service to a great extent, advisory service on license, certificate regulations was to a great extent, trade Fairs/Exhibitions, buyer/seller meetings was to a great extent, entrepreneurship development was to a great extent, Lobbying/Advocacy (Taxation, infrastructure, business licensing etc) was to a great extent, consultancy service was to a great extent, origination of forums for exchange of views by members was to a great extent, representations of business before relevant ministries and department was to a moderate while on business advisory service was to a low extent as well as representation of business interest on policy matter was to a great extent.

5.3 Discussion

The study in relations to the literature review established that majority of the companies are in the service business and minority in the manufacturing this is similar to (Moore and Hamalai, 1993, Doner and Schneider, 1998) who states that business associations are many, extremely varied in terms of their composition, scale, and organization and undertake wide range of tasks.

In regards to membership's perceptions of the services being offered by the KMI association and whether their expectations are being met. The study shows majority of the respondents were greatly satisfied with services the association gives to members this is true because they help in lobbying government and public relation to be the most common activity undertaken by associations within the developing countries (Nadvi and Schmitz, 1994; Clothier, 1997). Through lobbying, associations seek to defend the interests of their members, to influence policy-making process to the benefit of their members by providing informed interventions at various levels of government. Business associations have been seen to be lobbying while primarily seeking fiscal and trade benefits from the government to their members. In the import-substitution era, lobbying functions helped to strengthen the consensus for the protectionist measures for the industrial sector (KMI 1999).

Members perceive the challenges faced by the business association in changing external environment as similar to those stated by Leiby and Rubin, (1997) which states that experts in the Motor Sector also argue that new vehicle trade is characterized by big businesses and substantial initial capital investment as opposed to second hand car dealership, which is dominated by small businesses with low initial capital requirements. This therefore implies that the operators in the new vehicles sub-sector will not be able to pull out whenever business environment changes due to the huge potential losses of exit.

In this study KMI does not support members in areas such business advisory services but others researchers such as Nadvi, 1999, indicates that business associations also play a more significant function in assisting producers to ease their internal constraints through provision of services such as technical and managerial advice, information services that link to producers with distant markets, technology support that help the members upgrade, assistance in trade fair participation

and benchmarking services that help local producers compare their performance with global best practice, amongst others.

5.4 Conclusions

The study concludes that the KMI association members were greatly satisfied with services the association gives to members such as business information service, advisory service on license, certificate regulations, trade Fairs/Exhibitions, buyer/seller meetings, entrepreneurship development, Lobbying/Advocacy (Taxation, infrastructure, business licensing etc), consultancy service and origination of forums for exchange of views by members. The study also concludes that communication with other members was mainly through formal meetings this concludes that other modes of communication were not utilized well. Although the members were satisfied with the services offered by KMI the value the service they get at KMI against the membership fee shows they don't correspond. The study concludes that KMI does not meet all round needs of the members and that's why they outsource other services from other associations.

5.5 Recommendations

The study recommends that more emphasis should be stressed on communication. Members should improve their communication frequency by using the advantage of the modern technology and social media i.e. via Telephones, Fax and E-Mails. Personal visits should also be encouraged and set time in their meetings to review how better they can improve communication. The study also recommends that other services should be incorporated in order to benefit all stakeholders in all areas of interest. This will strengthen the association and deter members from joining other associations this will strengthen the bond between the members of KMI and many more will be attracted to join the association. The study further recommends that KMI should increase its visibility through community service and public awareness in its various operations. KMI should become more active in developing the Motor Industry as a whole, and less in personal member interests. The association should play a bigger role in terms of advocacy and dialogue with ministries in terms of formulation of policies.

5.5 Suggestions for Further Research

The study has explored the membership perception of the relevance of business association in changing external environment with a specific reference to Kenya motor industry Association. This warrants the need for another study which would ensure generalization of the study findings for all the Associations in Kenya and hence pave way for new policies. The study therefore recommends another study be done with an aim to investigate the factors influencing membership perception of the relevance of business association in changing external environment in industries in Kenya. Further a study should also be carried out to investigate the factors that influencing the growth of business associations in the Kenya Motor Industry Association.

5.6 Implication to Policy and Practice

The study focused on investigating membership perception of the relevance of business association in changing external environment and investigated on the membership's perceptions of the services being offered by the KMI association and the challenges faced by members of the KMI in changing external environment. The study therefore offers the following as implication to policy and practice; KMI association should lobby and advocate for business friendly policies in order to motivate more members, support in lobbying for business regional market access, KMI association should offer assistance to access market information and data to the members and all stakeholders, KMI association members should receive consultancy service in area such as quality management, technical support and other beneficial areas to improve their services as a way of networking with other industry players.

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APPENDICES

APPENDIX I: Questionnaire

SECTION A: GENERAL BACKGROUND

1. Name of your company (Optional)
2. Type of ownership.....
3. Type of business.....
 Manufacturing Wholesalers Retail Distribution Service
 Other specify.....
4. Number of employees
 Below 50 51-250 251-450 451 and above

SECTION B: MEMBERS EXPECTATIONS

5. The following are some of the reasons that motivate companies to join business association, kindly rate the extent to which the following reasons motivated your company to join the Kenya Motor Industry Association. Use a scale of 1-5 where 5 Very great extent, 4 Great extent, 3 Moderate extent, 2 Little extent and 1 No extent

	1	2	3	4	5
Lobbying and advocacy for business friendly policies	()	()	()	()	()
Support in lobbying for business regional market access	()	()	()	()	()
Assistance to access market information and data	()	()	()	()	()
To benefit from consultancy service in area such as quality management, technical support	()	()	()	()	()
As a way of networking with other industry players	()	()	()	()	()

Other reasons (please specify).....

6. The role and relevance of business associations in representing the views of members vary depending on individual companies' needs. Listed below are various reasons that motivate companies to join business associations. Rate them according to your reasons for joining the KMI association. Use a scale of 1-5 where 5. Very great extent, 4.Great extent , 3. Moderate extent, 2. Little extent and 1. No extent

	1	2	3	4	5
Political voice	()	()	()	()	()
Provision of concrete business services such as data and information	()	()	()	()	()
Influence public policy	()	()	()	()	()
Contact with media	()	()	()	()	()
Specialized legal advice and assistance	()	()	()	()	()
Conflict resolution	()	()	()	()	()

7. In the last 10 years the Motor industry in Kenya has undergone significant changes in responding to changes in external environment .To what extent has the KMI association responded in addressing the following changes in your industry ? Use a scale of 1-5 where 5. Very great extent, 4.Great extent , 3. Moderate extent, 2. Little extent and 1. No extent.

	1	2	3	4	5
Market access					
Advocacy					
Provision of concrete business services such as data and information					
Public policy					
Contact with media					
Specialized legal advice and assistance					
Conflict resolution					

8. Business association can potentially contribute to the competitive and economic performance of an industry by supporting members with a range of market complementing and market enhancing functions. To what extent does you company contribute to the competitiveness of the

motor industry in Kenya terms of economic performance in the following? Use a scale of 1-5 where 5. Very great extent, 4. Great extent, 3. Moderate extent, 2. Little extent and 1. No extent

	1	2	3	4	5
Horizontal coordination amongst producers	()	()	()	()	()
Vertical coordination of upstream linkages	()	()	()	()	()
Setting and enforcement of product standards	()	()	()	()	()
Provision of information and technical training	()	()	()	()	()

9. Kindly rate the level of importance of your membership in the KMI association

- Very important and relevant []
- Important []
- Necessary when my company experience problem []
- Not relevant []
- Indifferent []

SECTION C: EXPERIENCE WITH KMI SERVICE

10. How do you value the service you get against the membership fee?

- Very good value [] Good value []
- No comment [] Fair []
- No value []

11. How does the association communicate with your organization?

- Through circular [] Visits [] Meetings []
- No contact [] Fax []
- Telephone [] E- Mail []

12. Are you a member of any other business associations?

- Yes [] No []

13. If the answer to above question is Yes please list the other business associations your company is associated with

1)

2)

3)

14. From the given benefits which ones does your company outsource from other associations although they are offered by KMI? (kindly tick where appropriate)

Market access	
Advocacy	
Provision of concrete business services such as data and information	
Public policy	
Contact with media	
Specialized legal advice and assistance	
Conflict resolution	

15. The importance of the collective services provided by business associations' lead in the advancement of the industry in different ways. To what extent can you rate the following reasons in relation to the Kenya Motor Industry Association? Use a scale of 1-5 where 5. Very great extent, 4. Great extent, 3. Moderate extent, 2. Little extent and 1. No extent

	1	2	3	4	5
Information dissemination services	()	()	()	()	()
Educational services	()	()	()	()	()
Business services	()	()	()	()	()
Technical support services	()	()	()	()	()

SECTION D: SATISFACTION WITH THE SERVICES FROM KMI

16. To what extent are you satisfied with the following services the association is giving you as a member. Use a scale of 1-5 where 5 Very great extent, 4 Great extent, 3 Moderate extent, 2 Little extent and 1 No extent

Type of service	Rating				
	1	2	3	4	5
Consultancy service	()	()	()	()	()
Business information service	()	()	()	()	()
Business advisory service	()	()	()	()	()
Lobbying/Advocacy (Taxation, infrastructure, business licensing etc)	()	()	()	()	()
Trade Fairs/Exhibitions, buyer/seller meetings	()	()	()	()	()
Representation of business interest on policy matter	()	()	()	()	()
Origination of forums for exchange of views by members	()	()	()	()	()
Representations of business before relevant ministries and department	()	()	()	()	()
Advisory service on license ,certificate regulations	()	()	()	()	()
Entrepreneurship development	()	()	()	()	()

17. Please give below any suggestions you want to make to help improve the services provided to you as members

.....

.....

.....

THANK YOU FOR YOUR TIME & PARTICIPATION

APPENDIX II: Kenya Motor Industry Association Member

1. Amazon Motors Ltd
2. Amity Equipment
3. Associated Vehicle Assemblers
4. Audi Kenya
5. Car & General [K] Ltd
6. CFAO DT DOBIE
7. CFC Bank
8. Chloride Exide Kenya Ltd.
9. CMC Motors Group
10. General Motors [K] Ltd
11. Kenya Coach Industries Ltd
12. Kenya Grange Vehicles Ind. Ltd
13. MARSHALLS E.A
14. Mashariki Motor Ltd
15. NIC BANK
16. Nyanza Petroleum Dealers
17. Oriol Limited
18. R.T. [East Africa] Ltd
19. Ryce Motors Ltd
20. Sameer Africa
21. SIMBA COLT MOTORS
22. Stanbic Bank Kenya Ltd
23. Stenorette Radio Services
24. Subaru Kenya
25. Tata Africa Holding [K] Ltd
26. TOTAL KENYA
27. Toyota East Africa

APPENDIX III: Time Plan

Phase	Description	Number of weeks										
		1	2	3	4	5	6	7	8	9	10	11
1	Data collection											
2	Data analysis											
3	Data interpretation											
4	Report writing											
5	Compilation and presentation											

APPENDIX IV: Budget Plan

ITEM	COST (Ksh)
Proposal Development	
Printing of 38 pages @ Kshs. 30	1,140.00/-
Reproduction 6 copies @ Kshs. 800	1,080.00/-
Binding 6 copies @ Kshs. 50	300.00/-
Traveling Expenses	4,000.00/-
Miscellaneous expenses	7,000.00/-
Data collection	3,000.00/-
Books and reading material	5,000.00/-
Data analysis and computer runtime	15,000.00/-
Printing 70 pages @ Kshs. 30	2,100.00/-
Binding 5 copies @ Kshs. 1,000/-	5,000.00/-
Others Miscellaneous expenses	4,000.00/-
Grand Total	47,620.00/-