CHALLENGES FACING KENYAN HANDICRAFT TRADERS IN ACCESSING THE GLOBAL MARKET: A CASE STUDY OF SHOP OWNERS AT KARIOKOR MARKET

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DECLARATION

This Management Research Project is my original work and to the best of my knowledge has not been presented for the award of a degree in any other university.

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Last but not least thanks to the entire faculty staff who diligently shared with me knowledge and experiences throughout this course.
DEDICATION

This research project is dedicated to my parents, who have mentored me to the excellence. I am indebted to you for the sound and solid foundation on which my learning is built.
ABSTRACT

Handicrafts are unique expressions of a particular culture or community through local craftsmanship and materials. With increased globalization, however, products are becoming more and more commoditized and artisans find their products competing with goods from all over the world. In Kenya the production of handicrafts makes significant contribution to the national economy. Many types of Kenyan handicrafts are known around the world, but of all these crafts, basketry, wood and stone carving may be the most famous. A survey was carried on the challenges facing Kariokor market handicraft traders in accessing global market and measures adopted by the handicraft traders of Kariokor market to counter these challenges. Data was collected from 125 respondents, who constituted of owners of handicraft shops in Kariokor market, two stratum of male and female was made and 50% of the stratum participants were picked randomly. The study adopted a descriptive survey design. The study finding suggested that handicraft trader face numerous challenges when accessing the global market. The ratings of the challenges on market entry measures, networking and collaboration within the industry were rated highest. The results further suggested that these challenges were predominately affecting other SMEs in accessing the global market. Unprotected intellectual properties, copyright systems, patent right and trademark, global networking connection, exchange of information and lack of collaboration with the handicraft industry was ranked high that they greatly impacted on competitive of the handicraft products in the global market. These challenges appear to have had the greatest impact on access to global market. The research findings further established that global market entry strategies are measures to be adopted in countering the challenges of accessing the global market. From the results of this study, it can be concluded that challenges in accessing the global market has impacted on the market entry strategy to be adopted by Kenyan handicraft traders. The study recommends that the role of government in promoting the sector in-terms of right policies and enabling environment should be relooked. The traders are also urged to utilize networking systems and collaborate within the sector players to facilitate in inclusive bargaining power, production on economies of scale to meet big orders and access to information on global markets.
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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Handicrafts are unique expressions of a particular culture or community through local craftsmanship and materials. With increased globalization, however, products are becoming more and more commoditized and artisans find their products competing with goods from all over the world. It is no longer possible to look at traditional artisan communities and their products in isolation from global market trends and competition. Handicrafts are part of a much larger home accessory market, which includes handcrafted, semi handcrafted, and machine-made goods. The home accessory market is strongly influenced by fashion trends, consumer purchasing patterns, and economic conditions in end markets. In many cases, artisans are out of touch with those end markets, which presents a challenge to those seeking to export their products. The response of consumers to handicrafts is unpredictable and lends itself less to research and generalization than does the response to other products. Consumers buy handicrafts because they like to feel connected with indigenous traditions and cultures in a global and increasingly commoditized world (Aid to Artisans, 2002).

In many developing nations, handicraft production is a major form of employment and in some countries constitutes a significant part of the export economy. Observers of the handicrafts sector predict that the escalating number of small businesses turning to handicraft production is unlikely to decline significantly in the future. More specifically, artisans have been identified as the second largest sector of rural employment after agriculture in many regions of the world. Handicraft production crosses all sectors of the modern global economy from preindustrial to industrial and
Artisan production has thrived because handcrafted products offer distinct advantages: minimal start-up capital, flexible work hours, the ability to work at home, and freedom to manage one’s own business. Unlike many other forms of labor, artisan production can also enable a degree of labor autonomy for those who have limited access to the cash economy. As a means of livelihood, handicrafts provide an ideal avenue for creative, independent entrepreneurs. An addition, they offer opportunities for seasonal employment and small production runs, and the sector is often a default occupation for producers who have limited other options for employment (Scrase, 2002).

Kenya has a unique comparative advantage on its handicraft products and hand knotted carpets because of huge manpower and cheap labour. One of the aspects of Kenyan culture is the art and artefacts that are crafted manually by different ethnic groups. These artifacts include carved wood sculptures, colourful hand-woven sisal baskets, Maasai beaded jewellery, gold and silver jewellery, musical instruments, soapstone sculptures, tribal masks, figurines, paintings, prints, batik cloth, kanga and the beautiful traditional Kikoys (African sarongs made with exquisite detail and craftsmanship for sale to locals and tourists both locally and abroad. The art and craft of Kenya has a lucrative tourist market. The Art and Craft business in Kenya contributes about Sh6 billion to the economy and has created many jobs for rural women and the urban poor (Mukami, 2012).

1.1.1 International Business Marketing Strategies

At its simplest level, international marketing involves the firm in making one or more marketing mix decisions across national boundaries. At its most complexes, it involves the firm in establishing manufacturing/processing facilities around the world and coordinating marketing strategies across the globe. At one extreme there are firms that opt for ‘international marketing’ simply by signing a distribution agreement with
a foreign agent who then takes on the responsibility for pricing, promotion, distribution and market development (Fletcher, 2004).

Eclectic theory explains firms’ internationalization and it was developed by Dunning (1993). The framework that he uses to explain the same is known as the Ownership, location and internationalization theory (OLI). The framework tries to explain foreign direct investment (FDI) decisions to be affected by ownership, location and internationalization. OLI explains the reasons why firms decide to start investing abroad, the advantages attached to FDI, the location where such advantages lie and the ownership advantage.

The theory of comparative advantage, developed by David Ricardo in the early nineteenth century, still provides a fundamental explanation for international trade and investment. The basic idea is that if each country specializes in producing goods in whose production it has a comparative advantage (can use its resources more productively than in the production of other goods), then trades with other countries with different comparative advantages, the world as a whole will be better off as the total output of goods produced from a given set of resources will have increased (Tihanyi, Griffith, and Russell, 2005).

Although this theory principally applies to countries rather than firms, it is firms that are actually engaged in production and trade, taking advantage of the comparative advantages of the countries in which they are based. It may also be argued that multinational enterprises will be attracted by a country’s comparative advantages when investing abroad, so the theory can be used as a basic explanation for FDI as well as international trade. The Heckscher-Ohlin theorem, also known as factor endowment theory, adds a refinement to the theory of comparative advantage by
arguing that specialization will occur in industries where inputs are available at relatively low cost because of their abundantsupply (Sako, 2006).

Unlike their counterparts in other parts of the world, small African firms have mostly sold their products in their home market or in adjacent countries that belong to the same regional economic block as their home country. It also appears that most small businesses in Africa follow the incremental stages of international expansion model. The reasons given for the favoring of gradual internationalization by small firms in Africa include: unsaturated domestic markets, reputation for low quality products, technological requirement for success in markets in developed economies, and difficulties in joining international supply-chain networks (Rankin, Soderbom& Teal, 2006).

According to this model, firms typically begin with domestic focus and progress to experimental involvement, active involvement in foreign markets, and finally committed involvement (Johanson & Valhne, 2007). The problem with this approach is that gradual internationalization is no longer realistic in today's fast-paced global economy. Foreign companies now enter many formerly protected markets in developing countries in large numbers, increasing competition and driving down prices. As a result, young entrepreneurial firms have become born global companies that take on international business early in their inception (Knight & Cavusgil, 2006). Small firms in Africa must do the same to survive in today's competitive market environment.

1.1.2 International Business

International business is a term used to collectively describe all commercial transactions that take place between two or more nations. It refers to all those business
activities which involves cross border transactions of goods, services, resources between two or more nations. It can be either the buying (importing) or selling (exporting) of goods or services on a global basis. In the achievement of the strategic objectives of a self-reliant and dynamic economy, the government considers a substantial expansion in export earnings to be of great importance. Exports enable the country to pay for critical imports, new technological inputs and setup the pace of economic development (Johanson&Valhne, 2007).

International business challenges may be of different nature ranging from; competition in terms of competitors, their number, locations, activities; distributive and socioeconomic in regards to the characteristics and distribution of populations challenges and agencies available for distributing goods and services; the Economic challenges are both host and exporting country GNP, GNI, unit labor cost, personal consumption variables that impact a firm’s ability to do business; legal challenges these are laws and support governing international operations; physical topography, climate, natural resources; political stability of host country including political climate, government structure, international organizations; sociocultural – culture, attitudes, values, beliefs of the host country environment; labor – composition, skills, and attitudes of host country labor pool, the technical skills & equipment converting resources into product(Tihanyi, Griffith, and Russell, 2005).

International business is very important for the mere fact that it comprises a large and growing portion of the world’s total business. Every company, be it large or small, is affected by global events and competition. Almost every company sells its products or services to foreign countries, secures suppliers from overseas, and/or competes against products and services that come from abroad. Many a times, companies also
compete for overseas labor. International business differs from domestic business in that a firm operating across borders must deal with the forces of three kinds of environments domestic, foreign, and international. In contrast, a firm whose business activities are carried out within the borders of one country needs to be concerned essentially with only the domestic environment. However, no domestic firm is entirely free from foreign or international environmental forces because the possibility of having to face competition from foreign imports or from foreign competitors that set up operations in its own market is always present (Sako, 2006).

1.1.3 Global Market

Global marketing is marketing activities on a worldwide scale reconciling or taking commercial advantage of global operational differences, similarities and opportunities in order to meet global objectives. From the beginning Kenya has continued to produce high quality, high value and unique traditional handicraft which are know all over the world from the authenticity of production and material used. Kenya comparative advantage is base on low cost and availability of labour, creativity and an additional of talent from the different ethnic groups in Kenya, each tribe has a uniqueness in some traditional artifacts that has been passed along their lineage (Fletcher, 2004).

Many global opportunities have risen because of the clustering of market opportunities worldwide. Similar basic segments exist worldwide giving firms a wide arena to market their products. More products sold in the global markets are standardized and this a big challenge for handicraft products which are mostly manually made with very little machine use, this renders them inconsistent because labour intensive products are affected even by the emotion of the producers unlike
machine made products (Fletcher, 2004). Handicraft are products that specification vary from one customer to another, these products are more customized in terms of material used, colour of the product and most of all the design. When an organization develops into a global marketing organization, they usually evolve into this from relative small domestic and export base. Handicraft entities remain in the first and second stage of globalization focusing their business in the domestic market but with exports. Fewer entities have realized that they must adopt their marketing mix for overseas operation. EPC has integrated handicraft dealers to created value by extending products, programmes and focus on serving emerging global markets (Namu, 2005).

1.1.4 Handicraft industry in Kenya

In Kenya the production of handicrafts makes significant contribution to the national economy. Many types of Kenyan handicrafts are known around the world, but of all these crafts, basketry, wood and stone carving may be the most famous. According to Export Promotion Council (EPC) (2007), many terminologies have been used to describe the products in the industry. They include handicrafts, gift items, artisanal products, and curios among others. Of all these, the use of the term ‘artisanal products’ was adopted by the UNESCO/ITC International Symposium on ‘Crafts and the International Market: Trade and Customs Codification’. Accordingly, artisanal products were defined as those that are produced by artisans, either completely by hand, or with the help of hand tools or even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product.
Using raw materials from sustainable resources the special nature of artisanal products derives from their distinctive features, which can be utilitarian, aesthetic, creative, culturally attached, decorative, functional, religiously and socially symbolic and significant (Manila, 2007). Production of crafts in Kenya has over time undergone transition from being a cultural practice to commercial venture, which has quickly gained acceptance as a viable sector both locally and internationally. The traditional products which were produced as cultural activities grew from cottage industry and local consumption to commercial production for international markets. However, it is still the cultural appeal that has remained one of the strongest international marketing gimmicks (EPC, 2007).

Handicrafts production in Kenya is cultural, traditional and predominantly a cottage industry, engaged in by rural youth of both gender but largely by women folk, to supplement household incomes. The tradition has been to hand over craftsmanship and skills from generation to generation. This tradition has waned considerably over time. Even though master craftsmen can still be found, their numbers have diminished considerably. Of late, however handicraft production has seen an upswing as the industry is perceived as a potential business opportunity for sustainable income generation, thus attracting more and more artisans, traders and exporters. The village producers sell their products in either the neighbor hoods or to domestic craft traders, or direct to tourists. The domestic craft traders serve as intermediaries, who sell on the local markets and to exporters or export the items themselves (Namu, 2005).

1.1.5 Kariokor Handicraft traders

Kariokor market is located close to the city center off racecourse road, in the suburb of Kariokor in Nairobi. Kariokor marker is named after the colonial ‘carrier corps’
kariakor) who was once stationed where the premises stand. It’s the key supplier of product sold in the famous Maasai market. Kariokor market is bustling markets filled with make shift and permanent sheds and workshops making handicraft products. It’s also an excellent local market for very good and reasonably priced handicrafts. The traders who are both sellers and artisan focus on intricate beadwork, leather works, mosaic arts, painting, fashion designers and sculptures. Every item is completely handmade and therefore completely unique. These items identify the various tradition handicrafts from different tribes in Kenya (Mburu, 2007).

In many cases, artisans in Kariokor market are out of touch with those end markets, which presents a challenge to those seeking to export their products. The response of consumers to handicrafts is unpredictable and lends itself less to research and generalization than does the response to other products. Kariokor market lack new strategies on value creation, association, exhibitions and networking to compete in the global market (Pearce & Robinson, 2005).

A complete product passes through 3 or 4 workshops therefore contributing income to different artisans. The traders combine their talents and expertise to produce beautiful, original and unique products.

1.2 Research Problem

The increasing intensity of competition in global markets is a challenge facing firms at all stages of involvement in international markets. As markets open up, and become more integrated, the pace of change accelerates, technology shrinks distances between markets and reduces the scale advantages of large firms, new sources of competition emerge, and competitive pressures mount at all levels of the organization. Also, the threat of competition from firms in countries such as India, China, Malaysia, and
Brazil is on the rise, as their own domestic markets are opening up to foreign competition, stimulating greater awareness of international market opportunities and of the need to be internationally competitive. Firms which previously focused on protected domestic markets are entering into markets in other countries, creating new sources of competition, often targeted to price-sensitive market segments. Competition continues to be market-based and ultimately relies on delivering superior value to consumers. However, success in global markets depends on knowledge accumulation and deployment (Fletcher, 2004).

The majority of Kariokor handicraft traders export their products indirectly through agents and majority of them never promote their products abroad. This has been attributed to lack of adequate marketing skills and financial resources to fund marketing efforts. The most significant challenges facing export of handicrafts by Kariokor traders are high packaging and shipping costs, high and ever changing tariffs, certification and quality standards set by importer countries, counterfeits and lack of patent laws and lack of innovation and creativity amongst artisans to meet market specifications and demanding contracts respectively (Ndungu, 2012).

Numerous studies carried out on handcraft have concentrated on response strategies with none on the Kariokor traders. Handicraft business has increasingly become an important employer for majority of rural population and the youth. Majority of these players lack appropriate knowledge on export business thus facing major challenges. Unlike horticulture export, handicrafts are a small scale undertaking and lacks structured export bodies which can assist in export. Review of past studies reveals that nothing much has been covered on the handicraft sector. Much effort has been on other type of export products especially in the agricultural sector. Njoroge (2006),
Mburu (2007), Njuguna (2008) concentrated on strategies in export of agricultural product. Atieno (2008) did a study on handicraft exporters concentrating on the export marketing process while Nyambu (2011) looked at competitive strategies in export of handicrafts. This gives the justification for this to fill the gap by investigating the challenges facing Kenyan handicraft traders in accessing the global market a case study of Kariokor market.

i. What are the challenges facing Kariokor market handicraft traders in accessing global market?

ii. How does the handicraft traders of Kariokor market deals with challenges of accessing global market?

1.3 Research Objectives

The general objective of this study was to examine the challenges facing Kenyan handicraft traders in accessing the global market: a case study of Kariokor market

i. To determine the challenges facing Kariokor market handicraft traders in accessing global market

ii. To establish how the handicraft traders of Kariokor market deals with challenges of accessing global market

1.4 Value of the study

The findings of this study may assist in the development of policies, which will streamline the handcraft industry. This includes formulating strict guidelines on who should be employed in the sector, the products to be used and work guidelines. The results will serve as empirical basis for future policy making in Kenya on issues related to the handicraft.
To the government, the findings of the study provide important information that could be useful while formulating policy decisions with an aim of providing an enabling environment that can help facilitate the global market of handicrafts traders in Kariokor market.

To academicians and researchers, the findings of this research project are a source of reference material for future research on related topics; and will also help other academicians who undertake the same topic in their studies may use the findings of this study to restart undertaking activities aimed at reducing the challenges facing handicraft traders in accessing global market.

The study also highlights other important relationships that require further research which are a rich source for future research by academician and researcher highlight challenges and strategies aimed at facilitating easy access to the global market by handicraft traders and SMEs.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The purpose of this study is to examine the challenges facing Kenyan handicraft traders in accessing the global market: a case study of Kariokor market. The chapter commences by reviewing the theories that inform the discussion on global market. This chapter presents a review of the empirical literature on the topic challenges facing Kenyan handicraft traders in the global market done by other scholars.

2.2 Theoretical Foundations of the Study

This section contains review of theories relevant and which inform the theoretical background of the research subject matter. The theories reviewed are Conventional Theories of Trade and Investment, psychic distance theory eclectic theory

2.2.1 Conventional Theories of Trade and Investment

The theory of comparative advantage, developed by David Ricardo in the early nineteenth century, provides a fundamental explanation for international trade and investment. The basic idea is that if each country specializes in producing goods in whose production it has a comparative advantage (can use its resources more productively than in the production of other goods), then trades with other countries with different comparative advantages, the world as a whole will be better off as the total output of goods produced from a given set of resources will have increased. Although this theory principally applies to countries rather than firms, it is firms that are actually engaged in production and trade, taking advantage of the comparative advantages of the countries in which they are based. It may also be argued that multinational enterprises will be attracted by a country’s comparative advantages
when investing abroad, so the theory can be used as a basic explanation for FDI as well as international trade (Sako, 2006).

The Heckscher-Ohlin theorem, also known as factor endowment theory, adds a refinement to the theory of comparative advantage by arguing that specialization will occur in industries where inputs are available at relatively low cost because of their abundant supply. Conventional ideas about the sources of comparative advantage have tended to concentrate on the role of natural resources, proximity to which has become less important in modern industries. However, if the theory is adapted to take account of resources such as technology or human capital, it may still provide a plausible explanation for broad patterns of international location, if not necessarily for the motives of individual MNE (Rankin, Soderbom, and Teal, 2006).

This theory is relevant to the study as it explain about international trade and investment.

2.2.2 Psychic Distance Theory

Johanson and Vahlne (1977) define psychic distance as a hindrance of information flows to and from the foreign market, resulting from differences in language, culture, education, business practices and industrial development. A more recent definition that follows that of Johanson and Vahlne (1977) was made by Dikova (2009). According to her, psychic distance results from differences in local consumer preferences, culture and business systems between the home country and foreign country. The outcome of these differences is reduced level of understanding of the foreign country’s local market conditions.
Evans and Mavondo (2002) expand the concept of psychic distance by stating, that the degree psychic distance is not only determined by external environmental factors, but rather by the perceptions of individuals of the cultural and business differences. Evans, Treadgold and Mavondo (2000) describe psychic distance further, in more detail, as a perception of cultural and business differences that stems from legal, political and economic environment as well as the company’s business practices and the industry structure. Evans et al. (2000) point out that the company’s home country, international experience, business strategy, size, ownership and structure of decision making all affect the perceptions of the psychic distance. In addition the researchers stress the importance of the company’s management’s perception and understanding of the foreign market and the company’s abilities when it comes to determining appropriate entry and operating strategies in foreign markets. From this Evans et al. (2000) draw the conclusion that psychic distance is not only determined by external environmental factors, but rather by the individuals’ perception and understanding of both cultural and business differences. In other words, according to Evans et al. (2000), psychic distance is defined as a perceived degree of similarity or difference between home and foreign market regarding the cultural and business differences.

Dowling, Rose and Smith (2011) define psychic distance further as perceived psychological or mental distance held by business people to foreign markets, as distinct from the actual physical distance. In accordance to Dowling et al. (2011) Child et al. (2009) summarize the definition of psychic distance as the perceived differences between the characteristics of a firm’s domestic environment and those of a foreign country generate uncertainties among business decision-makers which may discourage the firm’s international diversification into that country.
Sousa and Lages (2011) propose a multi-dimensional scale when assessing psychic distance, consisting of country characteristics’ and people characteristics’ distance between the home and foreign country. They define psychic distance as the distance between the home and foreign market reflecting on the differences between the above mentioned dimensions.

In summing up the presented definitions, the most used aspects of psychic distance among the authors are cultural and business differences. The individuals’ perceptions of psychic distance have become more and more focus point when discussing psychic distance concept (Ojala & Tyrväinen, 2009; Dow & Karunaratna, 2006; Dowling et al., 2011). Therefore the definition of psychic distance in this study follows those of Dikova (2009), Evans and Mavondo (2002), Evans et al. (2000) as well as Dowling et al. (2011). Psychic distance in this study is referring to the cultural and business differences between the home and foreign country, and in more specific to individuals’ perceptions of these differences.

2.2.3 The Eclectic Theory

The most discussed theory which explains firms’ internationalization is eclectic theory developed by Dunning (1993). The framework that he uses to explain the same is known as the Ownership, location and internationalization theory (OLI). The framework tries to explain foreign direct investment (FDI) decisions to be affected by ownership, location and internationalization. OLI explains the reasons why firms decide to start investing abroad, the advantages attached to FDI, the location where such advantages lie and the ownership advantage. Dunning (2004) suggests that market seeking, resource seeking and efficiency seeking in international production can be explained by the endowment efficiency paradigm. The efficiency seeking
argument of FDI looks at the economies of scale and scope, risk reduction through product diversification and taxation. Ownership advantage can be exploited in the host country to get access to some specific market or resource which defines the investment location.

This theory relates to the study as it explains entry mode decision of firms. The eclectic theory, emphasizes the advantages of foreign direct investment where companies going to new foreign markets enjoy ownership advantages, own production advantages rather than producing through a partnership arrangement such as licensing or a joint venture.

2.3 Global Market

Companies enter international competitions because of different motives such as gaining global reputation, assurance of long term growth, increase of profitability, reaping the economy of scale and for other reasons such as saturation of internal market, intensity of competition in internal market and pressure of governmental rules and regulations. In international competition, a proper and creative entry strategy guaranties a long term presence in the market and leads to the success of the company in international markets. Those companies, which tend to enter international markets, must decide about the type of entry strategy and its effect on foreign operation of the company (Cateora& Graham, 2002).

Further, Firms operate in increasingly dynamic and turbulent environments characterized by intense competition, uncertain market conditions, faster technological changes and shorter product life cycles. Under these circumstances, the successful introduction of new products into the market becomes a critical factor for the survival and growth of companies. Effective new product development and
commercialization is therefore a challenging task, and several studies have verified that the entry or launch strategy is a key determinant of the success or failure of product innovations (Pinto, Escudero & Cillán, 2007).

In global economy, balance of payments is considered to be very important by many businesspeople, government officials and economists. It is an accounting record of the transactions between the residents of one country and the residents of the rest of the world over a given period of time. There are three important balance of payments measures: the balance on merchandise trade, the balance on goods and services, and the balance on current account. The last measure is considered to be a reflection of a nation’s financial claims on other countries (Rugman, 2005).

The source of global marketing logic might rest with the customer base, thus creating a global customer logic, global information logic, or global purchasing logic. However the industry environment may generate its own global logic sources. These industry-based global sources follow by the form of global competitive logic, global industry logic, global size logic, and global regulatory logic. When the global logic is very strong, there is almost a mandate to pursue its marketing operations on a global scale, leading to a global imperative. Furthermore, if the global logic were disregarded, the firm presumably would suffer negative competitive consequences (Zou & Cavusgil, 2002).

Many global opportunities have risen because of the clustering of market opportunities worldwide. Similar basic segments exist worldwide giving firms a wide arena to market their products. More products sold in the global markets are standardized and this a big challenge for handicraft products which are mostly manually made with very little machine use, this renders them inconsistent because
labour intensive products are affected even by the emotion of the producers unlike machine made products (Fletcher, 2004).

2.4 Challenges of Global Markets

As the world is becoming globalized, many nations have increasingly voiced their claim to "a right to culture" in international businesses. It is predicted that national culture will be a critical factor affecting economic development, demographic behavior, and general business policies around the world. Such claims at the macro level will be important for making trade policy, protecting intellectual property rights, and creating resources for national benefits. At the micro level these claims could be invisible barriers for firms working in or wanting to enter international markets (Lillis & Tian, 2010).

According to Ball and McCulloch (2010), doing business with another culture is not an easy task and to be successful, every foreign company should be aware and follow some rules that make their business activity more compatible. They state that there are six rules of thumb for doing business in another culture. Even if these can be important when doing business in the home country, they become more crucial when going abroad. These rules consists on be prepare, slow down, establish trust, understand importance of language, respect the culture and understand components of culture

Mukami (2012) examined the Response strategies adopted by handicraft traders in Kenya to challenges of exporting. From the findings, the study concluded that the majority of the handicraft businesses were based on individual ownership with limited financial capital base to expand and take advantage of the existing opportunities in the global market. In addition the main destinations of Kenyan handicrafts are Europeans
countries and USA respectively. The study found that there is wide range of handicraft products from the Kenyan exporters which enhances their competitiveness in the global market. The study concluded that the majority of handicraft traders’ export their products indirectly through agents and majority of them never promote their products abroad and this has been attributed to lack of adequate marketing skills and financial resources to fund marketing efforts.

Namu (2005) cited that lack of capital to finance production and marketing efforts, poor export marketing skills, lack of current information on global market, weak trade associations and regulatory body that do not efficiently lobby or assist exporters, cumbersome export procedures, poor laws on patents and copyrights as some of the challenges facing handicraft exporters. Biegon (2007) states that flow of information about changes in export markets pertaining to policies, quality requirements and certification usually does not get to suppliers in good time.

According to Namu (2005), the sector is highly fragmented with most traders acting as individuals and sometimes undercutting other traders in a bid to secure sales. Market accessibility and pricing also remains a challenge for most traders. The calculation of selling price while accounting for related costs and ensuring fair trade is a night mare for many traders. According to Cooperation for fair trade in Africa (COFTA) fair trade is about ensuring that a fair and reasonable amount is paid to the producers.

2.5 Strategies for Accessing Global Markets

Global market entry strategies are numerous and imply a varying degree of risk and of commitment from the international firm. In general, the implementation of an international development strategy is a process achieved in several steps. Indirect
exporting is often used as the starting point; if the results are satisfactory, more committing agreements are made by associating local firms (Terpstra&Sarathy, 2011).

Cateora and Graham (2002) stated there are six basic strategies for entering a new market: export/import, licensing and franchising, joint venturing, consortia, partially-owned subsidiaries, and wholly-owned subsidiaries. Generally, these represent a continuum from lowest to highest investment and concomitant risk-return potential. In choosing a particular strategy, a company constructs a fit between its internal corporate risk “comfort level” and the externally-perceived risk level of the target entry market. Two companies may perceive different risks as they evaluate the same market and therefore choose different entry modes. Two companies also may perceive the same risks in a country but still choose different strategies because of their firm’s differing tolerances of risk.

Exporting to a foreign market is a strategy many companies follow for at least some of their markets, which encompassing indirect exporting and direct exporting. Indirect exporting means a firm carries out its exporting operations through a domestically located intermediary. The most common types of intermediaries are brokers, combination export managers, manufacturers’ export agents, and some group selling activities. Direct exporting means a company carries out exporting through intermediaries located in the foreign markets. The exporter may select from two major types of intermediaries: agents and merchants (Karkkainen, 2005). Also, the exporting company may establish its own sales subsidiary as an alternative to independent intermediaries. The point at which the manufacturer can switch from an independent distributor to a company-owned sales subsidiary is calculated as: with increasing
volume, the incentive to start a sales subsidiary grows. On the other hand, if the anticipated sales volume is small, the independent distributor will be more efficient since sales are channeled through a distributor who is maintaining the necessary staff for several product lines (Cateora & Graham, 2002).

Organizations pool or share their resources and expertise with other firms and the parties share the rewards or risks of starting a new venture (Dehghan, 2010). In this strategy, the company uses methods such as licensing, franchising, contractual production, and joint investment for entering international markets. In licensing and franchising, the company enters the foreign market without investment. The joint investment happens when a company requests to share in the stock of a foreign company (Dehghan, 2010). A joint venture involves constantly sharing equity and risks and also participation in management between partners forming a long lasting, profit seeking relationship (Karkkainen, 2005).

Using licensing as a method of market entry, a company can gain market presence without an equity investment. Under licensing, a company assigns the right to a patent or a trademark to another company for a fee or royalty. Licenses are signed for a variety time periods. Licensing agreements are subject to negotiation and tend to vary considerably from company to company and from industry to industry. A major disadvantage of licensing is the company’s substantial dependence on the local licensee to produce revenues and, thus, royalties, usually paid as a percentage on sales volume only. Another disadvantage is the resulting uncertainty of product quality (Kotabe & Helsen, 2000).

The advantages of joint venture are saved capital and less restricted resources for foreign country operations. Also the risks involved in international market entry are
smaller and through joint venture the firm acquires highly important resources, like local knowledge and experiences (Ling, Williams & Cuervo, 2005). Joint ventures permit closer relationships with local government and other organizations such as labor unions. Joint ventures make also possible to minimize risk of exposing long term investment capital, while at the same time maximizing the leverage on the capital that is invested.

Shoham (2009) proposed that planning for international markets results in the identification of strategies that enhance exportation. Even more, high performing exporters have a desire to capitalize on the firm’s competitive advantage (Francis & Dodd, 2000). Therefore, exporting companies will design their marketing strategy in order to build sustainable competitive advantages. These advantages are communicated to the customer through a low price (low cost) or a non-price differentiation implemented using specific marketing mix programs for the different segments and countries. Moreover, exporting companies following pure differentiation strategies have been found to outperform those with cost leadership strategy, especially in the case of exporters in developed country markets (Aulakh, Kotabe & Teegen 2010).

Lyons and Snoxell (2005) interviewed 124 MSE traders in two City Council of Nairobi markets to investigate the social networking strategies they adopted to run their businesses. The study revealed that informal networks between the traders tended to be gender-segregated; additionally men and women adopted different management strategies. Lyons and Snoxell (2005) concluded that merry–go rounds played an important role in accessing financial services for business survival and sustainable livelihoods among the Nairobi traders.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined research methods and parameters that were used in the study such as the research design, target population, sampling size, data collection methods and data analysis.

3.2 Research Design

Research Design is the plan, structure of investigation conceived so as to obtain answers to the research questions as validly, objectively, accurately and as economically as possible. This study adopted a descriptive survey design. Descriptive survey design was applicable to the study because it included fact finding enquiries from all handicraft traders in Kenya.

3.3 Target Population

Burns and Grove (2003) describe a target population as all the elements that meet the criteria for inclusion in a study.

The target population was handicraft shop owners at Kariokor market. Specifically the researcher targeted both male and female shop owners in Kariokor market. There are approximately 250 shops in Kariokor market. Target and accessible population comprised of the owners of handicraft traders who were 170 females and 80 males making a total of 250 respondents.
Table 3.1: Target Population

<table>
<thead>
<tr>
<th></th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>80</td>
</tr>
<tr>
<td>Female</td>
<td>170</td>
</tr>
<tr>
<td>Total</td>
<td>250</td>
</tr>
</tbody>
</table>

3.4 Sample Size and Sampling Procedure

According to Upagade and Shende (2012) sampling design is a definite plan for obtaining a sample from a given population upon which data is collected from.

Stratified random sampling was used in the selection of hair stylists and clients. This method is preferred because the population of reference is not homogeneous since it consisted of owners from different functional areas. A sample of 50% was drawn from each stratum from which the respondents was randomly picked.

Mugenda and Mugenda (1999) point out that stratified sampling method ensures inclusion. In this method, sub groups which otherwise could be omitted entirely by other sampling methods are considered. Opiyo (2003) states that each stratum is homogenous to the population. It is easy to get more precise estimate from each stratum. He further adds that use of stratum estimates more accurately on each component part. The sample that was used was 50% of which was summarized in Table 3.2.

Table 3.2: Sample Size

<table>
<thead>
<tr>
<th></th>
<th>Population</th>
<th>Sample %</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>80</td>
<td>50</td>
<td>40</td>
</tr>
<tr>
<td>Female</td>
<td>170</td>
<td>50</td>
<td>85</td>
</tr>
<tr>
<td>Total</td>
<td>250</td>
<td>50</td>
<td>125</td>
</tr>
</tbody>
</table>

Source: Author (2014)

In total 125 participated in the study. This included 40 men and 85 women handicraft shop owners.
3.5 Data Collection

The study used primary data which was collected through use of a questionnaire. The questionnaires were sent to the respondents under a questionnaire forwarding letter accompanied by an introductory from the University. The researcher made a follow up and the fully completed questionnaires were picked from the respondents later.

A five point likert scale questionnaire was used. The likert measures the level to what extent they agree or disagree where the scale ranks are follows: 1= Not at All, 2= Little extent, 3= Moderate extent, 4= Great extent, 5= Very Great extent. Likert scales are good in measuring perception, attitude, values and behavior. The likert scale has scales that assist in converting the qualitative responses into quantitative values (Mugenda&Mugenda, 2003, Upagade&Shende, 2012).

Closed ended questions were used to ensure that the given answers were relevant. The researcher phrased questions clearly in order to make clear dimensions along which responds would be analysed.

3.6 Data Analysis

Burns and grove (2003) define data analysis as a mechanism for reducing and organizing data to produce findings that require interpretation by the researcher. After data were obtained through questionnaires, it was prepared for coding and entered into a spreadsheet and analyzed using SPSS (Statistical Package for Social Sciences). Microsoft excel was used to complement SPSS especially in production of pie charts, graphs and tables.
The data was analyzed using qualitative and quantitative techniques. This involved creating descriptive statistics namely percentages and frequencies. The data was presented by using tables and charts.
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

In this chapter, data collected will be analyzed and the results arrived at discussed. In accordance with the objective of the research, the data collected in three major thematic areas: Demographic information, the challenges and measures used to encounter challenges. The last section is a discussion of the findings.

4.2 Demographic Information

Demographic information was based on years of expertise in the business, level of education and whether they export outside the country. The section also indicates the kind of handicraft traders were dealing with.

Figure 4.1: Period in the Business

From figure 4.1, it is clear that thirty percent (30%) of the respondents had been in the business for 6 to 10 years, 25% of the respondents had been in the business for 4 to 6 years while 24% indicated more than 10 years. Only 21% of the total number of respondents indicated less than 3 years.
Regarding the level of education of the respondent as shown in Figure 4.2., majority (50%) of the respondents had secondary education. This therefore indicates that the majority of respondents who work as handcraft traders are literate.

According to the findings majority of the respondents, 64% were exporting their products outside the country. Thirty six percent (36%) of the respondents indicated that they were not exporting their products outside the country as contained in Figure 4.3.
As shown in Figure 4.4. the findings indicated that 46% of the respondents were doing bead work, 41% of the respondents indicated that they produce and sell weaved products another 33% produce and sell carved products. Only 5% of the sampled respondents were producing and selling sculptured product

### 4.3 Challenges of Handicraft Traders

The section addresses the first objective of the research, which was to determine the challenges facing Kariokor market handicraft traders in accessing global market. The respondent were asked to rate on a 5-point Likert Scale where those challenges that rarely affected the respondents were coded with 1 (one) point while those that often recurred were given 5 (five) points. Mean and standard deviation were then the result are presented in table form. A 100% response rate was attained for all the questions in this section of the questionnaire. The higher the mean, the more the prevalent the challenge while the higher the standard deviation, the more the respondents were dispersed on their opinion.

**Table 4.1: Challenges of Handicraft Traders**
<table>
<thead>
<tr>
<th>Statement</th>
<th>Not at All</th>
<th>little extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very Great extent</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural misunderstanding in terms of language barrier and beliefs</td>
<td>19%</td>
<td>19%</td>
<td>26%</td>
<td>18%</td>
<td>18%</td>
<td>2.96</td>
<td>1.36</td>
</tr>
<tr>
<td>Government instability and political upheavals</td>
<td>6%</td>
<td>28%</td>
<td>30%</td>
<td>7%</td>
<td>28%</td>
<td>3.22</td>
<td>1.30</td>
</tr>
<tr>
<td>Choice of market entry limit ownership and exchange control</td>
<td>0%</td>
<td>15%</td>
<td>25%</td>
<td>21%</td>
<td>39%</td>
<td>3.84</td>
<td>1.11</td>
</tr>
<tr>
<td>Unstable economic conditions and buying patterns of consumers</td>
<td>12%</td>
<td>18%</td>
<td>36%</td>
<td>14%</td>
<td>21%</td>
<td>3.14</td>
<td>1.27</td>
</tr>
<tr>
<td>Risk of fluctuation in currency exchange rates</td>
<td>0%</td>
<td>25%</td>
<td>25%</td>
<td>32%</td>
<td>18%</td>
<td>3.44</td>
<td>1.06</td>
</tr>
<tr>
<td>Complex regulatory policies</td>
<td>6%</td>
<td>23%</td>
<td>30%</td>
<td>26%</td>
<td>14%</td>
<td>3.18</td>
<td>1.13</td>
</tr>
<tr>
<td>Unprotected intellectual property like industrial designs, copyright system, patent rights and trademark</td>
<td>3%</td>
<td>0%</td>
<td>1%</td>
<td>25%</td>
<td>71%</td>
<td>4.61</td>
<td>0.80</td>
</tr>
<tr>
<td>Global network connections and exchange of information</td>
<td>0%</td>
<td>1%</td>
<td>8%</td>
<td>43%</td>
<td>48%</td>
<td>4.38</td>
<td>0.67</td>
</tr>
<tr>
<td>Lack of collaboration within the industry associations</td>
<td>1%</td>
<td>21%</td>
<td>10%</td>
<td>19%</td>
<td>50%</td>
<td>3.96</td>
<td>1.23</td>
</tr>
<tr>
<td>Risk of a demand interruption</td>
<td>4%</td>
<td>26%</td>
<td>26%</td>
<td>18%</td>
<td>26%</td>
<td>3.36</td>
<td>1.23</td>
</tr>
</tbody>
</table>

**Grand mean and SD**

<table>
<thead>
<tr>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.61</td>
<td>1.12</td>
</tr>
</tbody>
</table>

The results related to challenges of handicraft traders are presented on Table 4.1. As shown, these challenges are intellectual properties, copyright system, patent rights and trademarks had the highest mean rating at 4.61. The other aspects that were highly rated after the Global network connections and exchange of information (Mean 4.38)
Lack of collaboration with the industry association (Mean 3.96). On the contrary, although acknowledges as challenges cultural misunderstanding in terms of language barrier and beliefs was rated lowest at 2.96 mean rating. Unstable economic conditions and buying patterns of consumers was ranked second lowest at 3.14 mean rating. Complex regulatory policies were ranked at 3.18 mean rating. Ther grand mean for challenges was 3.61.

4.4 Measures used to Counter Challenges

The purpose of this section of the questionnaire was to answer the second research objective which to sought to establish how the handicraft traders of Kariokor market deals with challenges of accessing global market. The questionnaires were asked to rate on a scale of 1 to 5 (where 1= not at all, 2 = little extent, 3 = moderate extent, 4 = great extent and 5 = very great extent) the extent to which the traders had adopted measures to counter the challenges. For the purpose of the analysis the questions/measures classified into four groups based on global market entry strategies: Joint venture, Franchising, Management Contracting and Product Differentiation. The response rate was 100%. The mean and standard deviation for each question was calculated and the scores tabulated.
### 4.4.1 Joint Venture

#### Table 4.2: Joint Venture

<table>
<thead>
<tr>
<th>Statements</th>
<th>Not at All</th>
<th>little extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very Great extent</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitate sharing of knowledge and knowhow of foreign market</td>
<td>12%</td>
<td>27%</td>
<td>6%</td>
<td>24%</td>
<td>30%</td>
<td>3.3</td>
<td>1.45</td>
</tr>
<tr>
<td>Spread/share business risk</td>
<td>11%</td>
<td>38%</td>
<td>26%</td>
<td>13%</td>
<td>13%</td>
<td>2.8</td>
<td>1.20</td>
</tr>
<tr>
<td>Capitalize on strength of partners</td>
<td>13%</td>
<td>5%</td>
<td>22%</td>
<td>31%</td>
<td>30%</td>
<td>3.6</td>
<td>1.31</td>
</tr>
<tr>
<td>Reduce finance and investment risks</td>
<td>4%</td>
<td>36%</td>
<td>35%</td>
<td>7%</td>
<td>18%</td>
<td>3.0</td>
<td>1.14</td>
</tr>
<tr>
<td>Provide avenue for new capacity</td>
<td>0%</td>
<td>6%</td>
<td>15%</td>
<td>44%</td>
<td>34%</td>
<td>4.1</td>
<td>0.87</td>
</tr>
<tr>
<td><strong>Grand mean and SD</strong></td>
<td><strong>3.4</strong></td>
<td><strong>1.19</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As shown in Table 4.2, joint venture facilitates entry to the global market. Joint Venture provides avenue for new capacity to venture partners was rated highest at 4.1 mean rating, other measures that were adopted at a great extent were Capitalizing on the strength of partners at 3.6 mean rating. The least adopted measure for joint venture was spread / sharing of business risk by venture partner rated at 2.8 mean rating. The grand mean on the joint venture measure was 3.4

### 4.4.2 Franchising

#### Table 4.3: Franchising

<table>
<thead>
<tr>
<th>Statements</th>
<th>Not at All</th>
<th>little extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very Great extent</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitate rapid brand expansion</td>
<td>0%</td>
<td>11%</td>
<td>41%</td>
<td>13%</td>
<td>35%</td>
<td>3.72</td>
<td>1.067</td>
</tr>
<tr>
<td>Speed entry into global market</td>
<td>15%</td>
<td>10%</td>
<td>5%</td>
<td>9%</td>
<td>62%</td>
<td>3.92</td>
<td>1.559</td>
</tr>
<tr>
<td>Provide proven goodwill/trademarks</td>
<td>22%</td>
<td>14%</td>
<td>41%</td>
<td>13%</td>
<td>10%</td>
<td>2.76</td>
<td>1.227</td>
</tr>
</tbody>
</table>

33
The overall mean rating for franchising measures was 3.33. Speedy entry to the global through franchising was the most highly ranked measure at a mean of 3.92. The other measures that were rated highly are facilitating rapid brand expansion at a mean 3.72 and facilitating sharing of knowledge at a mean of 3.19. The least rated measure was provision of proven goodwill/trademarks at mean rating of 2.76 as contained in Table 4.3.

### 4.4.3 Management Contracting

#### Table 4.4: Management Contracting

<table>
<thead>
<tr>
<th>Statements</th>
<th>Not at All</th>
<th>little extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very Great extent</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer improved management system and proficiency</td>
<td>11%</td>
<td>14%</td>
<td>20%</td>
<td>26%</td>
<td>30%</td>
<td>3.49</td>
<td>1.34</td>
</tr>
<tr>
<td>Enhance business/partnership opportunities</td>
<td>5%</td>
<td>34%</td>
<td>23%</td>
<td>18%</td>
<td>21%</td>
<td>3.16</td>
<td>1.23</td>
</tr>
<tr>
<td>Expand knowledge on new markets</td>
<td>7%</td>
<td>12%</td>
<td>5%</td>
<td>32%</td>
<td>44%</td>
<td>3.94</td>
<td>1.28</td>
</tr>
<tr>
<td>Reduce operation cost</td>
<td>8%</td>
<td>13%</td>
<td>30%</td>
<td>35%</td>
<td>14%</td>
<td>3.35</td>
<td>1.12</td>
</tr>
<tr>
<td>Acquire standardized process and compliance</td>
<td>0%</td>
<td>30%</td>
<td>8%</td>
<td>22%</td>
<td>39%</td>
<td>3.7</td>
<td>1.27</td>
</tr>
</tbody>
</table>

**Grand Mean and SD**  
3.53  1.25
As shown on Table 4.4., it indicated response to managing contract as a measure, expansion of knowledge on new market was ranked highest at a mean rate of 3.94. Acquiring standardized processes and compliance to international standard was ranked second highest at 3.7. Offer of improved management system and proficiency was rated at moderate extent at a mean rate of 3.49. The least ranked was managing contract enhance business/partnership opportunities at a mean of 3.16. These measures have a combined mean of 3.53.

### 4.4.4 Product Differentiation

Table 4.5: Product Differentiation and Market Entry

<table>
<thead>
<tr>
<th>Statements</th>
<th>Not at All</th>
<th>little extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very Great extent</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitate market expansion</td>
<td>0%</td>
<td>15%</td>
<td>17%</td>
<td>30%</td>
<td>38%</td>
<td>3.9</td>
<td>1.073</td>
</tr>
<tr>
<td>Increase profitability and products sales</td>
<td>14%</td>
<td>10%</td>
<td>19%</td>
<td>37%</td>
<td>21%</td>
<td>3.42</td>
<td>1.296</td>
</tr>
<tr>
<td>Drive innovation and reduction in costs</td>
<td>0%</td>
<td>7%</td>
<td>26%</td>
<td>37%</td>
<td>30%</td>
<td>3.9</td>
<td>0.92</td>
</tr>
<tr>
<td>Promote and strengthen customers loyalty</td>
<td>6%</td>
<td>26%</td>
<td>34%</td>
<td>20%</td>
<td>13%</td>
<td>3.06</td>
<td>1.113</td>
</tr>
<tr>
<td>Promotes firms competitive advantage</td>
<td>2%</td>
<td>20%</td>
<td>18%</td>
<td>26%</td>
<td>34%</td>
<td>3.7</td>
<td>1.206</td>
</tr>
<tr>
<td><strong>Grand Mean and SD</strong></td>
<td><strong>3.60</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>1.12</strong></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.5 shows product differentiation as a measure to global market entry. As shown, these ways are; facilitating market expansion and driving innovation and reduction in cost were the most highly ranked at a mean rate of 3.9. Promotion of firms competitive advantage was ranked second highest at a mean rate of 3.7. The least rank was promoting and strengthening customers’ loyalty at a mean rate 3.06. The grand mean was 3.60.
4.5 Discussion of the findings

The purpose of this study was to examine the challenges facing Kenyan handicraft traders in accessing the global market. From the study majority of the handicraft export trade businesses are sole proprietorships. The study shows that many traders have been in export business for over ten years which is in line with Andersson et al., (2004) observations that not only are small firms becoming increasingly international but they appear to be entering the international arena at an earlier age than had been the case in previous decades.

The study was designed as a descriptive survey, The target population was 250 handicraft shop owners at Kariokor marker. A sample of 125 handicraft owners were selected using stratified random sampling technique so as to select the owners from the study population. Primary data was collected using questionnaires administered to Kariokor market handicraft owners and 100% respondents were received. Data was analyzed using descriptive and content analysis.

The study found out that handicraft traders were engaged in global marketing of their product and they encountered challenges in accessing the global market. These traders are under the SMEs category where they are characterized with individually ownership and faces challenges in sourcing for expansion resources to increase their competitiveness. The majority of the handicraft traders showed to have been operational for more than 4 years with an overwhelming number showing existence of over 10 years in the industry. The study found out that majority of the traders sold item that were wholly hand-made or with little machine requirement, this stems the reason why handicraft products are deemed to be unique as they are not standardized because of the inconsistent moods and attitude. The product are also entwined with
cultural and traditions of the different tribes in Kenya. The products range from; beadwork, carvings, painting, weaved products and sculptures amongst others.

The study established that handicraft traders face numerous challenges in pursuit to access the global market, it should be noted that most of the challenges are within the mean of the traders and the government. The most prevalent challenge was protection of properties and patent right, as earlier explained handcraft products are unique and entwined with cultural background, this, however, have been an area where competitor have copies these designs and name and use to brand their products in the global market even though these products are produced elsewhere with use of machines and synthetic materials.

The study established that majority of the traders were aware of the need to have measures to be able to respond to the challenges encountered in accessing the global market. Porter (1995) asserts that companies must be flexible to respond rapidly to environmental changes which in turn pose challenges to the organization. Product differentiation was established as the favoured measure, with the benefit to expand market and drive to innovation and reduction in costs rated highest. The study also established product differentiation as a vehicle towards promoting firms competitive advantage. Albeit, product differentiation being high it was also established that it rated low at promoting and strengthening customer loyalty.

Secondly, the study established that management contracting promoted knowledge expansion. It was also noted that the same facilitated acquisition of standardized processes and compliance to international standards. Management contract reduce operation costs.
Joint venture as a measure to counter challenges in accessing global market has the highest rate on provision of avenue for new capacity at a mean rate (4.9), the benefit was favoured by most of the respondent. The study also established capitalizing on partner’s strength to be well popular. Facilitation in sharing of knowledge and knowhow of foreign market was moderately rated. It was also established that reduced financial and investment risk were moderately rated while spread/sharing busing risk was lownly rate, this being one of the major challenges the handicraft face.

Lastly, the study established that franchising was the lowest rated measure. It was established that franchising speedy entry to the global market and facilitates rapid brand expansion. It was also established that franchising facilitate sharing of knowledge and expand financial and investment sources at a moderate rate. The least rated benefit was franchising provide proven goodwill/ trademark. The study established that the handicraft trader have been operating in the global market and proved that they use market entry strategies to access the global market.
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter consist of 6 sections, the sections are namely; the summary of the findings, the conclusion of the study, recommendation of the study, limitation of the study and suggestion of further research.

5.2 Summary of the Findings

From the findings, it was established that the majority of the handicraft businesses were sole proprietor/ individually owned. This illustrates that the handicraft businesses in the country are mainly individually owned which is indicative of the fact that majority of them are small and medium enterprises and who have limited financial capital to enable them expand and take advantage of the existing opportunities in the global market.

The study found that most of the handicraft traders had been exporting handicrafts for 6-10 years, and for 4 to 10 or for less than 3 years respectively. This illustrate that the handicraft industry had operated long enough in the country and was well established. The study revealed that, majority of the respondents had secondary education. According to the findings majority of the respondents, and were exporting their products outside the country. The study further showed that respondents were involed in various handicraft production namely, bead work, weaving, carving, painting and sculpting..
The research found out that the types of handicrafts exported included bead work, carvings, painting, weaved products and sculptures. This depicts that there is a wide range of Handicraft products from the Kenyan exporters which enhances their competitiveness in the global market.

The study was able to establish that there were challenges facing handicraft traders in accessing the global market. The challenges rated most highly were; unprotected intellectual properties, copyright systems, patent rights and trademark and global network connection and exchange of information, handicraft are unique products, hand-made and tied to cultural background. Other challenges were also rated high. Cultural misunderstanding in terms of language barrier and beliefs was rated least.

Measures on benefits of product differentiation was overall rated high with an indication that it was the preferred measure in accessing handicraft global markets. Secondly, benefits management contract measure to access to global market was equally overall highly rated especially in expansion of knowledge on new markets. Measure on benefits of joint venture was moderately rated with provision of avenue for new capacity. Measures on benefits of franchising was overall least rated.

5.3 Conclusions of the Study

From the study findings, we can conclude that for handicraft traders to remain competitive they have to understand the prevailing challenges in global market and this will influence the approach or the strategy to be implemented to counter these challenges. This will enhance competition in the market. It should be strongly concluded that the prevailing challenge induces a given survival strategy to outsmart the competitors as a result of competition.
From the findings, the study concluded that the majority of the handicraft businesses were based on individual ownership. Thus the handicraft businesses in the country are mainly individually owned which is indicative of the fact that majority of them are small and medium enterprises (SMEs) and who limited financial capital to enable them expand and take advantage of the existing opportunities in the global market. The study concluded that the handicraft industry had been operational for long enough in the country and was well established as most of the handicraft traders had been exporting handicrafts for 4-10 years, and for over 10 years respectively. Further, the research concluded that there is a wide range of unique cultural related handicraft products by the Kenyan exporters which enhances their competitiveness in the global market. The Handicraft products for export included bead work, carvings, painting, weaved products and sculptures among others.

The study also concluded that the most significant challenges facing export of handicrafts by Kenyan traders were cultural misunderstanding in terms of language barrier and beliefs, government instability and political upheavals, choice of market entry limit ownership and exchange control, unstable economic conditions and buying patterns of consumers, risk of fluctuation in currency exchange rates, complex regulatory policies, unprotected intellectual property like industrial designs, copyright system, pattern rights and trademark, global network connections and exchange of information, lack of collaboration within the industry associations and risk of a demand interruption.

The researcher concluded that the majority of handicraft traders facilitate sharing of knowledge and knowhow of foreign market, spread/share business risk, capitalize on strength of partners, reduce finance and investment risks and provide avenue for new
capacity. The study also concluded that the handicraft traders facilitate rapid brand expansion, speed entry into global market, provide proven goodwill/trademarks, facilitate sharing of knowledge and expand financial and investment sources. The study further concluded that the handicraft traders offer improved management system and proficiency, enhance business/partnership opportunities, expand knowledge on new markets, reduce operation cost and acquire standardized process and compliance. The researcher further concluded that the handicraft traders facilitate market expansion, increase profitability and products sales, drive innovation and reduction in costs, promote and strengthen customer’s loyalty and promotes firms competitive advantage.

5.4 Recommendations

The finding of the study leads to recommendation in the areas of implication to theory, implication to policy and implication to practices.

5.4.1 Implication for the theory

The study provides an insight into challenges facing handicraft traders in accessing the global market. For theory, the study forms a basis on which further research into challenges by handicraft traders in accessing the global market.

The study is supported by the theory of comparative advantage where Kenyan handicrafts are known all over the world. The traders also trade with country that have had close interaction notwithstanding the distance example the UK, the colonial ties, and the USA, Kenyan immigrations.

The findings also suggested the measures adopted by handicraft traders to counter challenges of accessing the global market. From a theory view point they provide a
basis for further research into relationship between challenges of accessing global market and measure of market entry strategies.

5.4.2 Implication for the policy

From the policy makers in the SMEs sector the study reveals the growing importance of formulation of regulatory policy to protect intellectual property, copyright systems, patent rights and trademarks in the handicraft industry.

Policy maker in trade, dynamic changes in the global markets forms modern challenges affecting firms competitiveness. An analysis on challenges in global networking and collaborating in Kenyan handicraft industry, and its impact in improvement of access to market and enhance associations bargaining power. The study recommends that government and other stakeholders should explore means of enhancing accessibility of credit facilities to the handicraft traders to enable them expand their enterprises and reduce the middlemen in order to maximize on their profitability.

The study further recommends that government and other stakeholders should organize and regular marketing forums and scale up the existing ones for the Kenyan handicraft traders in the various export destinations to promote the handicraft sector.

5.4.3 Implication for the practices

First, the Kenyan handicraft traders are encouraged to adopt the modern technologies of production and marketing of their products to gain a competitive edge in the export destinations. Secondly, traders should formulate association enhancing togetherness in marketing and producing in bulk thus advantages of economies of scale.
Competitiveness will be achieved when traders participate in forums and join networks that enhance access of information on global markets and form a basis for better marketing strategies and improves product designs.

5.5 Limitations of the Study

This study focused on handicraft business in Kariokor market, as a result, the finding may not apply to other business and industries. Secondly, this study’s major limitation was the high level of suspicion by traders towards the motive of the study, citing victimization from the information collected. This was overcome by providing the introduction letter from the university and assured that the information given will be handled with utmost confidentiality and will be purely used for academic purposes only.

Working schedules for traders who are busy all day in producing their trading wares delayed completing of questionnaires while at work. This was overcome by requesting them to fill the questionnaires on their free time when they were likely to complete the questionnaire with attention.

5.6 Recommendations for Further Research

This finding of this study recommends further studies on this subject to establish other challenges that affect access to global market by handicraft traders, also explore on more measures to counter the challenges.

The study also recommends that more in depth studies on the role of government in terms of research and development in protecting Kenyan handicraft products in global markets in order to provide incentive and policies to support the industry.
REFERENCES


Biegon, K.P. (2007). *Challenges facing Kenya tea industry in exporting value added tea (Branded tea)*. Unpublished MBA project: University of Nairobi


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Johanson, J. & Vahlne, J. (1977). The internationalization process of the firm – a model of knowledge development and increasing foreign market commitments


APPENDICES

Appendix I: Introduction Letter

Date……………………..

Dear Sir,

RE: VOLUNTARY PARTICIPATION IN DATA COLLECTION

I am Catherine Ngunjiri a postgraduate student from the University of Nairobi, School of Business. I am conducting a study entitled “challenges facing handicraft traders in accessing the global market: a case study of Kariokor market in Nairobi”. The data collected is for research purposes only and it takes the form of a survey which should take no more than 15 minutes of your free time. All responses received are anonymous and information collected will not be distributed to any other party.

Thank you for taking time to complete this survey.

Yours Sincerely

Catherine Ngunjiri
Appendix 2: Questionnaire

SECTION A: GENERAL INFORMATION

1. How long have you been in this business?
   - Less than 3 years [  ]
   - 4 to 5 years [  ]
   - 6 to 10 years [  ]
   - More than 10 years [  ]

2. Is this your own business?
   - Yes [  ]
   - No [  ]

3. What is your level of education?
   - Primary [  ]
   - High School [  ]
   - Diploma [  ]
   - Degree [  ]
   - Other: Specify ............

4. Do you export your products outside the country?
   - Yes [  ]
   - No [  ]

5. What kind of handicraft products do you produce and sell
   - Weave [  ]
   - Carved [  ]
   - Bead Work [  ]
   - Paint [  ]
   - Sculptures [  ]
SECTION B: Challenges of Handicraft Traders

Please indicate on the scale provided below the extent to which you encounter each of the following challenges in accessing the handicraft global market. Use a 5-point scale, where: 1= Not at All, 2= Little extent, 3= Moderate extent, 4= Great extent, 5= Very Great extent.

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<tr>
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<td></td>
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<td>Not at All</td>
<td>Little extent</td>
<td>Moderate extent</td>
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<tr>
<td>1</td>
<td>Cultural misunderstanding in terms of language barrier and beliefs</td>
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<tr>
<td>2</td>
<td>Government instability and political upheavals</td>
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<td>3</td>
<td>Choice of market entry limit ownership and exchange control</td>
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<tr>
<td>4</td>
<td>Unstable economic conditions and buying patterns of consumers</td>
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<td>5</td>
<td>Risk of fluctuation in currency exchange rates</td>
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<td>6</td>
<td>Complex regulatory policies</td>
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<td>7</td>
<td>Unprotected intellectual property like industrial designs, copyright system, pattern rights and trademark</td>
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<td>8</td>
<td>Global network connections and exchange of information</td>
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<td>9</td>
<td>Lack of collaboration within the industry associations</td>
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<td>10</td>
<td>Risk of a demand interruption</td>
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SECTION C: Measures used to counter challenges

To what extent do you use the following measures to counter challenges faced in accessing handicraft global market?

**SECTION C1: JOINT VENTURE**

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<tbody>
<tr>
<td></td>
<td>Facilitate sharing of knowledge and knowhow of foreign market</td>
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<td>1</td>
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<tr>
<td>2</td>
<td>Spread/share business risk</td>
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<tr>
<td>3</td>
<td>Capitalize on strength of partners</td>
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<tr>
<td>4</td>
<td>Reduce finance and investment risks</td>
<td></td>
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<td>5</td>
<td>Provide avenue for new capacity</td>
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**SECTION C2: FRANCHISING**

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<td>Facilitate rapid brand expansion</td>
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<td>2</td>
<td>Speed entry into global market</td>
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<td>3</td>
<td>Provide proven goodwill/trademarks</td>
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<td>4</td>
<td>Facilitate sharing of knowledge</td>
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<td>5</td>
<td>Expand financial and investment sources</td>
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**SECTION C3: MANAGEMENT CONTRACTING**

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<td>1</td>
<td>Offer improved management system and proficiency</td>
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<tr>
<td>2</td>
<td>Enhance business/partnership opportunities</td>
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<tr>
<td>3</td>
<td>Expand knowledge on new markets</td>
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<tr>
<td>4</td>
<td>Reduce operation cost</td>
<td></td>
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<td>5</td>
<td>Acquire standardized process and compliance</td>
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**SECTION C4: PRODUCT DIFFERENTIATION**

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<td>Facilitates market expansion</td>
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<td>2</td>
<td>Increase profitability and products sales</td>
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<tr>
<td>3</td>
<td>Drives innovation and reduction in costs</td>
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<td>4</td>
<td>Promote and strengthen customers loyalty</td>
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<tr>
<td>5</td>
<td>Promotes firms competitive advantage</td>
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