

**MEMBERSHIP PERCEPTION OF THE RELEVANCE OF BUSINESS
ASSOCIATIONS IN A CHANGING ENVIRONMENT – A CASE STUDY OF
THE KENYA ASSOCIATION OF MANUFACTURERS**

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A Management Research Project submitted in partial fulfillment of the requirement for
the degree of Masters in Business Administration (MBA), Faculty of Commerce,
University of Nairobi.

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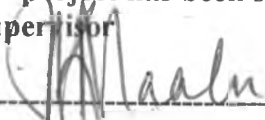
other university.

Signed 

Muthoni Muturi

Date-----

This research project has been submitted for examination with my approval as
university supervisor

Signed 

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Date 31/10/2001

To my husband, George and my children Maina and Muigai.

For being a major source of inspiration

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ABBREVIATIONS

KAM	Kenya Association of Manufacturers
IDS	Institute of Development Studies
IMF	International Monetary Fund
ITC	International Trade Center
NIE	New Institutional Economics
WTO	World Trade Organization
UNCTAD	United Nations Center for Trade and Development
FKE	Federation of Kenya Employers
KNNCI	Kenya National Chamber of Commerce and Industry
GOK	Government of Kenya
NGO	Non governmental organizations
CBS	Central Bureau of Statistics

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ABSTRACT

This study was undertaken with the objective of assessing the Kenya Association of Manufacturers membership's perceptions of the relevance of services being offered by the association and whether their expectations are being met. The study focused on the association's members in the fourteen sectors based in Nairobi ranging from small, medium and large-scale sectors.

Business associations' importance to any economy cannot be underrated since when the needs of their members are effectively addressed, this translates to further and more efficient industrial growth. The accompanying catalytic effects in the rest of the economy through backward and forward linkages lead to increased general economic growth and development. In the changing economic, political and social environment worldwide the role and responsibility of business associations has been extended or altered and with these changes, their reach and range of services have widened. These changes, in the Kenyan context can be seen from the services that membership expected from the business associations before liberalization, which to a large extent were policy related i.e. lobbying to the government to remove the controls which were not conducive for effective operations of the enterprises. With liberalization, the needs changed and most government controls such as foreign exchange controls, import controls, price controls, etc were removed, and the market opened, bringing with it other challenges both to the enterprises and the business associations.

It is against this background that this study was undertaken, to understand the perception of the members of KAM of the services being offered to them by the association and the extent that they value these services in a changed environment. The study was motivated by the rapid decrease of the members of the association, from approximately 600 in 1994 to 287 in August 2000. This is in comparison to the number of registered companies in the country which stands at over 4,000, and which KAM members account for only 7.1%.

A list of companies obtained from the Kenya Association of Manufacturers was used as the sampling frame. A simple random of 60 firms covering all the fourteen sectors as per the categorization by the association were selected. The list also covered large, medium and small-scale companies also based on the categorization of KAM, which is on the annual turnover of the firms. 39 firms responded to the questionnaire, out of which, four were incomplete and therefore 35 were analyzed. This accounted for 58% of the response rate.

The study results showed that despite the reduction in the number of members over the past few years, 43% of the respondents felt that their membership with the association was important to them while 45% said that the membership was necessary when their companies experienced problems and required solutions, which KAM could help it attain. The research indicates that the members were getting good value of service against their membership fee, however felt that there was room for improvement for the association especially in the areas of provision of other services such as specialized seminars and workshops and consultancy services. The research findings indicate further

that the association should diversify its membership base by accepting membership from small and medium sized companies who, according to the Central Bureau of Statistics constitute 75% of the registered companies. The membership subscription fee for this category could also be reduced to make it affordable for them.

A desk research was done to cover objective two of the study, which was intended to document the strategies that the association has taken in order to effectively and efficiently serve its membership in a liberalized economy. KAM has undertaken various activities such as the formation of working committees, division of their membership into geographical areas and has focused on its own infrastructure, rationalizing and redirecting their management resource to provide the “most effective and efficient services and back-up to the membership”.

CHAPTER ONE - INTRODUCTION

1.1 BACKGROUND

The privatization and structural changes in the world economies have made industrial activities become part of the private ventures whereby the government plays only a regulatory or facilitating role. Professional trade associations as non-governmental organizations (NGOs) seem the relevant bodies, which are in a position to ensure free access to results, dissemination of information thus guaranteeing sustainability of achievements 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 1990s. (International Institute of Labour, 1999).

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.

The operative definition of business associations are groupings of manufacturers linked by commonalities, who cooperate and collaborate with a view to getting mutual benefits from this joint action. According to the Society of New Institutional Economics (NIE) which groups institutions such as the World Bank and IMF, business associations (also known as employers associations or trade associations, or business interest associations) are “non-state institutions that may or may not reduce transaction costs, promote or restrain competition, extend or restrain rent seeking, and/or lean on the state to protect property rights”. (Doner and Schneider, 2000). In practical terms then, associations offer at least potentially attractive alternate or supplemental institutions to the weak states so common in developing countries. (Ibid, p. 3).

For any organization to achieve its goals and objectives, there is need for them to constantly adjust their strategies to the external environment (Pearce and Robinson, 1997). This is necessitated by the constantly changing environment, which is turbulent and which therefore needs to be constantly addressed. The external environment in Kenya has been constantly changing since independence and this has brought about the need for the manufacturing sector and KAM to realign their strategies to these changes.

During the post-independence era, the Kenyan industrialization process was based on the strategy of import substitution within a consistent policy of protective barriers through heavy duties and quantitative restrictions, which included banning some types of imports, where necessary. (World Bank, 1992). By 1980's, the benefits of economic restructuring

after independence had been reaped and the economy required to change its policies. (WTO, 2000).

The new policies had to be re-oriented from the earlier approach of import substitution. The initial attempt for the re-orientation came with Sessional Paper No. 1 of 1986, on Economic Management for Renewed Growth. The main thrust of the paper was the introduction of the Second Restructuring Programmes (SAPs). Its main aim was economic liberalization which encompassed trade policy instruments such as tariff reductions, devaluation of domestic currency, export subsidies and relaxation of quantitative restrictions. (Ngeno, 1990). It also involved government divesting itself from business to provision of conducive business environment within the context of free trade based on market economy and the new policy for the industrial sector became export promotion (WTO, 2000).

This background gives a clear position of the changing role of business associations in the promotion of the interests of their membership in Kenya in relation to the various changes in the government's policy towards the industrial sector. With 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 this regard, business associations articulating the views of 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. Ideally, they have important functions and can be catalysts for the development of their members. It is certain that well organized business associations with well-articulated strategies have a very significant effect on the long-term viability of their members' businesses. (Nadvi, 1999).

During the import substitution era, Kenya Association of Manufacturers (KAM) found itself almost routinely addressing the problems its members were experiencing due to the

economic controls. These included the import licenses, which were required for allocation of foreign exchange, and for control of the imports, price control restrictive laws and rules, implementation of government subsidizes such as export compensation and duty drawback rebates, amongst others. These problems mainly involved lobbying to the various government Ministries and Departments and it took a substantial amount of the association's time. Others areas such as promotion of the members interest, promotion of discussions amongst the members amongst others were not effectively addressed.

The liberalization and globalization era has given the association an increasingly complex role in lobbying for their members to allow for their continued survival especially in the face of threats of imported finished products from countries such as South Africa, Asia and the far East where economies of scale makes prices artificially low in comparison to those produced in Kenya (KAM, 1999). Since the companies, which are members of the association, are open systems, which are environment dependent, their expectations have also changed in reflection of the changes in the external environment. This study aimed to investigate the strategies that KAM has taken to address the needs of the membership effectively and efficiently in a changing environment and the membership perception of the relevance of the services they are getting from the association.

1.2 The Kenya Association of Manufacturers

The Kenya Association of Manufacturers (KAM) was formed in 1959 and registered as a corporate body in 1961 under the Companies Ordinance, Chapter 288 of the Revised Laws of Kenya, 1948 Edition and the Companies Act, Chapter 486 of the Revised Laws of Kenya 1962 Edition as a Company Limited by Guarantee and not having share capital. The Company was originally registered as The Association for the Promotion of Industries in East Africa and later as The Association of East African Industries before it acquired the present name. KAM was constituted as a corporate body by industrialists to promote their interests in the sphere of conducive industrial policy for enhancement of

investments, production and marketing by presenting to the Government of Kenya, views and interests of its members (KAM, 1994).

KAM is a non-political and non-profit making organization dependent upon annual membership subscriptions for funds. The membership is categorized into ordinary membership, which is restricted to persons, firms and companies directly engaged in manufacturing, processing or other productive activities. Associate members are extended to other companies and firms, who by the very nature of their businesses have a direct interest in the expansion of industry i.e. financial institutions, insurance companies and consulting firms (Ibid).

KAM is a representative body for industrialists and is expected to facilitate the development of a conducive climate for industrial growth and development. KAM endeavours to fulfill this role through various approaches that include;

- Lobbying for policy changes in taxation, tariffs, incentives and licenses, and advising the members on their effects on trade and investments
- Giving technical advisory services and conducting training courses and seminars for members in specialized fields
- Giving guidance on potential markets and marketing for manufactured goods, both locally and abroad through trade fairs and exhibitions, and the dissemination of information related to export trade
- Collaborating with organizations with similar objects for the benefit of the industrialists.

In order to achieve its objectives, KAM endeavours to influence formulation and implementation of the Kenya government industrial policies so that they are favourable to its members. It is therefore expected that the association will interpret the government policies and advise its members on the best way of taking advantage of the various implications. The association is the link between industrialists and the government, donor agencies, institutions established to foster industrial growth, the Kenyan public and the

rest of the world. The association is therefore a very important forum for the Kenyan industrialists and the policy makers as its ability to serve its membership to their satisfaction has a major contribution to Kenya's industrial growth.

The association's objectives are spelt in its Articles of Memorandum, Section 3 with the main object being to "promote and protect the interests of manufacturers and industrialists". The association is expected to achieve this object through initiation and encouragement of dialogue and discussions amongst its members on the problems they are experiencing in the sector and advise the government on the best and effective measures to address these problems.

Another major objective is the promotion of sales, both locally and abroad and helping its members to maintain proper standards in relation to price. This is to be achieved through market surveys, collection and analysis of economic statistical data, provision of market information as well as collaboration with other organizations with similar objectives.

To effectively finance the activities of the association, the objects also include raising money in various ways including borrowing, especially through debentures and taking copyrights on their activities

Another objective of the association is to form branches; local committees or other bodies deemed desirable as far as the interests of the Association are concerned.

Overall, the objectives of the association clearly indicate its business to be that of furthering the interests of its membership i.e. the industrial sector, however it may be defined. The importance of the association to the economy cannot therefore be underrated since when the needs of the industrialists are effectively addressed, it translates to further and more efficient industrial growth. The accompanying catalytic effects in the rest of the economy through backward and forward linkages lead to increased general economic growth and development. KAM therefore has a major role to play in spearheading Kenya's economic growth.

The KAM membership is categorized into small, medium and large. The basis of this categorization is the annual turnover of the firm. Currently, the association has 287 members (KAM, August 2000) spread across all the fourteen sectors and operate all over the country. The membership also includes the service sector as associate members. These include firms such as banks and insurance companies. The membership has been declining for several years now as of 1994, KAM had 600 members According to the Central Bureau of Statistics (CBS), Kenya has over 4,000 industries cutting through all major industrial activities. A breakdown of the industries in the country by ISIC 2-digit classification is given in the table below.

Table I **Kenya Industrial Analysis by Sector**

MAJOR GROUP	DESCRIPTION	NUMBER	PERCENTAGE
31	Food, Beverage and Tobacco manufacturing	791	19.5%
32	Textile and Leather	817	20.2%
33	Wood and wood products	516	12.7%
34	Paper, printing and publishing	372	9.2%
35	Chemicals, plastics, petroleum and rubber	383	9.4%
36	Non-metallic mineral products	103	2.5%
37	Basic metal industries	32	0.8%
38	Fabricated metal products, machinery and equipment	719	17.7%
39	Other manufacturing	321	7.9%
	Total	4,054	100.0%

Source: Central Bureau of Statistics

The majority of the industries are based in Nairobi, which has about 2,000 industries accounting for 50% of the total number in the country (ibid). It is also estimated that out

of the total 4,054, 3,000 are small-scale industries, 500 are medium scale and about 600 are large scale.

As mentioned above, KAM is comprised of 287 members, amongst them 25 associate members. Based on the ISIC 2-digit grouping, Table 11 below gives representation of industries by sector and corresponding percentages.

Table II - KAM representation of Industries by sector

MAJOR GROUP	ISIC	NUMBER	KAM MEMBERS	PERCENTAGE
31		791	53	7.1%
32		817	27	3.3%
33		516	16	3.1%
34		372	29	7.8%
35		383	76	19.8%
36		103	16	15.5%
37		32	2	6.3%
38		719	43	6.0%
39		321	25	7.8%
		4,054	287	7.1%

Source: KAM and Central Bureau of Statistics

The data above shows that only 7.1% of the industries in the country are KAM members. This is a very low proportion considering the important role that the association plays in the country. KAM membership however, does not include the small-scale industries, which account for 75% of the total number of industries in the country (CBS). Of the remaining 1,141 large and medium scale industries, KAM has only 287 which is about 25%, leaving out 75% major industries unrepresented (ibid).

1.3 Research problem

The economic liberalization policies being pursued by the government have exposed Kenyan enterprises to complex problems, among them strong competitive pressure, which have led to loss of business by local industries (KAM, 1994). The liberalization reforms have revealed the weaknesses of the inter sectoral linkages and the lack of competitiveness of the Kenya's manufacturing sector (WTO, 2000). It is well documented that the already high protection of the sector, enhanced by the rationalization of the tariff structure and of incentive schemes aimed at promoting exports after the liberalization did not prevent the collapse of several firms particularly in the textiles industry (Ibid).

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

While as the association is still considerably active in lobbying the government on various issues affecting the manufacturers, it has not been proactive in addressing the other expectations of the membership. Despite the changes in the strategic approach to the issues affecting the membership with a view of addressing the changing environment, the number of members at the KAM has been going down since 1994 when the effects of liberalization started being felt. KAM, at the time, had over 600 members and as of August this year, the figure had gone to a high time low of 287 (KAM, 2000). This is in comparison with the registered number of manufacturing firms in the country, which according to the Central Bureau of Statistics stand at 4,054. The reduction in number directly affects the operations of the association, as membership annual subscriptions have been traditionally its major source of revenue. It also raises questions of whether or not the membership is satisfied with the services that the association is providing i.e. whether their expectations are being met.

The extension to this question is that of the relevance of the association to its members. If the association has adjusted to the changing environment, then this will be well reflected in its effective service to the membership, and therefore it will be considered relevant. If the association has failed to adjust to the changing environment effectively as per the member's assessment, then its service to the membership may be considered irrelevant, as it will not be efficient in the delivery of the expected services.

1.4 Objectives of the study

The study had two main objectives as follows;

1. To assess the membership's perceptions of the services being offered by the association and whether their expectations are being met
2. To document the strategies that the association is taking to effectively address the needs of their members in a changing economic environment and the constraints that they may be experiencing.

1.5 Importance of the study

The study will contribute to the direct effect that associations have had on the efficient and effective operations of the manufacturing sector in a liberalized economy. Further, individual businessmen and entrepreneurs who wish to benefit from the services of the association will find the study useful. Policy makers and government representatives who deal directly with the association and who recognize it as a major stakeholder to the industrial growth of the economy will also benefit from the information on its perceived relevance amongst its membership.

As an academic research, this study will also benefit the Kenyan Universities, government representatives and other interested parties for further research on the operations of business associations and the expectations of members from such associations.

For other business associations, the study will, hopefully contributes towards their understanding of the needs of their membership and the relevance of the services that they are offering them, especially in an ever changing environment.

Finally, since the industrial sector is very crucial to the development of the Kenyan economy as exemplified in various policy documents, this study will be a direct contribution to the strategies aimed at achieving full industrialization by the year 2020.

1.6 Organization of the study

This study has been divided into five chapters. The preceding sections of this chapter introduce the entire research study. It sets the context by providing an overview of business associations and briefly looks at the changing environment in the country. It will also give the background information of the Kenya Association of Manufacturers, its aims and objectives. It will also include the statement of the problem, objectives of the study, basic assumptions, importance and scope of the study.

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Chapter two will review the existing writings on business associations, which will include historical development, their aims and objectives and dwell on examples of various associations both in the developed and developing world. Chapter three deals with the aspects of research design namely the population, sampling and sample size, data collection and data analysis.

Chapter four documents the research findings after an in-depth of the data analysis was done while Chapter five is a conclusion of the entire project, giving the summary, conclusions and recommendations. It also addresses the limitations experienced in the study and opportunities and recommendations for further research.

CHAPTER TWO - LITERATURE REVIEW

Business associations are many, extremely varied in terms of their composition, scale, and organization and undertake a 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 chambers 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 and of product quality, an arena for social contact between members, participation in the framing and/or implementation of public policy, including performance of regulatory duties. (Moore and Hamalai (1993, p. 1897).

Most business associations are classified as non-profit making organizations brought into existence to serve certain prescribed ends. Those manufacturers 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.

In order to be effective, business associations have to address diverse needs of their membership, including the broad strategic issues in macroeconomics likely to result in public policy impact on the corporation as a whole (McCarthy et al, 1996). These also includes the other needs that the membership may have and which they expect the association to address such as consultancy services, development activities such as human resource development programmes, quality management, subcontracting exchanges, and training in various areas of interest, amongst others (Clothier, 1997). Acting within this context, the association also creates a competitive environment within which their members operate.

Business associations bring about cooperation and collaboration even amongst competing parties through the support that they will provide across the board to the particular sector. It is argued that “spatial and sectoral grouping” can generate potential benefits for local producers (Sengenberger et al, 1991) and that the members in the particular field compete but also cooperate (Porter, 1998). 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.

The initial interest of forming these business groupings arose from empirical experience of the sector specific industrial agglomerations in parts of Western Europe and the United States (Best, 1990). These findings motivated a range of studies that sought evidence of industrial associations in the developing world whose experience was extremely heterogeneous where there are survival clusters mainly in sub-Saharan Africa and relatively mature ones that have managed to enter and compete in international, quality conscious and price sensitive markets. (Schmitz, 1995). It has been noted that this

business groupings assists even small-scale firms to grow and compete effectively in world markets alongside larger firms. (Ibid).

According to Schmitz (1995), 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 districts. 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 advise 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 (p 8). Networking amongst the members is also another benefit that they get from joining associations. Networking is "the study of connections – communications, interactions, exchanges of resources – between social units, such as individuals, organizations, or corporations." (Caulkins, 1988, pg 6). 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
- 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 (Ibid, p. 11). 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.

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 Porter, business associations can “enhance cluster competitiveness... (and)...institutionalize collective linkages” (Porter, 1998). 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 (Ibid, p. 258). 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

challenges (Nadvi, 1999). New competition that has arisen for example from the processes of liberalization and globalization will be effectively addressed collectively (Ibid), and calls for greater cooperation. Joint action and networking through business associations is one aspect of potential collaboration that comes about. This calls for a deliberate and active cooperation as a multilateral level between local agents engaged in similar activities (Ibid).

According to Nadvi (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 (p.7)

Coordination by the association can be both at the horizontal level, both local producers and at vertical level in terms of backward and forward linkages that 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 (Ibid).

Lobbying government and public relation has 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 (KAM 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 the 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 (KAM, 1994). The business associations will also review the policy framework mainly the industrial and export policy framework of the country and advise members on how to cope with them. (Ibid, pg 29). 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.

The role and responsibility of business associations all over the world are well defined and are in many ways similar. The changes in the economic, political and social environment the world over has affected the way that these business associations operate, with lobbying being a major role still retained by the associations. In Kenya, the business associations also represent the collective interests of the sectors that they represent and they also tend to bring about cooperation and collaboration through the support they provide across the board to the particular sector. Like in other countries, business associations in Kenya have also been playing the role of accelerating economic development. The Kenya Association of Manufacturers has over the years lobbied the

government on behalf of the manufacturing sector and has been used as a forum for networking by its members. This study seeks to get membership perception of the KAM on the services that they get and to look at the strategies the association is using to effectively and efficiently address the needs of the membership.

CHAPTER THREE - RESEARCH DESIGN

3.1 Population

The target population was members of business associations in Kenya who also include the Kenya National Chamber of Commerce and Industry, the Federation of Kenya Employers, the Kenya and Tours operators Association etc. This being a case study of the Kenya Association of Manufacturers, its membership as at 1994 when the association had its highest number of members i.e. above 600 were sampled and used as the population.

The Kenya Association of Manufacturers was chosen for the following reasons;

- ◆ KAM is a representative body of the manufacturing sector in Kenya and represents a wide spectrum of small, medium and large manufacturing companies. The operations of the association since its formation have also been fairly stable.
- ◆ The Kenya National Chamber of Commerce and Industry which is another body representing both manufacturers and traders has, in the past year been embroiled in leadership wrangles which made it difficult for the researcher to get any views from the organization
- ◆ The other business association which has undertaken, on an on and off basis similar activities such as lobbying and advocacy to the government like KAM, that is the Federation of Kenya Employers has as its core business industrial relations and employer/employee relationship

3.2 Sampling

Stratified sampling was done as a first step so as to ensure coverage of all the sectors within the association. The sampling unit was individual members who fell in all the categories of the membership i.e. large, medium or small and in all the fourteen sectors as per the categorization of KAM. The sampling frame used was the KAM member's

directory that gives the maximum number of about 600 members, which was the maximum number before the liberalization started taking effect in 1994. The list also contained those active and inactive members and those who, for various reasons ceased to be members.

The sample size was a total of 60 manufacturing firms covering Nairobi zone. The choice of Nairobi for the study was based on the high concentration of the industries (50%) and the fact that the problems being experienced by the membership are similar in many ways despite their geographical zone. During the study, 39 firms responded to the questionnaire. Out of these 39, four questionnaires were incomplete. Therefore only 35 questionnaires were fully filled and returned and therefore analyzed. The respondents were chosen from the twelve out of fourteen industrial sectors based on the categorization of KAM.

3.3 Data collection

Data collection for objective one of the study was mainly primary data collected through a structured questionnaire. (See appendix 2). The questionnaire had both closed and open-ended questions. This questionnaire was administered through personal interviews conducted by the researcher and her assistant. For a few members who could not avail time for personal interviews due to their tight time schedules, a “drop-pick later” method used by Njuguna (1996) was adopted.

The data for the second objective of the study was collected mainly through desk research, relying on secondary data from the association and other sources. Discussions were also held with KAM staff on the strategies that the association was using in the liberalized era.

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3.4 Data Analysis

The data was analyzed as follows; the initial step was editing the raw data to ensure accuracy, consistency, uniformity, completeness and arranging to facilitate coding. This is the step at which the four questionnaires were disqualified due to non-completeness. The data was then be coded to enable the responses be grouped into a limited number of categories. The coding facilitated basic statistical analysis in terms of frequency tables and proportions or percentages, frequency distribution and simple and cross tabulations. Descriptive analysis was used to analyze the data. This involved descriptive tools such as percentages, modes, and frequency distribution. The reporting method was also be used to incorporate the rich qualitative data in the analysis. This method was used by Wambua (1996). The data was tabulated using SPSS computer package. The findings were then summarized to indicate the services offered by the association and the expectations of the membership with a view to getting a conclusive answer to the study problem. The strategies that the association had undertaken were also documented.

CHAPTER FOUR – RESEARCH FINDINGS

This chapter highlights the results of the data analyzed and gives the summary of the findings. It is in several parts each dealing with a separate issue.

4.1 Profile of respondents

A total of sixty questionnaires were distributed out of which 39 were returned. Of the 39, four were incomplete for various reasons. Therefore, 35 questionnaires were returned fully filled and ready for analysis. This formed a response rate of 58% and included two firms, which had dropped the membership of the association in the past year. All the companies interviewed were based in Nairobi. Amongst them were large, medium and small scale manufacturing firms as per the categorization of the association, which is based on annual turnover of each particular firm.

The respondents were drawn from the twelve out of the fourteen sectors as per the KAM categorization. The only representative from the mining sector is based out of Nairobi and was therefore automatically disqualified while those in the service sector approached, (two banks) after looking at the questionnaire felt that the issues did not affect them directly. The study also interviewed two former members of the association. This was done in order to get a balanced view on the value of services that the association was giving to its members. The two respondents were from the textile sector. This selection was based on the serious negative effect that the liberalization of the economy and the opening up of the market has had on this sector, which has led to most firms closing down or operating at a very low capacity. Table III shows the summary of respondents based on the category of the manufacturing firm in terms of sectors.

Table III Summary of Respondents by Sectors

Industrial Sector	Number of Respondents	Percentage
Automotive sector	3	8.5
Building sector	2	5.7
Chemical and Allied Sector	2	5.7
Engineering and Electrical sector	2	5.7
Food sector	5	14.5
Footwear and Leather sector	3	8.5
Pharmaceutical and Medical Equipment sector	4	11.3
Metal and Allied sector	2	5.7
Mining sector	0*	0
Paper and Paperboard sector	3	8.5
Plastics and Rubber sector	2	5.7
Services sector	0**	0
Textile sector	4***	11.3
Wood and Wood Products sector.	3	8.5
Total	35	100

Source: Research Data

*The only mining company is based outside Nairobi

**Two banks approached in the service sector declined to fill the questionnaire

***Two of the textile companies interviewed had ceased being KAM members

The result of this table shows that the highest response was from the food sector, followed by the pharmaceutical and medical equipment sector and the textile sector.

The respondents of the study were top managers i.e. the respondent could be a Chief Executive officer, Deputy Chief Executive officer or a departmental head familiar with the operations of the Kenya Association of Manufacturers and on policy issues affecting the company.

4.1.2 Motivation for joining the association

The study sought to understand the motivation of the KAM members for joining the association. Table IV below summarizes what motivated the respondents to join the association.

Table IV – Motivation of Joining the Association

MOTIVATION FOR JOINING KAM		
	No. who said Yes	%
Support in lobbying for business friendly taxation	33	30
Support in Lobbying for business friendly infrastructure	28	25.5
Assistance to access business information	22	20
Benefit from consultancy services in areas such as quality management	0	0
As a way of networking with other manufacturers	27	24.5
Total	110	100

Source: Research Data

As Table IV above reveal, 30% members indicated that support in lobbying for business friendly taxation was the most important motivation of joining the association. The findings also revealed that none of the members' felt that benefits from consultancy services in areas such as quality management was a motivation for joining the association. This is because KAM has not developed in-house capacity to give

consultancy services to its members. Other areas of motivation for joining included support in lobbying for business friendly infrastructure, assistance to access business information and as a way of networking with other manufacturers, which were rated at 25.5%, 20% and 24.5% respectively.

4.1.3 Benefits Derived from KAM

The respondents were requested to put down the benefits that they derive from KAM. As Table V below illustrate, 32.9% of the respondents felt that lobbying/representation to the government on various issues affecting them was the most important benefit they derived from the association.

Table V – Benefits Derived from the Association

	Number said Yes	who	%	Cumulative %
Business information	20		26.3	26.3
Lobbying for taxes & levies	13		17	43.3
Seminars which are relevant	4		5.3	48.6
Lobbying for business infrastructure	5		6.6	55.2
Networking with other manufacturers	5		6.6	61.8
Lobbying/representation to government on various issues	25		32.9	94.7
Analysis of budget	4		5.3	100
Total	76		100	

Source: Research Data

The research also revealed that business information was the other important benefit to the members. Specialized seminars, which were relevant to the respondents, networking with other manufacturers and analysis of the annual budget, which is presented by the Ministry of Finance, were also classified as other benefits members were getting from KAM.

When the motivation of joining the association and the benefits that the members derive from the association were cross tabulated, lobbying, access to business information and networking with other manufacturers were common to both cases.

The research sought to understand from the respondents the major problems areas they expected the association to address during the pre-liberalization and post-liberalization eras. The major problem that those who were KAM members during the pre-liberalization era expected the association to address was foreign exchange allocation, which accounted for 33%. Table VI below gives the other major problem areas, which the respondents expected the association to address during the pre-liberalization era.

Table VI- - Major problem areas respondents expected KAM to address in Pre-Liberalization Era

	Number who responded Yes	%	Cumulative %
Price Control	20	25	25
Foreign Exchange Allocation	26	33	58
Export Compensation refunds/policies	14	17	75
Taxes and levies	17	21	94
Improvement of Infrastructure	3	4	100
Total	80	100	

Source: Research Data

The research revealed that the pre-liberalization era was one of controls and the government controlled foreign exchange allocation and prices of essential commodities such as petroleum products, some foodstuffs etc. Price control accounted for 25% of the problems with export compensation refunds, taxes and levies and the improvement of infrastructure accounting for 17%, 21%, and 4% respectively.

During the post-liberalization era, and with the opening up of the markets, the members' problems and expectations from the association changed. The respondents indicated that infrastructure, water and power were the major problems they were experiencing and expected the association to take them up with the relevant authorities. This accounts for 28%. Table VII below gives further breakdown of the problems members expected the association to address for them in the post-liberalization era.

Table VII – Major problem areas respondents expected to be addressed in the post-liberalization era

	Number of respondents who said Yes	%	Cumulative %
Import duties and Corporate Tax	26	25	25
Infrastructure water & power	29	28	53
Importation of goods locally available without payment of the relevant duties	18	17	70
Corruption and others	15	15	85
Creating of an enabling environment	8	8	93
Government policies/ Auditing by KRA	7	7	100
Total	103	100	

Source: Research Data

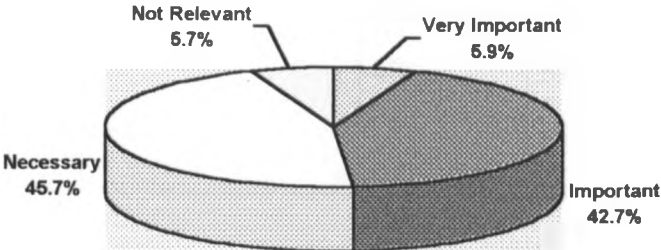
Import duties and corporate tax, importation of goods locally manufactured (dumping) without payment of the relevant duties, and corruption were other areas ranked highly.

4.1.4 Importance of KAM Membership

During the research, the respondents were requested to rank the importance of the membership to their firms into five categories, very important and relevant, important, necessary when my company experiences problems, not relevant and indifferent. Chart I below reveals that 45.7% of the respondents indicated that the membership was necessary

when their companies experienced problems. The respondents were requested by the researcher to clarify the kind of problems, which they would request the association to handle. Most of them indicated that problems, which needed direct intervention by the government, for instance duties and levies, current shortages of utilities such as water and electricity were some of them.

Chart I – Importance of the Membership



Source: Research Data

Only 5.7% of the respondents felt that the association was very important and relevant while 42.9% felt that it was important. Another 5.7% of the respondents indicated that the membership was not relevant to them. These are the firms, which had ceased to be KAM members and therefore had no direct communication with the association.

4.2 Experience with KAM service

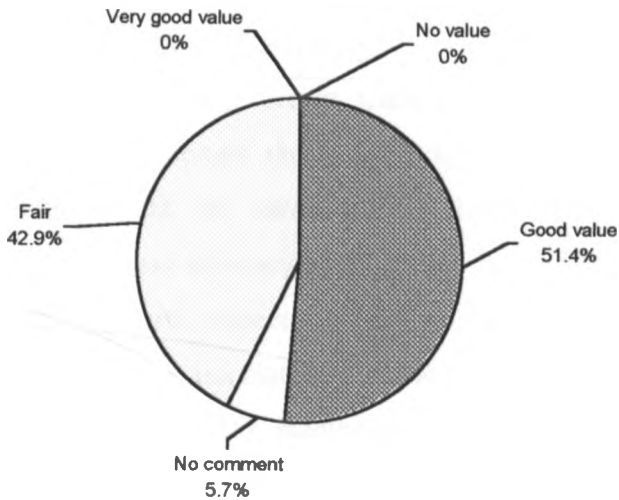
4.2.1 Value of services against membership fee

In the study, the respondents were requested to rank the value of the services they get from the association against the membership fee into five categories. Very good value, good value, no comment, fair, no comment. Table VIII and Chart II below shows that 51.4% of the respondents felt it was of good value, while none of them felt it was of very good value.

Table VIII – Value of service against membership fee

	No.	%
Very good value	0	0
Good value	18	51.4
No comment	2	5.7
Fair	15	42.9
No value	0	0

Chart II



Source: Research Data

42.9% ranked the value of the service as fair. The researcher, in discussions with the respondents gathered that there was a room for improvement of the services that the association was giving to its members.

On the communication of the association to the respondents, the research established that 91.4% was through circulars sent by post while 85.7% was through the fax. Other modes of communication such as direct visits, telephone, e-mails were rated very poorly. The information received from the association was considered useful by 74.3% of the respondents with 20% viewing it as being very useful, educative and up to date. The respondents indicated that the circulars contained vital information for their companies (85.7%), keeps them updated on the current activities affecting the sector (74.3%), updates them on the association's activities, (42.9%) and clarifies information received from other sources (14.3%).

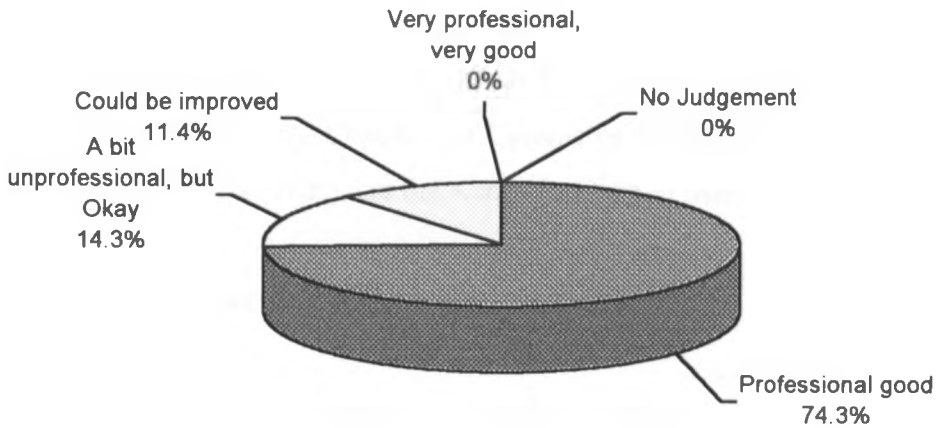
4.2.2 Rating of Services from the Association.

The respondents were requested to rank from highest to lowest the rating of services they get from the association based on their expectations. The services were given as business information services, business advisory service, lobbying/advocacy (taxation, infrastructure, business licensing), foreign trade fairs/exhibitions, buyer/seller meetings and consultancy services. Amongst these services, lobbying/advocacy was rated as the most important service that the members get from the association, with business information services, business advisory services and foreign trade fairs/exhibitions being ranked second, third and fourth respectively. The consultancy services were not rated as a service being provided by the association. This is because, the association has not been offering consultancy services to the membership, an area they felt could greatly assist them in their operations.

The research findings indicate that most of the respondents when asked about their general impression of KAM's staff, 74.3% ranked them as being professional as shown in

Chart III below, 14.3% of the respondents were of the impression that the staff is a bit professional, but okay while 11.4% indicated that they could improve. No respondent indicated that the staff performance was very professional.

Chart III



This response on the performance was based on the following; whether there was immediate response on request of assistance in the various subjects of interest, whether they gave good guidance in all subject matter, whether the communications were good, timely follow-up of members problems and business orientation. 62.9% of the respondents said that the staff gave good guidance in all subject matters, while 60% indicated they gave timely follow-up to members' problems. The staff was however rated poorly on business orientation, at 5.7%.

4.2.3 Experience with other organizations

The respondents were asked to indicate whether they belonged to any other business organizations and whether they benefited from these organizations in the past three years. 85.7% indicated that they were members of other business organizations while 14.3% were not. However, only 28.6% had benefited from the services of the other business organizations in areas of training, employee/employer relationship (industrial relations) and lobbying for their interests to the government. The business organizations identified were the Kenya National Chamber of Commerce and Industry, (KNNCI), the Federation of Kenya Employers (FKE) and the Kenya Institute of Management, (KIM).

4.3 Other Expectations from KAM

The respondents were requested to indicate the type of KAM activities that were of interest to them. Table IV-VI indicate that the respondents said that lobbying and advocacy and policy discussions were of most interest accounting for 27.3%. Also ranked highly were policy discussions at 27.3%. Table IX below gives the findings of the areas of interest that the respondents gave.

Table IX – Activities of Interest to the respondent

	No. of Respondents	%	Cumulative %
Lobbying and advocacy	32	27.3	27.3
Business services	8	7	34.3
Business information	17	14.5	48.8
Policy discussions	32	27.3	76.1
Sub-sector discussions	28	23.9	100
Total	117	100	

Source: Research Data

Other services that the respondents were looking for included information on the effects of WTO on Local export, environmental/Cleaner production training, Sectoral base Trade

fairs, affordable Consultancy services offered by the association and other specialized training based on the needs of the various sectors.

The research findings indicate that the respondents suggested that the association should reduce membership subscriptions for the small and medium sized companies. For the association to be more effective, the respondents indicated that it should diversify its financial base to include other sources of funds such as affordable consultancies instead of relying on the annual membership subscription as their only source of income.

4.4 Strategies of KAM in a Liberalized Kenyan Market

One of the objectives was to document the strategies that KAM has undertaken in order to effectively serve the interests of the membership effectively. To fulfill this objective, the researcher, in view of the time constraint did a desk research relying on secondary data from the association and other sources.

In recognition of the changing environment through liberalization and globalization, KAM has over the past several years been changing its strategies in order to effectively serve its membership in the changed environment. The vision of KAM has changed to;

“To spearhead the industrialization process in Kenya and to play a leading role in shaping and developing an appropriate strategy for a similar process in the greater regional economy.”

KAM’s mission statement has also changed and now emphasizes its role to promote

“Competitive local manufacturing in a liberalized market. “

In order to strengthen the regional representation of its membership, KAM has divided the membership into geographical areas (referred to as chapters). This, according to KAM ensures that the members contribute their views to how the association is run. The major role of the regional chapters is to “develop strategies and action plans to address local problems such as security, infrastructure, training needs, membership recruitment and retention.

KAM has also established fourteen (14) industrial sectors with chairmen from the various related companies. The role of the sectors is to “discuss sub-sector budgets and post-budget proposals and to develop sub-sectors positioning papers for discussion with and action by the relevant government bodies”. Each regional chapter or industrial sector has a committee with a chairman and each is expected to brief the quarterly meetings of the full Executive Committee of their findings. Using these briefs, the Executive Committee then formulates the KAM policy, positioning and may plan association-wide activities based on the members needs.

Besides the regional chapters and the industrial sectors, KAM has also formed working committees made up of member representatives, each chaired by a KAM board member. The Working Committees are; the Management, Administration, Projects and Finance Committee (MAPS), Export Development Committee, Kenya Revenue Authority/Treasury Committee, World Trade Organization/COMESA/East African Cooperation committee, Local Authorities/Infrastructure committee, Standards committee and Corporate relations and Membership committee. These Working Committees examine key issues affecting the industrial sector in the country. Each committee meets regularly, supported as necessary by a KAM Executive officer as Secretary. Each committee is expected to prepare a brief for the quarterly meeting of the full board. The role of the working committees is;

- Define KAM strategy, objectives, priorities and actions in Export Development, WTO, COMESA, KRA/Treasury, Local Authorities,

Infrastructure, Standards and Corporate and International relations, Management and administration and projects undertaken by the association.

- Support the KAM Executive Committee through informed and accurate briefing.

KAM has also started a quarterly bulletin, which updates members on the activities that the association is undertaking. This acts as its mouthpiece and it carries the Chairman's as well as the Chief Executive Officer's message on the activities of the association during the given period as well as other economic activities affecting the industrial sector.

As a way of diversifying its financial base, KAM has embarked on organizing seminars and workshops for its members on topical issues, which they feel, may be of interest. Although this has not yet brought about the expected financial returns, it is expected that over time, they seminars and workshops will be a major source of income for the association. KAM is also discussing in-house the possibilities of starting a consultancy service for the sector as another way of diversifying its financial base.

KAM has also developed a web site in collaboration with Interconnect Limited. This is intended as a tool to expose the products from the companies, act as a medium where KAM will be able to inform members on new, existing and potential markets and also enable key players in the sector to be continuously updated on new ideas and resources so as to enhance their capabilities.

In order to face the challenges posed by the many problems that the economy is experiencing, KAM has focused on its own infrastructure, rationalizing and redirecting their management resource to provide the most effective and efficient services and back-up to the membership. They have targeted an increased membership base, to boost

revenues and to strengthen the unified voice of the association. Their goal has been to recruit 17 new members per month, targeting a total cash flow of Ksh 20 million from membership subscriptions.

CHAPTER FIVE – CONCLUSIONS AND RECOMMENDATIONS.

5.1 Conclusions

The research found out that the major motivation for a company to join the KAM membership varied from company to company with support in lobbying for business friendly taxation, infrastructure, assistance to access business information and as a way of networking with other manufacturers being most predominant.

The respondents indicated that although KAM was still active in areas of lobbying and advocacy, it was imperative that they improve the other services that they were providing. Table X below provides suggestions given by the respondents on the improvement of the service provided by the Association.

Table X – Suggestions for improving KAM Services.

	No. of Respondents	%	Cumulative %
Services should be more cost effective	24	23.5	23.5
Services should be tailored to the specific needs of the small and medium scale enterprises	15	14.9	38.4
KAM should strengthen its lobbying capacity	8	8	46.4
KAM should establish an advisory service on licensing.	10	9.6	56
KAM should offer services on the shop floor level	22	22	78
KAM should support its members in competing successfully in the liberalized trade.	22	22	100
Total	101	100	

Source: Research Data

The research results indicate that the association was important (42.9%) respondents but most of them recognized its need mainly when they needed assistance or when their companies experienced problems (45.7%). During discussions with the respondents, they indicated that most of the results achieved by the association especially in the area of

lobbying affect the entire sector. Since the association cannot lobby selectively for only its members, it meant that even those who are non-members benefited from the positive results that they achieved. The two companies, which had ceased to be KAM members but were still operating, indicated that they were taking advantage of these services in this way although they had ceased to be members.

The respondents also indicated that there were serious shortages the country was facing, coupled by the importation of goods locally available without payment of the necessary duties by unscrupulous traders. This makes it difficult for the companies to compete on the same footing, and most firms have identified areas to cut costs and for those who feel the membership has not been of much benefit to them, they have ceased to be members. The research also established that most of the services that the association is offering are not based on a thorough research into the actual needs of the membership, but rather, on an ad hoc basis based on individual members' problems or requests. The services were also based on response to policy issues, which possibly could affect the membership negatively, which the association could take up with the relevant authorities. The services been provided to the membership is therefore supply driven rather than demand driven.

The research revealed that most members felt that the association was not doing enough to address their problems effectively and they need to refocus their strategies to venture into areas such as seminars and workshops and consultancy services. These, besides been sources of finance, could also greatly benefit the membership.

5.2 Recommendations

In view of the large number of firms registered in the country, it is recommended that KAM attract more members by providing services they consider of more value. KAM should also review its membership and accept small-scale manufacturers who constitute 75% of the entire sector and who are not their members. The membership subscription should also be reviewed in order to cater for this category, which cannot afford to pay the current membership, as it is too high. This will not only improve its finances but it will also accord it wider representation.

KAM should also be more proactive in providing services to its members. This requires that the association employs and retain through proper remuneration professional staff that fully understand the needs of each sub-sector. The association should retain close working relationship with the government in order to be able to lobby for the needs of their members, as lobbying will always be required.

In the area of provision of technical advisory and consultancy services, KAM should strive to have in-house capacity, which members can draw from at a reasonable price. Areas of interest include market research, financial advisory services, feasibility studies, business proposals and business plans preparation, total quality management, trade regulations amongst many others. Training in specialized seminars such as pollution control, occupational health hazards, production management, export markets and regulations is also a service, which the members are interested in. This can be a source of funds for the association and which they should seriously consider implementing on a regular basis.

5.3 Limitations of the study

One of the limitations of this study was lack of the necessary resource to carry out detailed research covering the manufacturing sector all over the country. Besides this limitation, time constraint also hindered the researcher from carrying out the research on all the manufacturing firms within Nairobi.

The researcher also faced some constraints in soliciting for interviews with the senior managers in the manufacturing firm. Although the study was a survey and targeted several companies, some declined out rightly to be interviewed while others took the questionnaires with a promise that they would fill them but never did. Others kept on postponing appointments at the expense of the researcher's limited resources. However, the thirty-five that participated were representative of the manufacturing sector and for that reason, we went ahead with the analysis.

5.4 Suggestions for further research

The importance of the manufacturing sector to the Kenyan economy cannot be overestimated. The Kenya government has recognized the crucial role that the sector plays in the economy and has designated the year 2020 as one that full industrialization

will have been achieved. The contribution of business associations such as the Kenya Association of Manufacturers, the Federation of Kenya Employers amongst others is also very crucial to the creation of a conducive environment for the operation of the manufacturing sector mainly through lobbying and advocacy.

During the interview, the respondents underscored the difficulties they were experiencing due to the various shortages such as that of water and the rationing of power. They expressed concern at the effects such shortages are having on the sector in particular with many manufacturing firms closing down, others downsizing to cut down their overheads, while others were incurring substantial amounts of money to buy generators and dig bore holes to ensure full supply of the commodities. In consideration of the major contributions of the sector to the Kenyan economy, it is proposed that a study detailing the effects of the power rationing and water shortages be undertaken.

APPENDIX 1

Dear Sir,

Re: **Requesting your Participation in Research**

I am a graduate of the University of Nairobi. I am currently taking a Masters in Business Administration Degree in the Faculty of Commerce.

In order to fulfill my degree requirements, I am carrying out a research entitled

“Membership perception of the relevance of Business Associations in a Changing Environment – A Case Study of Kenya Association of Manufacturers.”

Your company, being a member of KAM has been chosen to participate in this study.

Through this letter, I am kindly requesting you to spare some time for an hour’s discussions on the aforementioned topic.

The information you will provide is strictly for academic purposes and will be treated confidentially.

I shall be pleased to avail a copy of the final document once the study is complete.

Thanking you in advance

Yours faithfully

Muthoni Muturi

Appendix 2 Questionnaire

SECTION A:

1. When was your company established?
Year
2. What is the current employment structure in your company?
 - a) Permanent (number).
 - b) Casual.
3. Which year did your company join the Association?
Year
4. What was your company's motivation for joining the association? (tick as appropriate)
 - a) Support in lobbying for business friendly taxation
 - b) Support in lobbying for business friendly infrastructure
 - c) Assistance to access business information
 - d) To benefit from consultancy services in areas such as quality management etc.
 - e) As a way of networking with other manufacturers
 - f) Other reasons -----
- 5) What benefits do you derive from KAM?
 - (i)-----
 - (ii)-----
 - (iii)-----
 - (iv)-----
- 6) How important is the membership to you?

[]	Very important and relevant
[]	Important
[]	necessary when my company experiences problems
[]	Not relevant
[]	Indifferent

7) What are the major problem areas you expected the association to address for your company in the Pre-Liberalization era

- a) -----
- b) -----
- c) -----
- d) -----
- e) -----

ii) In the Post-liberalization era?

- a) -----
- b) -----
- c) -----
- d) -----
- e) -----

SECTION B

Experience with KAM service

8) How do you value the services you get against the membership fee?

- | | | | |
|--------------------------|-----------------|--------------------------|----------|
| <input type="checkbox"/> | Very good value | <input type="checkbox"/> | Fair |
| <input type="checkbox"/> | Good value | <input type="checkbox"/> | No value |
| <input type="checkbox"/> | No comment | | |

9) How does the association communicate to you?

- | | | | |
|--------------------------|-------------------|--------------------------|--------------------|
| <input type="checkbox"/> | Through circulars | <input type="checkbox"/> | Fax |
| <input type="checkbox"/> | Visits | <input type="checkbox"/> | Telephone contacts |
| <input type="checkbox"/> | No contacts | <input type="checkbox"/> | E-mail |

10) How do you rate the circulars from the association?

- | | |
|--------------------------|---------------------------------------|
| <input type="checkbox"/> | very useful, educative and up to date |
| <input type="checkbox"/> | useful |
| <input type="checkbox"/> | not useful, not relevant |
| <input type="checkbox"/> | Other (please specify.....) |

11) If you consider the circulars *useful*, please indicate the main reason.

- | | |
|--------------------------|--|
| <input type="checkbox"/> | contains vital information for my company |
| <input type="checkbox"/> | keeps me up-dated on the current activities affecting the sector |
| <input type="checkbox"/> | updates me on the association's activities |
| <input type="checkbox"/> | clarifies information received from other sources |
| <input type="checkbox"/> | Other (please specify.....) |

12) If you consider the circulars *not to be useful*, please indicate the main reasons.

- | | |
|--------------------------|---|
| <input type="checkbox"/> | the subject matter is always not relevant to my business |
| <input type="checkbox"/> | information contained therein is always outdated as the circulars arrive late |
| <input type="checkbox"/> | the information in the circular is not always very clear |
| <input type="checkbox"/> | never get any feedback even when I respond |
| <input type="checkbox"/> | Other(please specify.....) |

13) Please indicate below the rating for the services you get from the association.

Year	Type of Service	Your rating					
		1	2	3	4	5	N/A
	Business information services						
	Business advisory services						
	Lobbying/Advocacy (Taxation, Infrastructure, Business licensing etc)						
	Foreign Trade Fairs/exhibitions, buyer/seller meetings						
	Consultancy services						

14) What is your general impression of KAM's staff performance?

- very professional, very good
- Professional, good
- A bit unprofessional, but okay
- Could be improved
- No judgement

15) If standard and performance are professional, indicate main characteristics.

- immediately response on request
- Good guidance in all subject matters
- good communications
- timely follow-up by on members problems
- business orientation

16) If standard and performance could be improved, indicate main deficiencies.

- late response
- Poor guidance
- Poor communication
- Lack of follow-up
- No response

17) If you did not utilize KAM Services in past, please indicate reasons why.

- services are not suitable for me
- Services not tailored to my specific needs
- Benefits are not clear
- Service fees are too high
- I don't see the need
- Late response
- No information

18) Are you a member of any other business organization?

- Yes
- no

19) Did you benefit from any services of other Organizations within the last 3 years?

- Yes
- No

20) If 'Yes' please indicate organization and type of services below

Organization	Type of Services	Your Rating			
		1	2	3	4

SECTION C

Expectations from KAM

21. Which area of KAM activities is of interest to you?

- [] Lobbying and advocacy
 [] Business services
 [] Business information
 [] Policy discussions
 [] Sub-sector discussions

22. Based on your areas of interest as above, to what extent are you satisfied with the services the association is giving? (Please indicate in the table below).

Type of Services		1	2	3	4	5
A1	Lobbying and Advocacy					
A1.1	Representation of business Interests on any Policy Matter					
A1.2	Organization of Forums for Exchange of Views by Business Persons					
A1.3	Representation of Business before relevant Ministries/Departments					
A1.4	Advisory Service on Licenses, Certificates, Regulations					
A2	Management and Business Consultancy Services					
A2.1	Entrepreneurship Development					
A2.2	Organizational Development					
A2.3	Preparation of Staff Manuals					
A2.4	Installation of Staff Appraisal Systems					
A2.5	Job Evaluation					
A2.6	Manpower Plans, Staff Development Plan					
A2.8	Legal Services					
A2.9	Arbitration Services					

A2.1 0	Financial Advisory Services					
A2.1 0	Feasibility Studies, Business Proposals and Business Plans					
A2.1 2	Market Research-Market Survey					
A3	Management Training					
	Top Management Policy Workshops					
A3.1	Advanced Management Courses					
A3.2	Middle Management Training					
A3.3	Supervisory Development Courses					
A3.5	Strategic Management					
	Production Management Training					
A3.6	Production Planning and Control					
A3.7	Prevention Maintenance					
A3.8	Total Quality Management – TQM					
	ISO 9000 – Quality Management					
	ISO 14000 – Environment Management Systems					
A3.9	Hazard Analysis of Critical Control Points					
	Business Training					
A3.1 2	Training of women entrepreneurs					
A3.1 3	Communication skills and behavior science					
A3.1 4	Customer Care					
A3.1 5	Export Import Procedures					
A3.1 6	Business Ethics					

A3.1 7	Trade Regulations						
A5	Trade Promotion Services						
A5.1	Image Campaigns						
A5.2	Regional and International Trade Fair Participation						
A5.3	Investor Marketing						
A5.4	Organization of Buyer-Seller Missions						
A6	Financial Advisory Service						

23. Could you think of any other services, which should be offered? Yes
No

24. IF "YES" please indicate the type of service you are looking for.

25. Please give below any suggestion you want to make for improving KAM Services

- Services should be more cost effective
- Services should be tailored to the specific needs of the small and medium scale enterprises
- KAM should strengthen its lobbying capacity
- KAM should establish an advisory service on licensing
- KAM should offer services on the shop floor level
- KAM should support its members in competing successfully in the liberalized trade

26. Any other suggestions?

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