

**RESPONSES OF JUA KALI ARTISANS TO CHALLENGES  
OF INCREASED COMPETITION: THE CASE OF  
KAMUKUNJI AREA IN NAIROBI**

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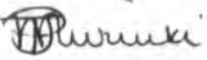
A Management research project submitted in partial fulfillment of the requirements of the Master of Business Administration examinations of the University of Nairobi.

**AUGUST 2005**



## Declaration

This Management project is my original work and has not been presented for a degree in any other University for examination.

Signed 

Date 10/10/05

Muriuki, Paul John

This Management project has been submitted for examination with my approval as University Supervisor.

Signed 

Date 10<sup>th</sup>/10/2005

Dr. Martin Ogutu

Lecturer

Department of Business Administration

Faculty of Commerce

University of Nairobi

## **Dedication**

This research project is dedicated to;  
my wife Rose, daughter Abigael, my dear mum, dad, and  
family whose support, love and encouragement I truly value.

## **Acknowledgements**

My utmost thanksgiving goes to the Almighty God, my creator, who has brought me this far. Thank you for your mercies that are renewed every morning.

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## **Abstract**

This study was undertaken on Jua Kali artisans in Kamukunji, Nairobi who are mainly metal artisans. The study sought to assess the relative importance of the challenges of competition and determine how the artisans are responding to the challenges of increased competition.

For determining the responses to competition, Porters five-force industry model was adopted that is the entry of new competitors, threat of substitutes, bargaining power of suppliers, bargaining power of buyers and rivalry between existing competitors.

Fifty artisans were picked to form the sample of the study using systematic random sampling from the artisans registered with Kamukunji Jua Kali Association. Data was analyzed and presented in form of summary statistics of mean and standard deviation while significance testing was done using Z-test.

The study found out that the intensity of competition is moderate and that the responses adopted by the artisans are marketing, price wars and new product development. Training was lacking among the artisans and thus the study recommended that training opportunities be availed to the artisans to help them improve their capabilities.

The study used primary data collected through an interview guide administered to fifty respondents located at Kamukunji Jua Kali sheds in Nairobi. However, only thirty six of these respondents were interviewed.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background

Micro and small enterprises play a significant role in a country's economic development. The Kenya government has in recent years put major emphasis on small enterprises development as a primary means of strengthening the economy. This is reflected in various policy documents starting with Sessional paper No.1 of 1986, on renewed economic growth and culminating with Sessional paper No.2 of 1992, on small enterprise and Jua Kali development in Kenya.

In 1981, the government adopted the Structural Adjustment Programmes (SAP's), which largely focused on liberalization of the economy in terms of opening up markets to the forces of demand, and supply and privatizing government owned industrial and commercial enterprises. During this phase, the Jua Kali sector like other sectors of the economy was opened to competition. The government's experience in the last two decades is that, the formal sector although crucial in job creation, could not absorb the high rate of job seekers in the country (National Development Plan, 2002-2008).

The number of people unemployed is currently estimated at 2.7 million (National Development Plan, 1997-2001) and the labor force is increasing by half a million every year. The consequence of this and other economic problems are that by the year 2008, Kenya will have a population of approximately 35 million people and that out of this, half of it will have no direct employment unless urgent measures are taken to enable the economy generate enough employment opportunities (National Development Plan, 2002-2008).

The small-scale and Jua Kali enterprises play an important role in job creation. Currently, the sector employs about two thirds of the economically active population outside agriculture (National Development Plan, 2002-2008) Kenya's economic performance increased by 1.8% in 2003 compared to 1.2% in 2002 (Economic survey, 2004). This is attributable to the growing informal sector, which comprises of small-scale enterprises. In 2003, some 458,800 new jobs were created in the informal sector constituting 94.3% of all new jobs created outside small-scale agriculture (Economic Survey, 2004).

The term Jua Kali in Kenya is synonymous with any kind of work that people do to make money outside their regular formal employment and small business activities for those not employed either in the public or in the private sector (Macharia, 1992). Jua Kali is Swahili for "hot sun" which is a reference to the hot sun mainly because the activities take place in the open spaces all year round.

The term connotes on the one hand hardships, perseverance, survival, unpredictability, and long working hours. On the other hand, it also connotes independence derived from self-employment, self-supervision and flexible working hours.

In this sector, we have metal artisans who include mainly men who make different kinds of metal products using a lot of innovative skills to refurbish old metal products, recycling and welding. Others use hard drum materials to make flying pans, cooking stoves and do a lot of variety of repairs of metal goods

The emergence of strategy has led to a new thinking in the area of industry analysis. Porter developed the five-force industry analysis model, which has a theory that there are five forces that determine competition in an industry (Porter, 1979). Analysis of competition in an industry is important to the overall success of an enterprise. In any industry whether small, medium or large, the rules of competition are embodied in five competitive forces: the entry of new competitors, threat of substitutes, bargaining

power of suppliers, bargaining power of buyers and rivalry between existing competitors.

All organizations lend themselves to the external environment. The environment is highly dynamic and continually presents need to develop capability to manage threats and exploit emerging opportunities promptly. This requires formulation of strategies that constantly match capabilities to environmental requirements. Success therefore, calls for proactive approach to business (Pearce & Robinson, 1997).

One of the challenges presented by a dynamic environment is increasing competition. Competition is indeed a very complex phenomenon that is manifested not only in other industry players, but also in form of customers, suppliers, potential entrants and substitute products. It is therefore necessary for any firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies to respond to competitive forces (Porter 1979).

Responses are either strategic or operational in nature. Strategic responses differ from operational responses in many ways. While operational responses are short term and more concerned with efficiency in operations, strategic responses are long term in nature and embrace the entire organization. Strategic responses also involve large amounts of resources and decisions relating to them are usually made at corporate and business level.

## **1.2 Previous studies on small-scale enterprises**

According to the Government of Kenya (1994), lack of credit facilities remains the most noteworthy challenge to small-scale enterprises. It has received the most attention in terms of research and development assistance. However, researchers in the past studies have noted that the respondents tend to attribute all their problems on lack of credit facilities. This has led to over concentration on credit assistance to the detriment

of other important non-financial support services. This leads to failure of small-scale enterprises.

Kibera (1996) notes that, most people who enter small-scale businesses lack the necessary prerequisite professional skills needed to run their businesses. For such businesses, the chances of developing into successful enterprises remain minimal. To eliminate this challenge, entrepreneurship and related courses should be incorporated into the teaching syllabus from primary level.

Nelson and Mwaura (1997) in their study of business strategies in the medium sized enterprises in Kenya found that, the respondents suffered a serious deficiency in marketing customer related skills. Some firms were forced by competition to divest or invest in other product lines where competition was less severe.

Poor infrastructure has been for a long time a big challenge to the development and operation of small-scale enterprises (Omuyitsi, 2003). This is a great hindrance especially when considering prospects for linkages between rural and urban enterprises. Movement of products from urban areas to rural areas is exceptionally costly owing to poor infrastructure, sparse banking facilities and high costs of telecommunication services.

Another major constraint facing small-scale businesses is their inability to keep records. Hailes (1983) in Namanda (2004) argues that, good record keeping by a business is not only wise but also a requirement by many laws. Various agencies, banks or employees that need records may raise legal financial questions. These questions can be accurately answered when written records of business procedures are kept. Hailes further argues that by recording the daily transactions of a business, the owner can learn from past mistakes and avoid errors in the future.

### **1.3 Importance of Jua Kali**

Given the poor performance of the formal sector of the economy (both private and public), particularly in the creation of new jobs and in raising per capita income, the Jua Kali sector, an individualized entrepreneur-driven economic activity, will offer an alternative for many Kenyans in the years to come (Macharia, 1995). The necessary support and an enabling environment must be given for this sector to progress to the limits that are yet unknown.

Most people involved in the informal sector and Jua Kali relies on heavy populations for marketing of their products. In Nairobi, the demand for Jua Kali goods is higher due to the large consumer population. Small-scale enterprises are still doing well economically even during times of recession. Thus, the development of these enterprises as a means to alleviate poverty in Kenya will be essential for the following reasons.

- a) Poverty alleviation: due to continued unemployment, most people either educated or uneducated, will turn to small enterprises. Necessity will draw people into this direction and given the lack of starting capital for most people, the majority will inevitably start small.
- b) More capital could be flowing into the informal sector than the formal ones and indeed, one should not be surprised to learn that the bulk of the credit in the future will be found in the small enterprise development programs.
- c) Nearly 75% of all new jobs in Kenya will be in the informal economy (small and micro enterprises). About 40% of current jobs in Kenya are in the informal economy and at least 14,000 businesses are registered as small enterprises.

#### **1.4 Statement of the problem**

Many factors have been cited as causes of the slow growth of small and medium enterprises such as stringent regulatory environment, structural weaknesses in the Kenyan economy, poor infrastructure, poor management and inadequate access to resources among others.

The Jua Kali artisans in Nairobi are faced by increased competition due to the large number of entrants into the sector, availability of substitute products from large manufacturers and because of importation. According to Waweru (2002), previous studies seem to ignore the increased competition. Competition according to Namada (2004) remains one of the major challenges facing small-scale enterprises, which are basically retail outlets.

According to Omuyitsi (2003) studies done in the past have tended to over concentrate on the aspect of credit provision to the micro and small enterprises to the detriment of other important factors. A UNDP, study (1999) highlighted important issues affecting medium and small enterprise development. These included information on credit availability, technical requirements especially in relation to ICT, dissemination of market information to help develop markets and the encouragement of commercial collaboration between enterprises. Kibera (1996) has cited the lack of capital, an inhibiting enabling environment and poor non-financial programs as inhibiting MSE development.

There have been many studies in the area of small-scale enterprises. These studies have focused on other problems facing the small-scale enterprises for example; Chepkurui (1981) carried out a study on the marketing of agricultural products by hawkers in Nairobi, Ombok (1990) examined the factors that determine entrepreneurial behavior while Nyagaka (1995) investigated the role of Jua Kali co-operatives in offering development support to artisans in the Jua Kali sector. Other recent studies include Mulili (2000) who examined the extent to which small business enterprises utilize promotion mix elements, Randiki (2000) who focused on the capacity of small garment

enterprises in the Nairobi CDB and Ngube (2002) whose study explored the business practices adopted by small and medium enterprises in the craft industries in Kenya.

A further look at studies of responses reveals that none of the following scholars focused on the small and medium enterprises. For example; Migunde (2003) explored the responses by Kenya Broadcasting Corporation to increased competition, Oluoch (2003) investigated on how firms in the freight industry respond to competition and Kandie (2001) explored on the responses of Telkom Kenya to competition. A study by Chepkwony (2001) inquired into the strategic responses of petroleum firms in Kenya facing challenges of increased competition, while Muturi (2000) carried out a study on responses by firms in the beer industry to changed competitive conditions, based on a case study of East Africa Breweries Limited.

From previous studies, there are scholars who have been interested in the small and medium enterprises and others in response studies. However, these two main streams have not focused on the responses by the Jua Kali sector to competition and hence the focus on this study. An understanding of these factors is important in an attempt to create a healthy, legal and regulatory climate by possible elimination of constraints and in the process stimulate their growth to formal enterprises that can compete with multinationals more effectively.

Jua Kali artisans are faced with various challenges emanating from increased competition from various sectors. It has become necessary for them to develop responses to enable them achieve competitive advantage. What then are their responses that make them survive this increased competition?

## **1.5 Research Objectives**

The following are the major objectives of the study that will attempt to answer the questions raised above.



1. To assess the relative importance of the challenges faced by Jua Kali artisans.
2. To determine how the Jua Kali artisans are responding to the challenges of increased competition.

## **1.6 Significance of the study**

In attempting to address the response to increased competition in the Jua Kali sector, the study seeks to show that;

1. Jua Kali artisans will better understand the importance of carrying out an industry analysis in order to compete more effectively in a liberalized market economy and emerging markets.
2. The study will promote the growth and development of this informal sub sector by identifying the bottlenecks that hinder their performance.
3. That an understanding of strategy is important to create a vibrant Jua Kali sector with decreased competition, better quality products at greater efficiency. The overall result will be possible growth of the sector from small to medium and medium to large enterprises.
4. The study will contribute to the body of knowledge of responses in the informal sector.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Competition and its challenges

Competition has increased dramatically over the last decades, in virtually all parts of the world. Gone are the days of protected markets and dominant market positions. Intensification of competition is attributed mainly to the remarkable post World War II economic progress of Germany and Japan. This increase in competition has played a major role in unleashing innovation and driving progress worldwide (Porter, 1979). Likewise, very few industries have not experienced competition. No company or country can afford to ignore the need to compete and each therefore, must try to understand and master competition.

Competition includes all the actual and potential rival offerings and substitutes that a buyer might consider (Kotler, 2002). It is indeed a very complex phenomenon manifested not only in other industry players, but also in form of customers, suppliers, potential entrants and substitute products. It is therefore necessary for any firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies to respond to competitive forces (Porter, 1979).

The key to profitability in many businesses is to design a strategy that reduces the threat of substitutes, the power of buyers and suppliers, and the threat of entry. Firms must adopt tactics and elicit tactical responses from their rivals that do not erode away the profit potential in their effective business strategy (Case, 1996). This often means forsaking gain share, discounting and other aggressive tactics that would spiral the industry into price wars. Price premiums reflecting true customer values are very difficult to win back once buyers have grown accustomed to predictably timed clearance sales or a pattern of deep discounting rivalry between the competitors.

The essence of strategy formulation is coping with competition. Moreover, in the fight for market share, competition is not manifested only in other players. Rather, competition in an industry is rooted in its underlying economies and competitive forces that go well beyond the established combatants in a particular industry.

### **2.1.2 Economists definition of competition**

There are different definitions of competition by economists as seen below.

#### **2.1.3 Pure competition.**

This is characterized by a very large number of buyers and sellers of a homogeneous (non differentiated) product. Entry and exit from the industry is costless or nearly so. Information is freely available to all market participants, and there is no collusion among firms in the industry.

#### **2.1.4 Monopolistic competition**

In a monopolistic market structure, many firms compete for essentially the same customers, but each firm produces a slightly differentiated product. There are substantial barriers to entry into the group of leading firms. Monopolistic competition is a set of related products each with a brand loyalty surrounded by a competitive fringe

#### **2.1.5 Monopoly**

This is a market structure characterized by one firm producing a highly differentiated product in a market with significant barriers to entry.

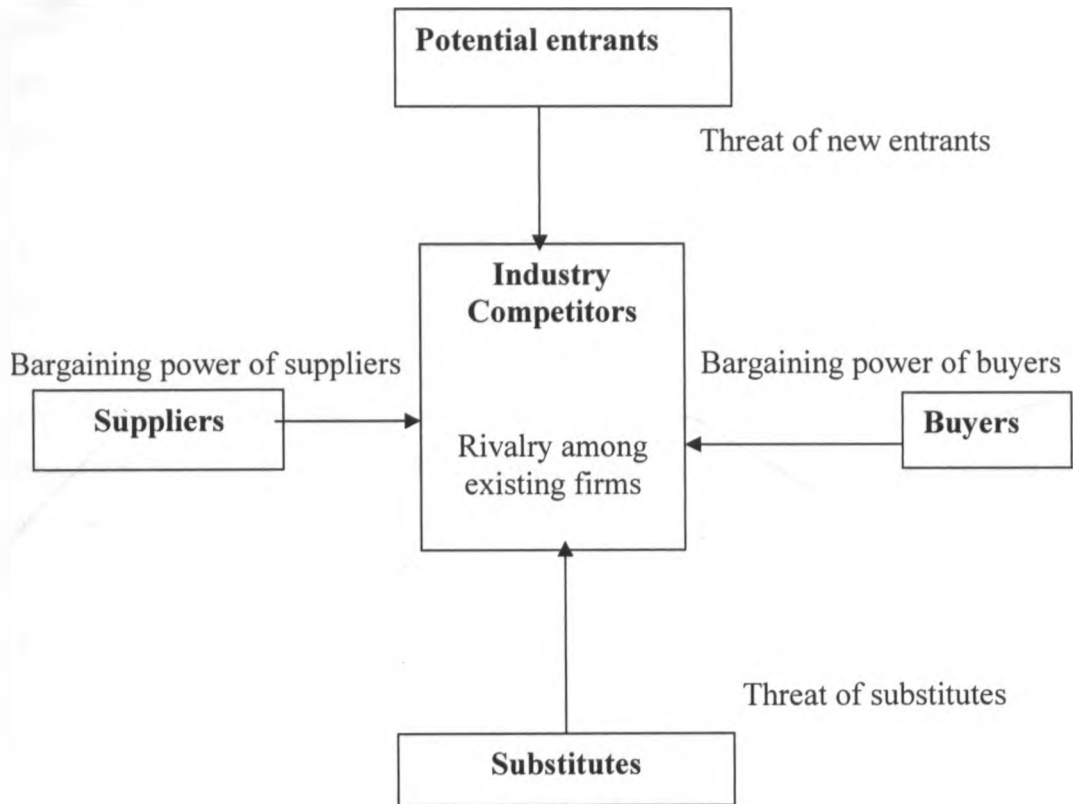
#### **2.1.6 Oligopoly**

In an oligopoly, the number of firms is so small that the actions of any one firm are likely to have noticeable impacts on the performance of other firms in the industry.

Oligopoly is distinguished by a noticeable degree of interdependence among firms in the industry.

## 2.2 Porter's Five-Force Model

Fig 1. Forces driving Industry Competition



Source: (Porter, Michael. E.: Competitive Strategy, 1980:4)

Porter's five forces of competition give an insight into competitive dynamics in an industry. It offers a rich view of the competition by capitalizing on the competition on the interrelationship of five powerful and dynamic forces. These are the entry of new

competitors, threat of substitutes, bargaining power of suppliers, bargaining power of buyers and rivalry between existing competitors.

The goal of competitive strategy for a business unit is to find a position in the industry where the firm can best defend its self against these competitive forces or can influence them in its favor. Knowledge of the underlying sources of competitive pressure highlights the critical strengths and weaknesses of the company, animates its positioning in its industry, clarifies the areas where strategic changes may yield the greatest payoff, and highlights the areas where industry trends promise to hold the greatest significance as either opportunities or threats (Porter, 1980)

The five competitive forces reflect the fact that competition in an industry goes beyond the established players. All five competitive forces jointly determine the intensity of industry competition and profitability, and the strongest force or forces are governing and become crucial from the point of view of strategy formulation. A number of important economic and technical characteristics are important to the strength of each competitive force.

### **2.21 Threat of entry**

New entrants in an industry bring new capacity, the desire to gain market share and often-substantial resources (Porter, 1980). The threat of new entry into an industry depends on the barriers to entry present coupled with the reaction from existing competitors the entrant can expect. They are factors that new entrants have to overcome if they are to compete successfully. If barriers are high and /or the newcomer can expect sharp retaliation from entrenched competitors, the threat to entry is low. Sources to barriers to entry are:

- (a) Economies of scale
- (b) Product differentiation
- (c) Capital requirements

- (d) Switching costs
- (e) Access to distribution channels
- (f) Cost disadvantages independent of scale

An industry with strong entry barriers is likely to be more attractive than where entry is easy. Intense competitive rivalry can affect an industry negatively by use of tactics such as price competition, product introductions and heavy advertising costs. Such actions reduce industry profitability especially if the industry is not growing.

## **2.22 Pressure from substitute products**

Substitution reduces demand for a particular class of products as customers switch to alternatives even to the extent that this class of products or services becomes obsolete. This depends on whether a substitute provides a higher perceived benefit or value (Johnson, 2002). All firms in an industry are competing, in a broad sense with industries producing substitute products.

Substitutes limit the potential returns of an industry by placing a ceiling on the prices firms in the industry can profitably charge. Substitutes of strategic concern are those that are subject to trends improving their price performance trade with the industry product, and also those produced by industries earning high profits. Where such substitutes are available, they can stifle industry growth and earnings thus making it attractive (Porter, 1980).

Substitution takes several forms such as product-to-product substitution i.e. postal service could be substituted by email, substitution of need i.e. need for a new product or service, rendering an existing product or service redundant or generic substitution where products or services compete for disposable income.

## **2.23 Intensity of rivalry between existing competitors**

This takes the familiar form of jockeying for position using tactics like price competition, advertising battles, product introductions and increased customer service. Rivalry occurs because one or more competitors either feels the pressure or sees the opportunity to improve position. In most industries, competitive moves by one firm have noticeable effects on its competitors and thus may incite retaliation or efforts to counter the move; that is firms are mutually dependent (Porter, 1980).

Some forms of competition, notably price competition, are highly unstable and quite likely to leave the entire industry worse off from the standpoint of profitability. Price cuts are quickly and easily matched by rivals, and once matched they lower revenues for all firms unless industry price elasticity of demand is high enough.

Such phrases as “warlike,” bitter, or “cutthroat characterizes rivalry in some industries” whereas in other industries it is termed “polite,” or “gentlemanly” (Porter, 1980). Intense rivalry is the result of a number of interacting structural factors such as; numerous or equally balanced competitors, slow industry growth, high fixed or storage costs, lack of switching costs, diverse competitors, high strategic stakes and high exit barriers.

## **2.24 Bargaining power of suppliers**

Powerful suppliers determine attractiveness of an industry because they exert pressure on industry margins. Suppliers through manipulation of their prices and quality of offerings can squeeze the profitability of a firm unable to recover cost increases in its own prices. A supplier group is powerful if; the suppliers’ product is an important input to the buyer’s business; it is dominated by a few companies and is more concentrated than the industry it sells to, the industry is not an important customer of the supplier group etc.

## **2.25 Bargaining power of buyers**

Customers can force down prices and demand better quality or more services; an act that can play competitors off against each other at the expense of industry profitability. The power of each industries buyer groups depends on a number of characteristics of its market situation and the relative importance of its purchases compared with its overall business.

## **2.3 The Environment and firm responses**

Companies and their suppliers, marketing intermediaries, customers, competitors, and publics all operate in a macro environment of forces and trends that shape opportunities and pose threats (Kotler, 2002). These forces represent “noncontrollables,” which the company must monitor and respond to.

The marketing environment consists of the task and broad environment. The task environment includes the immediate actors involved in producing, distributing and promoting the offering. The main actors are the company, suppliers, distributors, dealers, and the target customers. The broad environment consists of six components: demographic, economic, natural, technological, political-legal and social-cultural environment (Kotler, 2002).

The operating environment also called the competitive or task environment comprises of factors in the competitive situation that affects the firm’s success in acquiring needed resources or in profitably marketing its goods and services. Among the most important of these factors are the firm’s competitive position, the composition of its customers, its reputation among suppliers and creditors, and its ability to attract capable employees (Pearce, 1997). The operating environment is typically much more subject to a firm’s



influence than the remote environment. Thus, firm's can be much more pro-active in dealing with the operating environment than in dealing with the remote environment.

The external environment of a firm is all the conditions and forces that affect its strategic options and determines its competitive situation (Porter, 1985). He sees this connection as an input-throughput-output process where inputs are received from the environment and released back into the same environment after they are processed by the firm.

According to Kotha, (1995) the external environment plays a significant role in the growth and profitability of firms. Most firms face external environments that are growing more turbulent, complex and global, which make them increasingly more difficult to interpret. To cope with what are often ambiguous and incomplete environmental data and to increase their understanding of the general environment, firms engage in a process called external environmental analysis. This process includes four activities that is; scanning, monitoring, forecasting and assessing (Hitt, 1997). Analysis of the external environment leads to identification of opportunities and threats.

Porter (1996) asserts that, the proximate environment will define many of the input markets the firm has to draw on, the information that guides strategic choices, incentives and pressures on the firm to either innovative and accumulative skills or resources over time. Competitive advantage then may reside as much in the environment as in individual firms. He further noted that the environment shapes how activities are configured uniquely and what commitments can be made successfully. Hence, the environment is important in providing the initial insight that supports competitive advantage, the inputs needed to act on it and the accumulative knowledge and skills over time and forces needed for its sustainability.

### **2.3.1 Responses**

One of the challenges presented by a dynamic environment is increasing competition. Gronbjerg (1993) observed that under competitive conditions, firm's respond by seeking to maintain or increase their share of a crowded market. He further observed that, the specific criteria employed to assert differences are subject to some degree of proactive orchestration. The best-formulated and implemented strategies become obsolete as an organizations external and internal environment change (David, 1997).

Survival and success of organizations are influenced by their ability to respond to the various competing pressures, which include changes in the business environment, the strategic capability of the organization and the cultural and political context (Johnson, 2002). Organizations must thus respond to various changes in the environment. These responses can be broadly classified as strategic or operational in nature.

### **2.3.2 Strategic Responses**

A firm may respond to increased competition by market development strategy. These could be markets they are currently serving or new geographical markets. They can come up with uses for their current products thus exploit opportunities through some slight modifications to suit the needs of the market. Market entry strategies may include acquisitions, strategic alliances and joint ventures. For example, manufacturers of stainless steel products have progressively found new applications for the products, which were originally used for cutlery and Tableware. Nowadays, the uses include aero scope, automobile exhausts, beer barrels and many applications in the chemical manufacturing industry (Johnson, 2002).

Firms may also react to competitive forces by developing new products' thus extending their portfolio and spreading the risk on many products. Modified or new products can be directed to markets currently covered by the firm (Johnson, 2002). Kombo (1997) found out that due to the ongoing economic reforms in the country then, firms in the motor vehicle industry made significant changes to their strategic variables in order to

survive in the competitive environment. The firms introduced new technologies of product development, differentiated their products, segmented and targeted their customers more and improved customer service. The other market mix variables of price, promotion and place significantly changed in response to changed environment.

Market penetration is another response that firms may do to remain in the market. Market penetration is where an organization gains market share through continued reduction of costs passed on to customers in lower prices (Johnson, 2002).

According to Porter, (1980) a firm can adopt a strategy of differentiating its products or service as a way of creating something that is considered unique industry wide. For instance, product uniqueness can be achieved through design and creation of innovative features. The firm can carry out aggressive promotions emphasizing the product uniqueness to build a strong brand loyalty to defend itself against competitor's products.

Organizations operating in environments that have become unfavorable may respond by one of the defensive strategies, which include joint ventures, retrenchment, divestiture or liquidation. If the organizations internal environment is plagued with inefficiency, poor employee morale or low profitability, the firm may respond by retrenchment. When a government antitrust action threatens an organization, it may respond by divestiture (David, 1997). Njau (2003) in his study on East Africa Breweries Limited's response to changed competitive conditions found that the company undertook substantial adjustments in various strategic variables to fight off competition. Changes in product strategies were instituted widely with a lot of emphasis on the introduction of new brands and unique features. He further points out that the company brought on board various cost and efficiency control measures, retrenched staff, put up a leaner organization structure and made significant improvements in technology.

A firm can also resort to creating entry mobility and substitute barriers to strategic groups. Such barriers discourage potential competitors from entering the market. Substitution barriers can be in the form of differences that make it difficult to imitate products. This constitutes some of the factors that can make cottage firms in developing countries to compete effectively with large firms (Sushil, 1990).

Market segmentation can be an effective way of responding to competition. This is where a firm identifies similarities and differences between groups of customers or users (Johnson, 2002). Trethowan & Scullion (1997) found that out that banks in the UK and the Irish republic had previously attempted to be “all things to men” as they embarked on mass marketing campaigns. With increased competition and other challenges, new efforts are being expended in determining and focusing on customer segments provide the most profit potential. They are also using information technology to build large relational databases.

In environments where increased economies of scale provide major competitive advantages, the firm may respond by horizontal integration strategies. This refers to gaining ownership or increased control over the firm’s competitors. Mergers, acquisitions and takeovers among competitors allow for increased economies of scale and enhanced transfer of resources and competencies (David, 1997).

### **2.3.3 Operational Responses**

Operational responses are the other broad category of responses by the firm to the environment. These strategies are concerned with how the component parts of the firm deliver effectively the corporate and business level strategies in terms of resources, processes and people. For example, in AOL/Time Warner, film production, TV scheduling, publishing titles and subscriber recruiting efforts dovetail into higher-level decisions about service building and market entry. The integration of operational decisions and strategy is therefore of great importance (Johnson, 2002).

In relationship to suppliers, organizations can adopt two different and opposing responses. Organizations such as Toyota have pursued closer relationships with suppliers, that is, sharing technical and development information in order to lower costs. Others such as General Motors and Volkswagen have relationships that are more distant with suppliers involving aggressive negotiation to obtain the lowest possible price (Lynch, 2000).

As far as human resources are concerned, training programs that get employees to think like customers is important in achieving superior customer responsiveness (Hill, 2001). Cross training of employees can also facilitate strategy implementation and can yield many benefits. Employees gain better ideas in planning sessions (David, 1997).

Marketing is also an important aspect as far as operational responses are concerned. In order to achieve superior customer responsiveness, the marketing department must know the customer as well as communicate customer feedback to appropriate functions (Hill, 2001). Steel and Webster (1992) in their work on small-scale enterprises in Ghana found that, such firms altered their product mixes to avoid the intense competition from imports. They found that enterprises changed marketing strategies by identifying new market niches and engaging in export markets. Most firms cut down their staff, changed their sources of raw materials in order to reduce costs.

As a result of operations resource analysis, an appropriate environmental operational response is important because it can lead to competitive advantage in areas such as variable production to make products that are more precisely tailored to individual customer requirements, lower costs than competitors for the same product performance, product quality that is superior to competition and enhanced services and delivery associated with the product that is superior to rivals (Lynch, 2000).

## **2.4 The Concept of Strategy**

Strategy is the match between an organizations resources and skills and the environmental opportunities it wishes to accomplish (Schendel and Hofer, 1979). It is important to provide guidance and direction for the activities of the organization.

Johnson and Scholes (1999) define strategy as the direction and scope of an organization over the long term; which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and fulfill stakeholder's expectations. It is the process by which managers set an organization's long-term course, develop plans in the light of internal and external circumstances, and undertake appropriate action to reach those goals, (Goldsmith 1995). The "actions" referred to here are the strategies employed in meeting a firm's short and long-term objectives.

In the process of employing strategy, Pearce & Robinson (2000) recommends three critical ingredients for the success of a strategy:

- a) the strategy must be consistent with conditions in the competitive environment.
- b) it must take advantage of existing or projected opportunities and
- c) it must minimize the impact of major threats and it must place realistic requirements on the firm's resources.

The firms' pursuit of market opportunities must be based not only on the existence of external opportunities but also on competitive advantages that arise from the firms' key resources.

The foregoing illustrates a direct interrelationship between an organization and its environment. A firm must configure its resources and strategies to result in the most appropriate response to environmental changes, which often tend to be turbulent and discontinuous.

In a nutshell, Porters' five force framework defines competition in an industry. Environmental turbulence and trends in markets have led to market challenges leading to stiff competition. As a result, firms have to adopt responses to deal with competition in order to survive and remain competitive. The Kenya government has through various policy papers recognized the role played by small-scale enterprises in national development and hence the need to assess the responses that will enable them survive the existing cutthroat competition.

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1. Research Design

In the study, descriptive survey approach was used. Descriptive research enables one to portray an accurate profile of persons, events or situations. A sample of Jua Kali artisans in Kamukunji, Nairobi who are mainly metal artisans were interviewed.

### 3.2 Population and Sample size

The population of study consisted of artisans registered with the Kamukunji Jua Kali Association. Systematic random sampling was done from a population of 522 artisans to arrive at a sample size of fifty respondents that was selected for the study.

$$\text{Sampling fraction} = \frac{\text{actual sample size}}{\text{total population}} = \frac{50}{522} \approx 1/9$$

To obtain a sample, the first individual was chosen at random from the first nine artisans in the first partitioned group in the frame, and the rest of the sample was obtained by selecting every ninth artisan thereafter from the entire frame.

A random study requires a minimum of thirty respondents and hence fifty respondents were selected to make the study representative. For those selected but unavailable to be interviewed, the next artisan was chosen for substitution.

### 3.3. Data Collection



Data was collected using an interview guide (see appendix one), administered through personal interview. Personal interview was chosen because it yields the highest quality and quantity of data compared to other methods. The interview guide was divided as follows.

Section A: -Challenges faced due to increased competition

Section B: - Responses to competition

Section C: - The artisans general information.

### **3.4. Data Analysis and presentation**

The data collected was arranged to enable coding and tabulation before final analysis as recommended by Cooper & Schindler (1998). Descriptive statistics were used to analyze the data by way of mean scores and standard deviation. These were appropriate because of the quantitative nature of the variables. Microsoft Excel and SPSS version 12 were used extensively to calculate mean scores, standard deviation and Z-test for significance testing.

## CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

This is the fourth chapter that presents analysis and interpretation of findings of the study as set out in the research objectives. Porter's five force industry model was used and the results are presented in the order of the objectives i.e. to assess the relative importance of the challenges faced by Jua Kali artisans and to determine how the Jua Kali artisans are responding to the challenges of increased competition. The study was set out to interview fifty respondents but we managed to successfully interview thirty six respondents. This represents a response rate of seventy two (72%) percent which is an adequate response rate to base conclusions on. Similar studies by Mwangi (2003) had a response rate of 70% while Oluoch (2003) had a response rate of 56%.

### 4.1 Challenges of competition

The first objective of the study sought to assess the relative importance of the challenges faced by Jua Kali artisans' operating at Kamukunji sheds in Nairobi. The data was collected using a five (5) point scale where 1 referred to Not at all, 2 represented Little, 3 referred to Moderate, 4 represented Much and 5 referred to Very much. The data was analyzed using mean scores, standard deviation and z-values and the results are presented in Table 4.1.1 below.

**Table 4.1.1: Challenges of competition**

<b>Factor (Industry Force)</b>	<b>Mean Score (<math>\mu</math>)</b>	<b>S.D.</b>	<b>Level of significance</b>
<b>Barriers to entry</b>			
Start up Costs	2.444	0.695	-4.80*
High operating costs	4.194	0.822	12.371**
Access to markets	2.194	0.856	-2.142*

Lack of technology	1.333	0.478	-14.642*
Price wars	3.028	0.609	5.202**
<b>GRAND MEAN</b>	<b>2.639</b>	<b>0.692</b>	
<b>Threat of Substitutes Products</b>			
Reduced demand	1.972	0.696	-4.547*
Large Manufacturers	2.694	1.261	0.925**
Plastics	1.444	0.504	-12.567*
Importation	1.528	0.506	-11.521*
<b>GRAND MEAN</b>	<b>1.9095</b>	<b>0.742</b>	
<b>Rivalry within the Industry</b>			
State of competition	3.889	0.820	10.158**
<b>GRAND MEAN</b>	<b>3.889</b>	<b>0.820</b>	
<b>Bargaining power of suppliers</b>			
On payment terms	1.639	0.639	-8.082*
On their service	1.583	0.692	-7.950*
Availability of supplies	2.250	0.874	-1.716*
Difficulties meeting demands of suppliers	4.472	0.774	15.287**
<b>GRAND MEAN</b>	<b>2.486</b>	<b>0.745</b>	
<b>Bargaining power of buyers</b>			
Assessment of buyer's power over artisans	1.75	0.484	-8.940**
<b>GRAND MEAN</b>	<b>1.75</b>	<b>0.484</b>	

Source: Research Data

\* = 0.05

\*\* = 0.01

As Table 4.1.1 shows, the barriers to entry factor, high operating costs has a mean score of 4.194 which is much a challenge to the artisans. This is because the artisans need money to purchase materials which they need for production process and most of them join the industry due to lack of funds to pursue their studies. Price wars have a

mean of 3.028 meaning moderate while start up costs has a mean of 2.444. Lack of technology/ machinery has a mean score of 1.333 meaning it does not contribute at all to entry as most of the artisans have no prior training or skills when they are joining the industry. They learn the skill on the job and polish it with time.

Under the threat of substitute's factor, reduced demand for Jua Kali products is moderate with a mean score of 1.97. This means that there has been little reduction in demand for Jua Kali products. Large manufacturers has a mean of 2.69 as being a source of the substitute products challenging the Jua Kali artisan products while importation and plastics have a mean of 1.53 and 1.44 respectively as a source of the substitutes and do not at all pose a challenge to the artisans products.

The state of competition within the industry was rated much with a mean score of 3.889 as most artisans deal with similar products intensifying competition for customers. Majority of the respondents interviewed said that the main competitive source they consider was the retrenched people who have brought a lot of money with them and are thus able to sell at lower prices because they have money in their banks. The retrenches sell to the same customers and thus intensified competition in the industry. This view concurred with the response by the Kamukunji Jua Kali association officials when the same question was posed to them.

Artisans have much difficulty meeting supplier demands for materials with mean score of 4.47. There are many suppliers who sell materials to the artisans. The major ones are scrap metal dealers, hardware shops and importers of sheet metal who supply the iron sheets needed to make a variety of products. However, the artisans have no access to credit and are required to pay upfront for the supplies and they have much difficulty in meeting this requirement. On payment terms, service from suppliers and the availability of supplies, the artisans have little bargaining power at a mean score 1.639, 1.58 and 2.25 respectively. Buyers do not pose a challenge to the artisans as can be seen from their mean score of 1.75 representing not at all from our scale.

## 4.2 Responses to Competition

The second objective of the study sought to determine how the Jua Kali artisans were responding to the challenges of increased competition using Porter's five force model of dealing with competition in an industry.

Data for this objective was collected using the interview method through a five point (5) scale where 1 referred to Not at all, 2 represented Little, 3 referred to Moderate, 4 represented Much and 5 referred to Very much. Data was analyzed using mean scores, standard deviations and z-values and the results are provided in Tables 4.2.1 to 4.2.5 as shown below.

**Table 4.2.1 Barriers to entry**

	<b>Mean Score (<math>\mu</math>)</b>	<b>S.D</b>	<b>Level of significance</b>
Lowering of prices	1.944	0.955	-3.492*
Offering discounts to customers	1.389	0.494	-13.484*
Aggressive marketing of products	4.528	0.506	24.030**
Looking for new markets	4.444	0.558	20.917**
Improving quality of products	1.472	0.609	-10.129
	<b>2.756</b>	<b>0.624</b>	

Source: Research Data

\* = 0.05

\*\* = 0.01

Results of Table 4.2.1 reveal that aggressive marketing of existing products is the response that is very much resorted to when faced by the threat of new entrants. It has a mean score of 4.528 while looking for new markets has a score of 4.444 representing the second much used response to threat of new entrants. Lowering of prices has a

mean score of 1.944 and is used little by the artisans because their products are well priced in consultation amongst themselves and the Kamukunji Jua Kali artisans association. Product improvement and offering of discount prices are not at all resorted to by the artisans.

**Table 4.2.2 Threat of Substitutes Products**

	<b>Mean score (<math>\mu</math>)</b>	<b>S.D</b>	<b>Level of significance</b>
Improving quality of products	1.472	0.609	-10.129*
Changing product designs	1.361	0.487	-14.028
Giving price discounts	1.167	0.378	-21.166
Offering installment payments	1.056	0.232	-37.306
Offering products different from competitors	1.944	0.475	-7.021
Making durable products	4.556	0.652	18.910**
Looking for new markets	4.139	0.798	12.318**
Training in technical skills	1.333	0.478	-14.642
	<b>2.128</b>	<b>0.514</b>	

Source: Research Data

\* = 0.05

\*\* = 0.01

When faced by the threat of substitute products, making durable products is the response that the artisans resort to very much at a mean score of 4.556. The artisans use heavy gauge material to make Jua Kali products and this contributes very much to the liking of their products by customers. Looking for new markets is a response that the artisans adopt to counter the challenges of substitute products and had a mean score of 4.14.

Offering installment payments has a mean score of 1.056 and giving of discounts for products had a mean of 1.167 meaning that artisans do not at all allow customers to check off an item due to lack of proper book keeping and the fact that they need the cash flow to sustain their operations.

**Table 4.2.3 Rivalry within the Industry**

	Mean score ( $\mu$ )	S.D	Level of significance
Keeping prices same as competitors	3.472	0.971	6.010**
Keeping prices lower than competitors	2.250	1.079	-1.390*
Selling at lowest / clearance prices	1.639	0.723	-7.144*
Carrying out product promotions	1.722	0.741	-6.297*
Introducing new product designs	2.056	0.893	-2.987*
Looking for new markets	4.028	0.910	10.075**
Training in customer service	1.583	0.500	-11.000*
Training in technical skills	1.333	0.478	-14.642*
	<b>2.260</b>	<b>0.787</b>	

Source: Research Data

\* = 0.05

\*\* = 0.01

From the results of Table 4.2.3 above, when faced by intense competition in the industry, most artisans respond by looking for new markets for their products to remain in the industry. The mean score looking for new markets was 4.028 which represent much from our rating scale.

There is little new product improvement by way of new design at with a mean score of 2.056, as most artisans were of the opinion that their products were well designed to

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Carrying out product promotions	1.722	0.741	-6.297*
Introducing new product designs	2.056	0.893	-2.987*
Looking for new markets	4.028	0.910	10.075**
Training in customer service	1.583	0.500	-11.000*
Training in technical skills	1.333	0.478	-14.642*
	<b>2.260</b>	<b>0.787</b>	

Source: Research Data

\* = 0.05

\*\* = 0.01

From the results of Table 4.2.3 above, when faced by intense competition in the industry, most artisans respond by looking for new markets for their products to remain in the industry. The mean score looking for new markets was 4.028 which represent much from our rating scale.

There is little new product improvement by way of new design at with a mean score of 2.056, as most artisans were of the opinion that their products were well designed to



the preference of their customers. The artisans kept their prices at the same level with competitors moderately at a mean score of 3.472 while training in both customer and technical skills was never done at all as can be seen from their mean scores of 1.33 and 1.583 respectively. This lack of training is due to the fact that they have no spare time to apportion between their daily working and studies. Two, resources are limiting to enable them undertake training courses as they use the earnings from the industry to sustain their livelihood.

The artisans do little promotion of their products at a mean score of 1.722 partly, because they have no resources to spare for production of promotional materials and two, because they don't consider there will be much rivalry amongst themselves.

**Table 4.2.4 Bargaining power of suppliers**

	Mean score ( $\mu$ )	S.D	Level of significance
Increasing the price of products	3.639	0.833	8.200*
Looking for new markets	4.444	0.809	14.427**
Changing product designs	3.611	1.050	6.352*
Aggressive marketing of existing products	4.389	0.803	14.118**
	<b>4.021</b>	<b>0.874</b>	

Source: Research Data

\* = 0.05

\*\* = 0.01

As can be seen from Table 4.2.4, the mean score for looking for new markets was 4.44 meaning that the artisans resorted to this alternative. They market their products to supermarkets and hardware shops in a bid to increase the sales of their products.

Increasing the price of products when input material price rises has a mean score of 3.639 and thus utilized much so as to breakeven. Aggressive marketing of existing

products has a standard deviation of 0.0803 meaning that most artisans responded to this force by marketing of their existing products .Changing product designs has a mean score of 3.611 and this means that this response was also utilized much by the artisans.

**Table 4.2.5 Bargaining power of buyers**

	<b>Mean score (<math>\mu</math>)</b>	<b>S.D</b>	<b>Level of significance</b>
Increasing the price to allow for bargaining	4.278	0.513	20.780**
Allowing installment payments	1.333	0.478	-14.642*
Lowering quality of products	1.667	0.756	-6.614*
Improving quality of products	2.250	0.732	-2.049*
Making new product designs	2.306	0.749	-1.557*
Looking for new markets	4.361	0.931	12.000**
	<b>2.699</b>	<b>0.693</b>	

Source: Research Data

\* = 0.05

\*\* = 0.01

Increasing the price of products to allow for bargaining had a standard deviation of 0.513 and was used much by most of the artisans to counter the customers who always bargain a lot. Looking for new markets to increase sales has a mean score of 4.361 and hence used to attract new customers.

Hypothesis testing:

Ho. Jua Kali artisans are faced by much competition

H1: Jua Kali artisans are not faced by much competition

Our asserted mean is 4 i.e. that Jua Kali artisans are faced by much competition.

Asserted mean  $\pm$  2\* Standard error

Standard error =  $0.699/6=0.1166$

=  $4 \pm 2(0.1166)$

**= 4.233 or 3.766**

The actual mean is 2.810 and it lies outside the limits. The difference between the actual mean and asserted mean was significant so the null hypothesis was rejected.

## CHAPTER FIVE: CONCLUSION

In this section, the results of the study are summarized, discussed and conclusions drawn. This is presented in the order of the objectives.

### 5.1 Summary, discussions and conclusions

The first objective sought to assess the relative importance of the challenges faced by Jua Kali artisans. The results indicated that one (1) out of five (5) industry forces that is rivalry within the industry was the only force that increased competition facing the Jua Kali artisans. It had much effect in the operations of the artisans. The other four (4) forces do not increase competition to the Jua Kali artisans operating at Kamukunji Jua Kali sheds.

Results of the study indicate that competition at Kamukunji Jua Kali sheds has not intensified much. This is shown by the collective strength of all the industry forces at a grand mean of 2.810 indicating moderate increase.

Rivalry within the industry was seen in the fight for market share, price was characterized by keeping the same as competitors. Most artisans looked for new markets for their products to increase sales and gain market share. The artisans had similar undifferentiated products and similar markets for their offering. Competition for markets was thus intensified.

New entrants are not a threat to the artisans as there are high operating costs in the industry needed for purchase of material inputs. Since most new entrants want to join the industry as a result of lack of other alternatives and lack of finances to pursue education, they lack the necessary capital outlay and only seek employment opportunities in the industry when it is available. Space was also lacking in the Jua Kali sheds and thus could not be accommodated.

Most artisans had difficulties meeting the demands of suppliers who did not at all give raw materials to the artisans on credit. They had to pay upfront and this was a moderate challenge to the artisans as they saved little and had no bookkeeping skills. Thus they only purchased in little quantities at higher prices and did not get the benefit of discounts.

From the foregoing discussions, the following conclusions could be deduced. Jua Kali artisans do not suffer from increased competition because there is no increased competitive intensity in the industry. They are not under serious threat as most of the industry forces have not affected the artisans.

The second objective sought to determine how the jua Kali artisans are responding to the challenges of increased competition.

One of the response strategies adopted by the artisans was marketing. They sought new markets for their product offering in the neighboring areas of Pumwani, Eastleigh and Makadara in a bid to increase their sales. They also visited hardware stores and supermarkets, and managed to position their offerings in these stores. This move helped to bring their products closer to the markets as customers of the hardware stores and supermarkets were able to experience these products and in turn prefer them to competitor's offering.

However, due to lack of bookkeeping and financial capacity, direct sales to these markets was low as they cannot produce in bulk and demand cash on delivery of products as they needed this cash to purchase stocks for further production. This has given rise to middlemen especially Indians who visited the site, bought products from them and then in turn supplied these products to the hardware shops thus undercutting the artisans.

The other response strategy was on pricing of the product offering. Price wars such as increasing the price to allow for bargaining were common and this had helped them overcome bargaining customers. However, the artisans determine the actual selling price at the site collectively and they do have appointed chairmen who chair these meetings to set the price. They do this when material prices are rising so that they are in harmony.

The artisans have improved their offering by trying new product development an example being the mobile phone booths (simu ya jamii), all in an effort to match the needs of the customer. They also do make products as per sample supplied to them in an attempt to satisfy the customer through custom-made products. This brought out a lot of innovativeness on their part.

Training both in customer care and technical skills was lacking. The artisans did not undergo any training at all other than on the job training by observation and experimentation. Training would greatly help them in their daily operations and help them improve on their product offering to the markets.

From the discussions above, we could conclude that the artisan's responses have been operational in nature. They did not apply strategy in their operations. Training in book keeping, customer and technical skills would greatly help improve their way of doing trade and help them realize their full potential.

## **5.2 Limitations of the study**

One of the major limitations of the study was the fact that most artisans were unsure of my intentions and thought I was out to get information to put them under the eyes of the tax man. The other was language as one had to ask the questions in Kiswahili and the data instrument being a likert scale, some were unclear as to where to rate on the scale

The limitation of time and money allowed only one sample of artisans to be included in the survey study.

### **5.3 Recommendations for further research**

Future research in this area could be conducted on all artisans operating in Nairobi province to assess how the challenges of competition. The study based its findings on Porter's five-force industry model; other studies based on other models could be conducted.

### **5.4 Recommendation for Policy and Practice**

The government needs to support the artisans to undergo training in bookkeeping skills in order for them to benefit from loans available to the informal sector. In order to grow, and graduate into medium enterprises the artisans need technical training to improve their already innovative skills. Linkages between jua Kali enterprises and large manufacturers should be emphasized so that artisans concentrate in production while the other helps them brand their products and market these products. Large manufacturers should stop line production of what the artisans can produce and help them instead on improving the standards and capacity while they concentrate on what cannot be produced by artisans.

A Jua Kali supermarket could also be stated in various parts of the country where Jua Kali offerings could be brought closer to the markets. The spaces could be put up for example in Nairobi, at the railway bus station, a building could be raised up with help of pillars above the current bus stand and floors could be constructed to support the informal sector workers, bringing markets and their offering closer. Other spaces are on the old nation and the famous globe cinema roundabouts which are highly underutilized today.

This will go a long way in helping the small enterprises grow and graduate to medium enterprises that will eventually help the nation attain its development millennium goal of Kenya being an industrialized nation by the year 2020.



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The information obtained from this interview guide is confidential and shall not be used for any other purpose other than academic.

**SECTION A: CHALLENGES OF INCREASED COMPETITION**

**I. Threat of new entrants**

- 1. In the last one year, have there been any new entrants in the sector?  
Yes ( ) No ( )
- 2. If yes, about how many?

1-10	<input type="checkbox"/>
11-20	<input type="checkbox"/>
21-30	<input type="checkbox"/>
Above 30	<input type="checkbox"/>

- 3. Have they affected your work in any way? Yes ( ) No ( )
- 4. How? \_\_\_\_\_
- 5. How would you rate the following aspects as being barriers to entry in the industry at Kamukunji? Use a five point scale where

1 = Not at all

2. Very Much

- a) Start up costs
- b) High operating costs
- c) Access to markets
- d) Lack of technology
- e) Price wars

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## II. Threat of substitute products

6. Have you been experiencing problems as a result of alternative products?

Yes ( ) No ( )

7. If yes, to what extent has demand of your products been affected by the substitute products?

None at all ( ) little ( ) Moderate ( ) High ( ) V. high ( )

8. If your answer to question 7 above is little or lower, do any of the following factors contribute to the liking your products by customers? Use a five (5) point scale to rate the extent of liking where: -

1= Not at all

5= Very much

- a) Low prices
- b) Quality of products is good.
- c) The designs are attractive.
- d) Performance is good
- e) The products are durable


9. In your opinion, rate the extent of the sources of these substitute products? Use a five (5) point scale where:- 1= None at all

5= Very high

- a) Large manufacturers
- b) Plastics
- c) Importation


## III. Rivalry within the industry

- 10. Whom do you consider as the main competitors in the Jua Kali industry?
- 11. Do they sell to the same people? Yes  No
- 12. How would you rate the intensity of competition in the industry?  
None at all  Little  Moderate  High  V. High

**IV. Bargaining power of suppliers**

- 13. Approximately how many suppliers do you deal with? \_\_\_\_\_
- 14. How would you rate your influence over the suppliers on the following?

- a) Payment terms
- b) Their services
- c) Availability of supplies


- 15. Do you have difficulties in trying to meet the demands of your suppliers? Tick appropriately.  
Not at all  Little  Moderate  Many  V Many

**V. Bargaining power of buyers**

- 16. Approximately how many customers do you deal with? \_\_\_\_\_
- 17. Do you experience customers who bargain a lot? Yes  No
- 18. What is your overall assessment of buyers power over the artisans?  
Not at all  Little  Moderate  Many  V Many

**SECTION B: RESPONSES TO COMPETITION**

For each of the following questions, use a five (5) point scale to where;

1 = Not at all

2 = Little

3 = Moderate

4 = Much

5 = Very Much

### I. Intensity of competition

19. When there is intense competition among the artisans, to what extent do you resort to the following?

- a) Keeping prices same as competitors
- b) Keeping prices lower than competitors
- c) Selling at the lowest / clearance prices
- d) Carrying out product promotions
- e) Introducing new product designs
- f) Looking for new markets
- g) Training in customer service
- h) Training in technical skills


### II. Threat of new entry

20. To what extent do you resort to the following to counter the challenges of new entrants?

- a) Lowering the prices
- b) Offering discounts to customers
- c) Aggressive marketing of products
- d) Looking for new markets
- e) Improving quality of products


### III. Threat of substitute products

21. To what extent do you resort to the following when faced by a fall in demand for your products?

- a) Improving quality of products
- b) Changing product designs
- c) Giving price discounts
- d) Offering installment payments
- e) Offering products different from competitors
- f) Making durable products
- g) Looking for new markets
- h) Training in more technical skills


**IV. Bargaining power of buyers**

22. Which of the following has been of great importance in helping you overcome customers who bargain a lot?

- a) Increasing the price to allow bargaining
- b) Allowing installment payments
- c) Lowering quality of products
- d) Improving quality of products
- e) Making new product designs
- f) Looking for new markets


**V. Bargaining power of suppliers**

23. When you have problems with suppliers, to what extent do you resort to the following to remain competitive?



- a) Increasing the price of products
- b) Looking for new markets
- c) Changing product designs
- d) Aggressive marketing of existing products.


**SECTION C: ARTISAN GENERAL INFORMATION**

24. What is your name (optional)? \_\_\_\_\_

25. Gender Male  Female

26. How old are you?

Age in years:

- a. Less than 20 years
- b. 20-30 years
- c. 31-40 years
- d. 41-50 years
- e. More than 50 years

27. What level of training did you achieve? Tick below;

**Academic**

None  Part primary  Primary  Secondary

**Professional / Technical**

None  Technical training  Polytechnic  University

28. Name of the business \_\_\_\_\_

29. Nature of the business. (Tick appropriately)

- Sole proprietorship
- Partnership
- Company

Other (please specify) \_\_\_\_\_

30. How old is the business? \_\_\_\_\_

31. What made you get into this type of business? \_\_\_\_\_

32. Range of products (Tick appropriately).

Jikos

Jembes

Karai

Wheel barrows

Tin boxes

Spades

Others (specify) \_\_\_\_\_

**Thank you very much for your time.**

**KAMUKUNJI JUA KALI ASSOCIATION ELECTIONS HELD BETWEEN 12/11/2003 –  
13/11 2003 :INSIDE THE JUA KALI OFFICES : KAMKUNJI**

**Present:** Mr. Nzwili Returning Officer  
D.O Onyinno DATO- Presiding Office  
Chief Pumwani Observer /Security

**MEMBERS WHO VOTED**

	NAME	ID NO		NAME	ID NO
1	John Mwega	11372719	26	Amos Mbaya Owino	11194344
2	Peter Mwiruri	10567566	27	Jack Omondi Charles	2359439
3	Karanja Wandar	3683411	28	Loise Mumbwa Ngumbi	
4	Julius Mwangi	7945956	29	Casthce Ndinda	
5	Peter Mungui	11749716	30	Katiundi	
6	Joseph Wanyoike	11621047	31	Philister Syokau	
7	Solomon Muriği	21942968	32	Rose Nthenya Kioko	
8	Zakary Ngugi	22815390	33	Sykonyo Kesi Ngulu	2624729
9	Mercy Muthoni Kirimo	17680458	34	Barack Ochieng	21660625
10	Josphat Macharia	10644187	35	Peter Omondi	22670175
11	Patrick Kariuki	10461425	36	Daniel Dawo	7129509
12	Collins Oduor	10011628	37	Robert O.Anyanga	22486545
13	Collins Omondi	13786720	38	John O. Ooko	23066914
14	Bernard O. Omondi	21483842	39	Jenipher A. Owuor	
15	Paul Ouma Hawaga	22101164	40	Caroline A. Achieng	
16	Lucy Kabura Wagunya	4327392	41	Julius O. Midiwo	13681287
17	James Gikonyo Mwangi	10566101	42	Colleta Mwikali	1328162
18	Peter Muriuki	9716516	43	Alice Kavindu	323937D
19	Bernard Ngechu Kariuki	11621444	44	Samwel Gakunga Ruheni	20263427
20	David Onyango Modo		45	Kariuki Gacamu	928433
21	Beatrice Muthoni Kamau	20742066	46	Francis Kaigwa Karitu	7467011
22	Bernard Njaramba dirangu	9837284	47	Lucy Wanuyu Kabiru	6835822
23	Eliud Mwangi Muthee	14489366	48	Zipporah Wamaita Kamau	5932267
24	Kennedy Onyango oduor	23104791	49	Doughty Awour	
25	Constant Onyango Oduor	706302	50	Mark Oluoch Owour	2011405

51	Vincent Asango Osare	13645417	85	William Mwarangu Njuguna	7545083
52	Erjck Ouma Amolo	20600756	86	Modiad Ochieng Weda	21056854
53	William O. Omollo	23277820	87	Ruth Mwikali Kemen	14420143
54	Grace Njoki		88	Tabitha Kaluki Wambua	2597552
55	Peter Rapula Ondick		89	Magret W.Gitau	0502258/63
56	Salim Wanyama Bwire	10251236	90	James Odawo Mbanda	10809034
57	Jadiel Kimani		91	Godfrey Obuya	
58	Samoni Irungu		92	Daniel Muija Mbuta	9551829
59	Godfrey Otieno Rading	22287965	93	Veronica Nguru Nyambura	9574725
60	James Muchiri Kabui	23493699	94	Josphat M. Mwangi	7564475
61	Lucy N. Mathogonde	10042627	95	Josphat Macharia Kariuki	23233261
62	Godfrey Maina Mwangi	8633204	96	Francis Ouma	0284028/75
63	Ronald Kinyuah Macharia	5933633	97	Emily Vihenda	8310181
64	James Ngumo		98	Francis O. Nyaoro	9462210
65	Josphat Wachira Muikamba	8845337	99	Charles Ouma Odera	10384749
66	Tom Otieno	13043972	100	Haryson Agweny	22286575
67	Grace Kaziga		101	Joel Omukhobero	4849520
68	Rose Iminza	1854344	102	Peter Omondi Onyaro	8233298
69	Jane Imali	6640486	103	Michael Omondi Adera	217698141
70	Beatrice Vuliuza Salano		104	Stephen Omondi Kaiga	23605517
71	Mary Aoko Ojang	6600592	105	Peter Omondi Ochieng	11232750
72	Peter Macharia Mwangi	11678644	106	Julius O. Musendu	8014128
73	Virginia Muthoni Mdina	4854962	107	Charles J. Owour	20378398
74	Stanley Thuita	0359226	108	Francis Waina	11000565
75	Stephen Irungu	11754856	109	Margaret Wairimu	1077740
76	Godfrey Mirangi	20323266	110	John Korongo Theuri	9323654
77	James Mbugua Wahyugi	8518994	111	Daniel N. Ogutu	5306528
78	Benson Gatharc Maina	2299227	112	Richard Onyaro Mboya	4716409
79	Simon Nyanga Muchuri	2282156	113	George Ogala Onyango	21828996
80	Simon Ngala Ajimo	10129174	114	Paul Odhiambo Ojwang	2175984
81	Peter Mreithi	10189291	115	Josephine Achieng Okatch	13405616
82	Ephantus Muchiri Mwangi	12667767	116	Dacid Okoth	9574466
83	Isaya Achach	2687289	117	Charles Otieno Liech	0450245
84	Peter Kariuk W	8583833	118	James G. Moro	8583770

119	Kevin Onyango O.	11869757	153	Josephy Agembo Omolo	6464345
120	Simon Odhiambo	11080836	154	Joseph Oduwour Obala	6166546
121	Patrick Irunga Mwangi	8633144	155	Tom Mbuya Obala	10384522
122	Karanja Macharia	11547590	156	Benson O. Lalo	
123	James Hunja Macharia	8334716	156	George O. Lalo	
124	Peter Ndegwa Mwangi	13509935	158	Fredrick Dawa	9181519
125	Erustus Njoroge Mwangi		159	Julius Mugo	
126	Fredrick Wachira Kamunya	077166	160	Kasmir Onchari	
127	Joel Mwangi Maina	8925577	161	Jane Muthoni Maina	9509708
128	Adrew Mbogo Ochanda		162	Joseph Oduor Nyanya	8234156
129	Hosea Irungu Mwangi	23042225	163	Daniwl Ojijo Atito	
130	Petro Otieno Amoke	14666029	164	Ben Omondi Malo	
131	Joseph Omwanda Otieno	202366965	165	Filjona Atino Oyudo	
132	Joyce Mumbi Maina		166	Alfred Ooko Achieng	9788865
133	Paul Muhia Mburu	10766743	167	Hezekia Etale	2958377
134	Charles Maina Kamunya	10626953	168	Fredrick O. Opondo	14584944
135	Pius Gieluhi Mugo	7246728	169	Boniface Kimani Mutisya	22991926
136	Richard Odhiambo Obosi		170	Zimion O. Abego	20620947
137	David Gakua Kariuki	23174968	171	Peter Opiyo Barasa	21416825
138	Benson Keru Mwangi	23676718	172	Edwin Oduor Ouma	22129764
139	Tabitha Muthama	0453965	173	John Sewe Ominde	11825525
140	Francis Odhiambo Ngonga	702344	174	Bernard Ouma Okall	20275954
141	Martin Okoth Aloo	8917321	175	James Otieno Ochwech	12762997
142	Hellene Adhiambo		176	Peteus Obiero Ohwech	23020537
143	Mweni Muiva	0703245	177	Joshua Omwanyo	1821225
144	Denis O. Okumu	10546045	178	Abedrogo L.O Etale	
145	Eliud M. Kibui	20842700	179	John Odongo Baraza	20173355
146	Jonathan Kingele Mutisya	9550937	180	Josphine Lojodi	
147	Susan Ndinda Kemeu	14577660	181	Stephen Mwangi	22320910
148	Geoffrey Ochieng Obonyo	20486715	182	Rose Nyambura	
149	Anthony Mbugua Wamboi	14651131	183	Moses Mwaura	
150	Moses Kimani Mutuota	2251212	184	Michael O. Adero	9399154
151	Jadiel Kimani Mwema	11444854	185	Alfayo Omondi Opeyo	
152	Joseph Agembo Omolo	6464345	186	Patrick Karige	10314446

87	Vitalis Otieno	221	Peter Kihara Maranya	8583344
88	Albranus Mutinda Wambua 21576038	222	Geirge Obanda Oware	8433742
89	Ernest Etale Tiko 11201854	223	Maina Mugambi	4871196
90	Bernard Owino Akwanya 20798665	224	Kennedy Otieno Oyotto	20843095
91	Francis Wanjohi Thomi 11678206	225	Joakim Kimianthi	12408392
92	Edwin M. Njenga 12940394	226	Joseph Kuria Mbua	
93	Peter Kamau Waweru 7178708	227	Joseph O. Amuyo	10132036
94	John Kihwaga Maina 22622658	228	Wilson Kioga Marera	0233210
95	Gaundensia Njaaga Githingi 22547864	229	Boach Kuya	11040437
96	Edwin Kariuki Mwangi 10169253	230	Isaac Ateku	4174536
97	James Kahura 2037712	231	Anna Wangare Thuku	2882219
98	Philip Mureithi Macharia 4818922	232	Francis Kamande	9011908
99	James Kariuki Kanyara 10453552	233	Paul J. Mwangi	20241605
00	Peter Njuguna Maina 11251719	234	Simon M. Muni	13899370
01	Daniel Mberere K. 14405835	235	Stephen Maina Kariuki	12760353
02	Henry Gucho Kamau 21943652	236	Geoffrey Kimenya Kimani	8516040
03	Teresialh Wanjiru N. 8846788	237	Antipas Odhiambo Alweny	10313269
04	Peter Mungai 9267523	238	Thomas Osowe Okwalo	8253891
05	Methsia K. Walter 10318192	239	David Kariuki Kiarago	23127555
06	Osborn Malanga 23794600	240	Salesio Kiarago	0901208
07	Mathias Ayiccha Etole 21689864	241	Moses Githinji Kiarago	23639243
08	Kevin Kioko Kivuva 22841098	242	Samuel Njiru Njoroge	21509484
09	Joseph Wambugu 13558310	243	Michael Njue	11673640
10	George Gichuru 10767538	244	Jecinter W. Raphael	0253845
11	Gedion L. Imbuch 20465815	245	Stephen Omondi Owino	22997977
12	Scorbrick Kabeyi Kiluka 14612078	246	Jared B.O. Akumu	2835797
13	Alex Kaisha Ogula 20825889	247	Francis M. Mwikamba	1863782
14	Wilson P. Kimani 9561175	248	Richard Onyango Ogada	13238981
15	Moffeat Kariuki Mwangi 2192343	249	James Odero Mena	9594528
16	James Irungu Mbururi 22660541	250	Samuel Mbuya Olweny	4808074
17	Henry Maina 13644394	251	John Ndiritu Muriithi	22904172
18	Peter Lumosi Odari 22875641	252	Dennis Kiritu Mwangi	2382922
19	Richard M. Karitu 10715052	253	Meshack Muchemi Mathenge	21394978
20	Harison S. Aboka 23301777	254	Anthony Kinyua Njem	23373450

Joseph Kiragu njuguna	11881136	291	Robert O. Okoth	23761687
Peter Odila Ayuyo	44676644	292	Josphine Mwikali	22840875
Francis Mwaura Mburu	11067772	293	James Mwaura	10572012
Jeremiah Meshack	22291879	294	John Ojuka Ngonga	6881807
Humphrey Njau	6549681	295	Everline Akoth Omandi	11422317
David Theuri Wariire	6835972	296	Paul A. Odhiambo	9388886
Charles W. Kimani	18155355	297	Joshua Otieno Osodo	20942031
Joseph Karanja Mwangi	22542488	298	Asoyo Gabriel Owino	21917473
Nicholas Karicho Kimani	10266003	299	Francis Mwangi Karanja	9588385
Kenneth N. Kamweni	6694302	300	Joseph Mungi Mburu	10488719
Robinson Irungu	480961	301	Judith Atieno Odhuongo	20955651
Stephen Kirangu		302	Charles M. Mulee	11403022
Peter Odhiambo Omar	20075334	303	Martin Oduor Reteng	8254747
George Aliso	22321914	304	Nega Daniel Omoga	21149691
David Otieno Mboya	22320591	305	Amos Orwa Oguna	14444368
Francis Otieno Orwa	22422208	306	Daniel Musyoka	
Andrew Juma Oluoch	8963157	307	Patrick Njuki Murinde	7038322
Samson O. Wagusi	12709522	308	Juma Oduol Wayona	1238842
Edward K Ogara	9482448	309	Peter Ochieng Omondi	0122878
Simon Gitau Mburu	0955615	310	George Oduor Osore	21397679
Kenneth Oluoch Wanjiri	22321914	311	Christopher Ouma Onyango	22136592
George Onyango	9806054	312	Daniel Onyango Yonga	22115647
Tobias Ochieng Oyugi	9011866	313	Joseph Anna Hago	0670703
Bernard Onyango	22663325	314	Patrick Kariuki	9679136
Zacharia Odhiambo	13465756	315	Stanley Maina	11034722
George Juma	7229047	316	Paulo Ng'anga	7178048
Michael Onyango Odhiambo	8975376	317	Daniel O. Odoyo	22927576
Musa Juma Odeny	9927298	318	Samuel Njoroge Ngugi	23079023
Kennth Onyango Oyugi	20409033	319	David Oduor Omollo	23943784
Samson O. Gor	4717570	320	Charles Kamau	21632729
Luka Amuli Omucheche	7890795	321	Joseph Wanyoike	23301422
Samuel Oyiyo oyugi	13532675	322	David Ngugi Kanyua	12991484
Floria Ojwang	6531844	323	Joseph Owiti Oganda	11091540
Peter Liseno Lijodi	2341450	324	Michael Okoth Ajuoga	13687327

325	David Oloo Okoth	21016923	359	Grace Anyango	4859288
326	John O. Liech	13887382	360	Grace Wangechi Githumbi	12778407
327	Wycliff Ezekiel Omukuyia	8061836	361	James M. Maina	6452544
328	Pamela Anyango Danga	23304140	362	Godfrey Maina Mwangi	8633204
329	John Otieno Oduor	7102244	363	Wilson Otipa Sande	22034143
330	Thomas O. Mengo	9950707	364	Michael Mwangi	8613293
331	Fredrick Otieno Oguko	23028852	365	Bernard Gadhii	0562984/66
332	Stanley Njau Mwangi	11751809	366	David Ndirangu Ngunjiri	5549873
333	Erick Fred Ouma Amolo	22366382	367	Nancy Wanjiko Kimani	746780099
334	Joshua O. Ojwang	9342925	368	Moni Esther Ngara	79751233
335	Eliud Odhiambo	6182440	369	Loice Siowai Bindio	6425147
336	Millicent Oyuach		370	Esther Kimani	9237859
337	Thomas Omer Ngore	8171661	371	Annah Wanjiko Kiongo	0316767
338	Peter O. Monye	16096403	372	Rinda Mbula Mutiso	13311981
339	George Odindo Adundo	4428694	373	Grace Kazinga Amboga	5672963
340	Charles O. Ndege	2170454894	374	Peter Muriithi Mwangi	22911591
341	Alice Atieno	11809103	375	Ephraim Maina Mwangi	5906419
342	George Asewe	13760887	376	Peter Kangwana Mwangi	10810276
343	Joseph Ogeya Odemba	13465356	377	Mariam Wangeeci Kiongo	22714225
344	Isaya Otieno Miyongo	22600536	378	Jenifer Waiyego Kamau	21239215
345	Pancrecius Ooko Obaia	21854905	379	George Odhiambo Ngeso	21066727
346	Peter Ongiri Onege	8606471	380	Rose Talanyi Likonde	224633473
347	Aloyce Owino Oduor	9613346	381	Peter Kimunyi	10810276
348	Gabriel Owino Otieno	10010964	382	Edwin Njoronge	11547256
349	James Odongo Owuor		383	Joel Kangara	20376929
350	Simon Ombima	11686116	384	Peter Nyaga	7879457
351	Lucas Otieno	13514322	385	Paul Kanyago Njoroge	3136869
352	Titus Abondo Abiero	21939212	386	Joseph Murulo Ithoka	13637158
353	Peter Onyango Osewe	22173575	387	James N. Githua	5787481
354	Jared Odhiambo Ouma	13876185	388	Stephe Mwaura Kamande	21637864
355	Peter Njenga	11370455	389	Jacob Njeru	22529257
356	Daniel Muchiri Ruheni	23809174	390	Laban W. Mwiruri	3203055
357	Gilbert Makonjo Ndere	4811740	391	John Kalua M.	13061301
358	Elisha Jakoyo	2206872	392	Matius Githua Gi.	9668628/70



393	Martim Mutonga M.	12652577	427	Stephen Mwangi	
394	Robert Ndungu Kamau	14702361	428	Vitalice Okoth	2868822
395	Stephen Maina	21331912	429	Monica Wairimu	1373455
396	Muchiri Kangara Githige	5493795	430	Patrick Kabue Maina	4914633
397	Samwel Mwangi Murage	7337145	431	Jacob Omondi Juma	12688125
398	Francis Kamau Kanulai	1343829	432	Charles Odhiambo	21852026
399	Joseph Kibe Mwangi	7167239	433	Gerald Kiambati Kingori	7995828
400	Julius K Mburu	9019099	434	Kibe Ebik Maina	3755431
401	Peter Gitau Mbugi	13525878	435	James Kariuki Rukwaro	3224795
402	Nicholas Githae M.	10824987	436	Jonathan Mbukoli	21855590
403	Stephen Maina N.	9385365	437	Charles Wamaru Warugoro	948510
404	Bernard Ouma Nyangoda	23185221	438	Douglass Kabiru	7039334
405	Rodah Kalee		439	Joel Kamunyi	
406	John N Odemba		440	Nahashon Njoye	8060054
407	Henry O. Mbig		441	Richard Muchuri	7228324
408	Peter Owera Ganga	2144626	442	Tobias Otieno	13893733
409	Stephen O. Ochungo	11088974	443	Michael Mwangi Muriithi	13056154
410	Charles Owino Ochungo	22487986	444	John Waweru	20021754
411	Ezekiel Oduor Odhiambo	21256771	445	Joseph Mwangi Kariuki	20141475
412	William Ogutu Omondi		446	Charles Mwangi Karagu	10040358
413	Lucus Odero Onko	21741325	447	Erick Munyi	4244569
414	William Ouma		448	Samson Ontago Utolo	
415	Timothy Muli		449	Peter Gathambo	
416	Patrick Maitai Ndiritu	23743112	450	Stephen Maina Mungoso	1823086
417	David Oduor Otieno *	13371005	451	Josphat Mwangi	10620862
418	Agnes Ndinda Muli	10358492	452	Julius Mbugua	10654608
419	Winfred Nyaguthii M.	8795500	453	David N. Waweru	10244636
420	Benson Muriithi Wanjiro	22302001	454	Churchil Odhiambo Okongo	9981891
421	John Njunguna	8979248	455	Enest Kagotho	12665887
422	Eliud Mbigu	8813367	456	Reuben Kimani	13393467
423	Lydia Nyambari	5455296	457	Stephen Kamau	12565465
424	Leah Wairimu		458	Erustus Gichohi	13432679
425	Winsley Maina		459	Alex Irongo	901953
426	Hesborn Kahahi		460	Peter Odhiambo Onguso	8255673

461	G. Miano	21215520	497	Elijah Ochieng Jadia	
462	Samwel Mbui	21774619	498	Philip Munyoroko kaboga	3503678
463	Mwaniki Harrison	1106693	499	Peter Mutua Kiloli	1465019
464	Mungai Kamotho		500	Anne Wanjohi Njau	8744300
465	Michael Masio	3333413	501	Evans Omondi	20115285
467	Monica Ndam		502	Jane Njoki Mungai	4808507
468	Dennis Oduor	11611766/74	503	Edward Mwai Munyara	23036617
469	Erustus Mwangi Kariiga	21371421	504	Onesmus Maingi Maina	20307995
470	Michael Otieno Dula	20422308	505	John Mwangi Githae	9153401
471	Walter Odera Aloo	20575706	506	Joseph Mutali Mwangi	21703861
472	John Maina W.	4808555	507	John Nderitu Macharia	21915876
473	Aggrey Limosi	11305928	508	Paul M. Michiri	7167977
474	Samwel Owira Ogutu	1531880	509	Henry Kariuki Kairu	7276811
475	Joseph Odhiambo	7896734	510	Domik Onyango	
476	Alex Ahago Juma	6951252	511	John Mugo Muchemi	13321461
478	Joseph Owoko Pwoyo	2868210	512	David Mwangi Kahara	7247205
479	Moses Njwe Omondi	14479247	513	Joseph Macharia Mukiri	7994259
480	Kerry Malenyo		514	Edwin Makembu Gatia	20432859
481	Thosmas Owera		515	Stanley Mugo Njeru	5774405
482	Joseph Njiru		516	Moses Thiango	7283709
483	Fanis Owano		517	Gabriel Mwaniki Waweru	5794983
484	Christine Auma Munda	0520226	518	Larry Viema Kagombe	9575103
485	Alfred Opiyo	22624237	519	Rubenson Koigi Kimani	1414525
486	Edward Nandwa Ombiro	13579079	520	Meshack Mwangi Kingori	22171032
487	John Mwangi Ruheni	22383136	521	Benson Irungu N.	10366529
488	Rufas Njiru	13337295	522	James Mwaura Thuo	10572012
489	Hellen A. Malenya	9088912			
490	Duncan Olande	6447767			
491	Zulekha Chavangi	12425380			
492	Jane Wambui Mwangi	11725242			
493	Benjamin Henry O.Ogana	21750838			
494	John O. Ojijo	3951946			
495	Isack Otieno Going	10250821			
496	Wilson Wambugu	7039857			