EFFECTS OF IMPORTED GOODS ON THE PERFORMANCE OF LOCALLY PRODUCED GOODS IN KENYA

A CASE STUDY OF THE JUAKALIMETAL WORK ENTERPRISES KAMUKUNJI MARKET NAIROBI

BY

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ThisDissertation is Submitted in Partial Fulfilment of the Requirement for the Award of Master of Business Administration, 0f St. Paul's University,

AUGUST 2018

DECLARATION

This Dissertation is my original work and is not the result of anything done in collaboration. It has not been previously presented to this university or any other institution for any academic award before. I agree that this dissertation may be available for reference, at the discretion of the university or with my permission

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DEDICATION

First, this work is dedicated to the Almighty God for his sufficient grace and blessings that has enabled me to undertake this course. Secondly, I dedicate this work to my mother, father and my siblings Steve, Alfred and Gabriel for their love, support and encouragement to pursue this degree course.

ACKNOWLEDGEMENT

My sincere acknowledgement goes to God Almighty; whose grace I have been able to accomplish this work. Secondly, my gratitude go my supervisors, Ms Mary Kibuine and Dr. Julius Kahuthia for their continued support, guidance and positive criticism. I am grateful to the lecturers at St. Paul's University and all other members of staff who supported me to successful completion of course work and research project. To all my colleagues at ABC Bank for their moral support, understanding as well as their unending caring and love to me while undertaking this dissertation.

ABSTRACT

Globalisation has made it easier for traders to import goods into the country at the expense of local industries. The Kenyan Juakali industry has been adversely affected by the business of importation which has seen the performance of the industry to decline sharply in recent years. This study sought to establish the effects of imported products on the performance of locally produced goods by small-scale metalwork enterprises. The study was guided by the following specific objective: To establish how attributes of imported products affect the performance of locally produced goods; To determine the extent to which consumer perception on imported goods affects the performance of locally produced goods; To examine how consumer attitude towards products affects the performance of locally produced goods and to establish the effects of priceon the demand of locally produced goods. Moreover, the study was guided by three theories namely: the resource-based theory of competitive advantage, comparative advantage theory of international trade and the export base theory. To inform the objectives of the study, the target population under study was to be of small-scale metal enterprises which was estimated to be 160 artisansin Kamukunji Market. Out of this, a sample of 120 respondents was arrived at using the Cochran formula. Data was collected by the use of questionnaires which contained structuredquestionnaire Descriptive analysis including frequencies and percentages was used to summarize and organize quantitative data. The findings from the structured questionnairwere then summarized, coded and analysed quantitatively and presented in tables to draw conclusions on the research questions. The study arrived at the following followingconclusions, consumer attitude and perception of imported products is overwhelming good as compared to that of local products. Moreover, it emerged that traders who trade in imported products make more sales and higher profits. The main reason for the popularity of imported goods may be attributed to the fact that respondents in the study noted that imported goods were trendier, well marketed and gave consumers their value for money. It also emerged that local industries lack elaborate structures to pursue marketing and research and development activities. Accordingly, it is imperative that local industries adopt more robust strategic management and marketing to facilitate the growth of the industry and improve the consumer market perception and attitude on local industries. Key stakeholders such as the government should facilitate the growth of the industry by lowering the cost of doing business and providing financial incentives to encourage the growth of the business.

TABLE OF CONTENTS

DECLARATION ..... **i**

DEDICATION ..... **ii**

ACKNOWLEDGEMENT ..... **iii**

ABSTRACT ..... **iv**

TABLE OF CONTENTS ..... **v**

LIST OF ABBREVIATIONS AND ACRONYMS ..... **x**

LIST OF TABLES ..... **xi**

LIST OF FIGURES ..... Error! Bookmark not defined.

CHAPTER ONE 1

INTRODUCTION 1

1.1 Introduction 1

1.1.1 Background to the Study 1

1.1.2 Product Importation in Kenya 3

1.1.3 Performance of locally produced goods. 4

1.1.4 The effects of importation on the performance of locally produced goods. 5

1.2 The Juakali Metal Sector in Kenya 6

1.3 Statement of the Problem 7

1.4 Objectives 9

1.4.1 General Objective 9

1.4.2 Specific Objectives. To determine-: 9

1.4.3 Research Questions 9

1.5 Scope of the study 10

1.6 Significance of the Study 11

1.7 Assumptions of the Study 11

1.8 Limitations of the Study 12

CHAPTER TWO 13

LITERATURE REVIEW 13

2.1 Introduction 13

2.2 Theoretical Review 13

2.2.1 Resource-Based Theory of Competitive Advantage 13

2.2.2 Comparative advantage theory of international trade. 14

2.2.3 Export-Base Theory 14

2.3 Empirical review 15

2.3.1 Jua Kali Enterprises in Kenya 16

2.3.2 Product Characteristics and performance of locally produced goods 17

2.3.3 Consumer Perception and performance of locally metal produced goods 18

2.3.4 Consumer Market Attitude and performance of locally produced metal goods 20

2.3.4 Product price and the performance of locally produced goods 21

2.5 Performance of Locally Produced Metal Goods in the Country 21

2.12 Conceptual Framework 23

2.13 Research Gap 24

CHAPTER THREE 26

RESEARCH METHODOLOGY 26

3.1 Introduction 26

3.2 Research Design 26

3.3 Target Population 26

3.4 Sample Size and Sampling Method 27

3.5 Research Instruments 28

3.6 Pilot Test 28

3.7 Validity 28

3.8 The Reliability 29

3.9 Data collection and Analysis 29

CHAPTER FOUR 32

DATA ANALYSIS RESULTS AND DISCUSSIONS 32

4.1 Introduction 32

4.2 Descriptive analysis 32

4.2.1 Response rate 32

4.2.2 Demographic distribution and description of study participants 32

4.2.3 General Information about the nature of businesses in the study 34

4.3 Consumer Market Attitude of Locally Produced Metal Products 37

4.4 Consumer Market Perception of Locally Produced Metal Products 38

4.6 Products costs 39

4.7 Product characteristics 41

4.8 Performance of locally produced goods 42

4.9 Multiple regression model 45

CHAPTER FIVE 48

SUMMARY, FINDINGS, CONCLUSION, AND RECOMMENDATIONS 48

5.1 Introduction 48

5.2 Summary Findings 48

5.3 Conclusions 49

5.4 Recommendations 50

5.5 Areas of further research 51

5.6 Contributions to the study of knowledge 51

APPENDIX 1: LETTER OF INTRODUCTION 59

APPENDIX II: QUESTIONNAIRE.....60

LIST OF ABBREVIATIONS AND ACRONYMS

ASEAN - Association of Southeast Asian Nations

NAFTA -North American Free Trade Agreement

WTO -World Trade Organization

GOK - Government of Kenya

MUB -Manufacturing-under bond

EPZ -Export processing zones

MFA -Multi-Fibre Arrangement

AGOA - African Growth and Opportunity Act

COO -Country-of-Origin

KNBS- -Kenya National Bureau of Statistics

KAM - Kenya Association of manufacturers

CBK -Central Bank of Kenya

RBV -Resource-Based view

PTM -Pricing to Market

LIST OF TABLES

Table 2.1: Research gap…….25

Table 3.1: Reliability test……29

Table 4.1: Demographic characteristics…….33

Table 4.2: Information about the business in the study…….34

Table 4.3: Information about the business in the study…….35

Table 4.4: Information about the business in the study…….35

Table 4.5: Information about the business in the study…….36

Table 4.6: Information about the business in the study…….36

Table 4.7: Consumer market attitude…….37

Table 4.8: Consumer market perception…….38

Table 4.9: Product cost……. …….40

Table 4.10: Quality, price, appeal & preference……41

Table 4.11: Whether the business have been affected …….43

Table 4.12: Performance comparison 43

Table 4.13: Sales and volume performance …….44

Table 4.14: Model Summary…….45

Table 4.15: Coefficients ……..46

LIST OF FIGURES

Figure 2:1: Conceptual Framework 23

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter comprises the foundation of the study. It presents the background of the study, states the purpose by defining the statement of the problem the associated variables and a further description of the variables by outlining the research objectives, research questions as well as stating the significance of the study to various stakeholders in the country.

1.1.1 Background to the Study

The flow of goods, services, technologies, resources, people, and ideas in global markets through international trade has major effects on countries, their governments, companies, and individuals (Wang and Chen, 2004). At the global level, participation in international trade enables countries to take advantage of the international expertise in commerce to deliver goods and services to the international market. It also increases the varieties of goods and services available in national markets and exposes consumers to new lifestyles and ideas. Over time, this exposure affects national cultures, their political and economic institutions and impacts on a society's behaviors, attitudes, and lifestyles. Governments determine the extent to which international business activities permeate and influence national economies in terms of trade and investment (Grosse, 2005).

Cheaper Imported substitutes from the international markets increase competition in domestic markets because consumers can afford. Global competition, therefore, forces firms operating in the informal sector to be more innovative and efficient in their use of resources in order to respond to the ever-increasing level of competition. For consumers, international trade brings increased varieties of goods and services into the world marketplace and enhances living standards. Besides the importation of physical goods, open borders mean increased exposure to new ideas, technologies, and different ways of doing things (Auger, 2010).

International trade has revolutionized over time with a number of environmental factors forcing the changes in way trade is conducted. Most of these factors stem down from the effect of

globalization (Griffin, (2010). Other factors that have contributed to these massive changes such as historical circumstances, end of the cold war and the breakup of the Soviet bloc, helped to generalize the free trade model and further increased the number of States which enhanced potential trading partners (Buckley, 2011).

The other factor is a regional integration that gave rise to associations such as ASEAN and NAFTA (Kimura, 2010). The establishment of the World Trade Organization (WTO) under the 1994 Marrakesh Agreement also signaled a common desire to liberalize trade. Equally, over the recentpast, Africa has continued to partner withChina and this has increased the level of importation into Africa. . Changes in international trading are, however, are not brought about solely by environmental factors but also any location with a good political environment. A good Economic environment lays an amazing foundation to thrive in international relations, which in turn translates to more business being brought into the country as well as its produce and services being exported to partners (Drezner & Daniels, 2008).

Natural environment, social environment, and the technological infrastructure will allow trade from a wide range of relating counties to conduct business. The Juakali industry in Kenya showed a sign of early industrialization since it is a very labor-intensive sector (GOK, 2005). Manual labor was used in all stages of production with little or no mechanization and this hindered the growth of the sector (GOK, 2005). For instance, the sector made use of scrap metals from dealers which were folded manually and later welded to finished goods. This made locally produced metal products less popular in the consumer market since they were less appealing to buyers. Presently the near-collapse of the industry shows a reality where cheap imports and second-hand products have significantly reduced the competitiveness of the industry (Fukunishi, 2012).

The few Kenyan brands that exist contend to survive since they cannot compete with the cheap imports and second-hand products that find their way into the Kenyan market. The Juakali industry in Kenya fails to communicate the value of the locally manufactured commodities to the consumers, and questions have been raised on how to increase the interest and crave for locally manufactured products amongst the population in order to increase the level of economic growth

(Hamin & Elliot, 2006). For instance, the consumer market has a negative perception of local goods viewing them as less trendy and obsolete when compared to imported goods (GOK, 2005). Moreover, there have been concerns that imported goods are relatively cheaper vis-à-vis locally produced metal products, and this has continued to hinder the performance of locally produced Juakali Metal Products (GOK, 2005).

1.1.2 Product Importation in Kenya

Since Independence, the informal manufacturing sector in Kenya has been a crucial instrument of economic growth in the country's global trade comprising both import and export of goods and services (Kamau & Munandi, 2009). Import substitution industrialization policies of the early post-independence years (Sessional Paper No 1, 1986) were geared towards encouraging positive consumer behavior of locally produced commodities among Kenyans. To enhance Kenya's local industries, the concepts of Manufacturing-under bond (MUB) and export processing zones (EPZ) also featured prominently in the 70s and 80s (Phelps &Wanjiru, 2008). Print cloth for domestic consumption was pursued as a cultural strategy (Mangieri, 2006).

The local manufacturing industry has been affected by the surge in imports of both new and second-hand products since the 1980s (Nyongesa, 2005), exposing local manufacturers to competition that makes it difficult for them to respond to competitive disequilibria (Mangieri, 2006). In the early 1990s, lack of investment, and the availability of second-hand products finding their way into the country, the manufacturing industry in Kenya has been on the decline (Mangieri, 2006). In regard to the textile manufacturing sector, Kamau and Munandi (2009) noted that competition in the global garment industry intensified following the termination of the Manufacturing-under bond (MFB) that governed trade in textile and clothing between 1974 and 2004.

Manufacturing firms in Kenya have also been exposed to stiff competition in both the domestic and export markets from well-established producers globally. Much as the local manufacturing industry began to grow rapidly due to the African Growth and Opportunity Act (AGOA). Equally, The Juakali metal industry has been severely hit by product importation especially on imports from Asian countries which tend to produce cheaper goods due to favorable economies

of scale. For instance, according to a study by Wangare (2015), metal work fabricators in the country are unable to compete with imports from Asia, in particular, China owing to the advanced technology and abundance of raw materials. Maina (2017) attributed the inability to compeat on lack of skills and strategy.. Accordingly, this has led to the underperformance of the sector due to the dominance of the importation business. It is therefore of paramount importance that stakeholder's device measures of reviving the dwindling industry.

1.1.3 Performance of locally produced goods.

The performance of locally produced goods in the country has been well below par. According to Adeyeye (2016), the growth of SMEs has been hindered by unfavorable government policies and the presence of cheap imports from Asia. In addition, local industries lack the much-needed skill and expertise due to lack of solid management structures. One argues that the lack of operational structures in Juakali industries undermines the performance of the sector mainly in marketing and research and development. In addition, the Juakali industry in Kenya operates on a limited budget due to limitations in funding and the nature of operations of the Juakali industry. JuaKali industries operate on a small scale and this makes it hard for them to scale up their production activities or invest in research and development activities (R&D). This has made the industry to underperform when compared to foreign companies which have substantial budgets on R&D. Equally the performance is undermined by the inability of the local industry to benefit from economies of scale due to the microenterprise nature of operations.

The performance of the sector has also been affected by the negative consumer perception and attitude of the local industry. The consumer market tends to prefer imported goods over local ones and this has undermined the sales and performance of the local industry. The negative consumer attitude and perception is mainly because local products tend to be less appealing and attractive to consumers. Equally, imported products tend to be cheaper than local ones' despite being of lesser qualitywhich makes imported products to have a more favorable value for money as compared to locally manufactured products. Various efforts have been made to persuade Kenyans to change their consumer behaviorby encouragingthem to buy localproductswhich were conceptualized as the 'Buy Kenyan build Kenya' campaign. This campaign is key to ensuring that Kenya's quest to increase the demand for locally produced commodities in order to achieve

global competitiveness (Ongwae & Odhiambo, 2013). The campaign according to (Ongwae & Odhiambo, 2013) aims at sensitizing consumers to buy Kenyan products and services in order to contribute to economic growth, create employment and improve livelihoods. (Maina, 2013) asserts that 'Buy Kenyan build Kenya' initiative is important to save industries, jobs and the economy. If local companies today manufacture world-class goods and services and have the support of consumers it will be possible for Kenya to transform local industries to world giants. Various organizations are coming together to try and revive the previously prosperous textile trade in Kenya, (Njuguna, 2014). Many of these organizations have Kenya as their first primary market.

1.1.4 The effects of importation on the performance of locallyproduced goods.

Arguably, product importation has affected the performance of local enterprises in the country as contended by Maina (2017) and Wangare (2015). For instance, Wangare (2015) in a study observed that product importation had adverse effects on the sales performance of local products.. Imported products tent to be trendier and this lures the consumer market away from local products. Maina (2017) also noted that the poor technology and dependence on manual labor hindered the performance and output of metal work fabricators in the country. Equally, the poor technology makes the production costs higher as compared to importers which tend to be cheaper. These factors culminate towards a decline in the performance of local products. Moreover, argues that the consumer perception of local products in the country is dismal and this further hinders the growth and performance of local industries in particular the metal industry.

Nonetheless, there have been concerted efforts to improve the performance of local industries by various stakeholders. In the clothing sector, for example, there have been diverse efforts to promote the sales of locally designed brands mainly through more elaborate marketing and research on cheaper production methods (Onyango, 2014). Njuguna (2014) noted that whilst locally designed fashion has not yet become as mainstream as it is getting in Nigeria, South Africa, and the West, it is making a mark in Kenya and East Africa due togrowing awareness. According to Onyango (2014), the country needs to start looking at fashion critically by addressing it as a business byserious players and not merely as a hobby. Without some serious thought and collective effort individual designers and other players in the field will resort to their

own measures and making their own version of what they think will work but also make them money (Onyango, 2014). A study by Njoki (2013) found that whereas most Kenyans seemed fashion savvy, only a few knew of local designers or their products. This suggests that marketing of local textile designers and their products needs to be enhanced in order to promote both local and international demand.

1.2 The Juakali Metal Sector in Kenya

The informal sector in the country is commonly referred to as the Juakali which means "fierce sun" in Swahili (GOK, 2006). The name is derived from the fact that workers in this sector operate under the hot sun as they produce or sell their products in the markets or along the streets. The work done is usually harsh and hard, often under conditions that are unsuitable for labor and at times not even safe. The businesses in the Jua Kali sector have fewer employees, improvise their working tools and skills are often acquired through apprenticeship (Pancer, 1994). However, this is the extreme view of the sector, as currently, JuaKali spans a wide range of sizes of businesses and may even have a large number of employees depending on the product being produced and the activities involved.

In fact, the informal sector in which the Juakali sector is the largest,employer African Development Bank (2013) posits that the informal sector currently employs 90% of the total Kenyan workers, excluding agriculture. KNBS (2015) found out that the informal sector which constituted 82.7% of the total employment, created 693000 new jobs in 2014; and in 2013, over 12 million persons were in small businesses. Despite these evident benefits of the small businesses, there has been little attention in both research and policy decision being directed to small-scale businesses market dynamics despite their large contribution to the economy of the country. The survival of these small businesses in a market with international players is quite a peculiar phenomenon and thus important to understand the survival and growth strategies (GOK, 2006).

The Juakali industry in Kenya is best known for its consumer metal made products. The nature of their operation involves the sourcing of raw materials from scrap metal, folding and cutting the metal into usable components and finally the manufacture of the items. The most widely

manufactured metal products by artisans are wheelbarrows, sewing machine stands, chaff cutters, boxes and aluminum cooking pans which are later sold to consumers in Kamukunji market and its environs. Other than the manufacture of consumer products, the Juakali sector has in the recent past been involved in the importation of products from Asian countries and selling them in the local market. This is a shift from the tradition when Juakali was only involved in the sale of locally manufactured products. The practice of selling imported goods, however, undermines the performance of the local industry especially those involved in sourcing raw materials and manufacturing. This has consequently led to the restructuring of the industry from primarily being involved in marketing to being involved in selling. Today, the Juakali industry in Kamukunji employs over 4000 artisans and traders and is considered the epicenter of traditional craft in the country.(GOK, 2006).

According to Wangare (2015), Metalwork fabricators in the country have continued to face stiff competition from cheap imports from Asian countries and in particular China. Notably, the lack of mechanization makes production expensive for Kenyan fabricators as argued by (Wangare, 2015). Maina (2017) contends that fabricators in the country lack structures to pursue research and development and this has made their products less appealing to the consumer market. As a consequence, the perception of local metal products has continued to worsen and thus undermine the performance of the industry. Equally, the decline in the performance of the local manufacturing industry has been as a consequence of the rapid globalization in the continent and the world at large. For instance, today traders are easily able to imports products from online trading shops such as Alibaba and Amazon. Imported goods tend to be cheaper than local ones due to the favorable economies of scale experienced by offshore manufacturing companies.

Equally, the local industry lacks the expertise and technological know-how to compete with foreign companies. As a consequence, imported products tend to be more appealing to consumers compared to local products**.**

1.3 Statement of the Problem

The Juakali metal industry in Kenya has in the recent past experienced a decline in performance due to the increase in the number of imports (Maina, 2017). The age of globalization has made it

easier for traders to import and sell substitutes which continue to hurt the local industry particularly the manufacturing sector. Equally, there have been concerns that the consumer perception and attitude towards local products are that imported products are of higher quality as observed by (Maina, 2013; Ongwae & Odhiambo, 2013).Ongwae& Odhiambo (2013) further contend that poor market perception and attitude make consumers to prefer imported goods over local ones and this undermines the performance of locally produced goods. The rapid pace of globalization in the business environment has created sophistication and a wide variety of choices in the economy (Kamau & Munandi, 2009).

Today, consumers have a wide variety of choices to make regarding their products as compared to the past when they solely depended on homemade products. As a commercial hub in Eastern Africa, Kenya has emerged as a fertile marketing ground for foreign-made products, tilting the balance of trade in favor of imports (Masese, 2011). According to the Central Bank of Kenya (CBK) records between January and September 2016, Kenya's exports totaled to Kenya Shillings 695.6 billion, compared to Kenya Shillings 926.4 billion in imports (CBK, 2016). These figures indicate the unfavorable balance of trade which includes products that are being manufactured locally. The preference for imports continues to influence consumer attitude, perception and patronage negatively.

In particular, the local metal industry has experienced a decline in performance due to the flooding of the market with cheap imports from Asian countries (Maina, 2017).

This downward trend altered due to the rapid growth of exports after the year 2010 which has not benefited the local manufacturers due to imports of products from developing countries, in particular, Asia and second-hand products from industrialized countries (Fukunishi & Takahiro, 2009). In the last decade, manufacturers in the informal sector have been competing with firms in developing countries rather than those in industrialized countries (Fukunishi, 2012). The upsurge of imported products has negatively affected the informal sector in Kenya leading to loss of market for locally manufactured products.

Though trade has been identified as a key driver of industrialization and anchored in the vision 2030, most of the Kenyan goods are semi-processed, less diversified and concentrated in few

markets (Fukunishi & Takahiro, 2009). Accordingly, the manufacturing industry in Kenya has moved to a condition of near collapse with massive job losses, low output, and low sales. It is worth noting that the informal sector is critical to Kenya's development (GOK, 2008). This study examined the effects of imports on the performance of locally-produced products in Kenya by metalwork artisans.The study also investigates the consumer attitude and perception of imported goods vis-a-vis locally produced ones in order to find out whether the perceptions influence the demand.

1.4 Objectives

1.4.1 General Objective

The general objective of the study was to establish the effects of imported products on the performance of locally produced goods. This was achieved by investigating the following specific objectives.

1.4.2 Specific Objectives.

To determine-:

i. The effect of imported product characteristics on the performance of locally produced goods.
ii. The effect of consumer perceptions of imported manufactured products.
iii. The effect of consumer attitudes towards manufactured imported goods.
iv. The effect of the price of the imported manufactured goods on the performance of locally produced goods.
v. The joint effect of perception, attitude, and price on the performance of locally produced goods.

1.4.3 Research Questions

i. How do the characteristics of manufactured imported products affect the performance of locally produced goods?
ii. How does the consumer perception of imported goods affect the performance of locally produced goods?

iii. How does the consumer attitude toward imported goods affect the performance of locally produced goods?

iv. Do the prices of imported goods affect the performance of locally produced goods?

1.5 Scope of the study

Kamukunji Market is located in the eastern part of Central Business District of Nairobi adjacent to Gikomba market. According to Kaur (2009), the region occupies an area of 1.5 hectares and has a working population of over 4,000 artisans. Since the colonial period, the region has been the backbone of the informal sector in the country specializing in the manufacture of consumer and industrial metal products. Notably, the region is also extensively involved in the trading of local products as witnessed by the huge number of consumers and traders who frequent the market to buy and sell their commodities.

Kamukunji market has for long been the hub of Juakali activities in the country, however, over the recent past the region has been infiltrated with the sale of imported goods and this has vastly undermined the performance of the region. Nonetheless, the region is still the trade hub of locally produced goods mainly from the surrounding regions of Gikomba and Kariokor. Moreover, the region is in itself a marketplace for consumers in most parts of Nairobi who frequent the region to purchase products. Accordingly, this makes the region most suited to conduct a research on the performance of locally produced metal products as well as the consumer perception and attitude of the products

This study sought to establish how the consumer market attitude and perception of local products influence the performance of locally produced Juakali metal products. A survey was conducted on seventy-five traders in Kamukunji market who traded and fabricated metal products such as metal boxes, pans, andwheelbarrows to consumers in Kamukunji market. The traders were required to give their view on the consumer market attitude and perception as well as give a comparison of the performance of local products visa vi imported Juakali metal products. This makes the Kamukunji market well suited for a survey to investigate consumer market perceptions as well as the performance of the industry.

1.6 Significance of the Study

The findings of the study inform various players in the local Juakali sector to better understand some of the factors that contribute to preferences of some apparel and hence make decisions that can contribute to the growth of their businesses.

The study would specifically benefit the domestic and foreign manufacturers, marketers, exporters and other channel intermediaries doing or wishing to do business in developing countries. In the recent past, the local Juakali industry has experienced stiff competition from imported goods which has shown the decline in performance of the industry. The study will reveal the reasons behind the slump in the performance of the local industry and what makes consumers prefer imported goods over locally produced ones.

The study would have implications for policymakers who seek to establish domestic manufacturing competency in the face of relentless competition from established foreign brands. The informal sector in Kenya employs over 80% of the population in the country. In a period when Kenya is facing acute unemployment, the research will help policy makers come up with solutions of reviving the struggling local industry and in this way, create employment opportunities for the youth in the country.

The study would enable the researchers and academicians to have a well-versed knowledge of the effects of imported manufactured goods on the performance of locally manufactured goods. The study would also contribute to the growing body of literature related to consumer perception; attitude and patronage towards the purchase of domestic and imported products.

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1.7 Assumptions of the Study

This study assumed that:

i. The businesses operating in the informal sector had knowledge of the importation of products.

ii. The traders gave unbiased views on the characteristics of the consumer market with regard to both locally produced and imported products.
iii. The small business undertakes a wide range of operations from production to selling to the customer.
iv. There was competition between locally produced goods and imported goods
v. The respondents engaged in the actual selection and purchase of both domestic and imported products.
vi. The respondents were knowledgeable about the quality attributes of both locally produced and imported products.
vii. The respondents were knowledgeable about the difference between locally-produced and imported products.

1.8 Limitations of the Study

The researcher experienced fear by the respondents in giving information. To delimit this, the researcher guaranteed the respondents of confidentiality and also informed them that the outcome of the study was to be used for academic purposes only. Another limitation was that the study was conducted in Nairobi and therefore would not be a true reflection of all micro-enterprises in Kenya because of contingent factors in different counties.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature in relation to consumer perception, attitude, and patronage towards the purchase of imported versus locally-produced goods. It also presents the theoretical framework and finally the conceptual framework.

2.2 Theoretical Review

2.2.1 Resource-Based Theory of Competitive Advantage

Firm resources include all assets, capabilities, organizational processes, firm attributes, information and knowledge controlled by a firm that enables it to conceive and implement strategies that improve efficiency and effectiveness (Barney, 1991). Resource-Based view (RBV) is the perspective of looking at a company's resources to define and develop market strategies from present criteria such as scarcity, value, substitutability, and inimitability. The Resource-based view argues that firms possess certain resources which enable them to achieve competitive advantage and lead to greater long-term performance. Such resources should be valuable and rare in order to lead to the creation of competitive advantage.

According to Barney (1991), analysis of the impact of a firm's environment on its competitive position is based on two assumptions. First, firms within an industry or a strategic group are identical in terms of strategic relevant sources they control and the strategies they pursue and second, these models assume that should resource heterogeneity develop in an industry or group will be very short-lived because the resources that firms use to implement their strategies are highly mobile, that is, they can be bought or sold in factor markets. Resource-based view assumes that companies within an industry or group may be heterogeneous with respect to the strategic resources they control and these are not perfectly mobile, thus heterogeneity can be long-lasting. Simply, it is suggested that firm resources may be heterogeneous and immobile.

The resource-based view of competitive advantage in the small-scale metalwork industries in Kenya broadly describes how firms and enterprises strive to remain competitive by making use of available resources in the market. Notably, resources used by local industries are less refined and with little or no mechanization. This makes the industry lag behind in production and facesunfavorable competition from imported goods.

2.2.2 Comparative advantage theory of international trade.

The comparative advantage theory by Gilbert Faccarello attempts to explain how countries benefit from the flow of commodities in international trade. Faccarello draws an illustration from the bilateral trade between England and Portugal where Portugal exports wine to England and in exchange for imports clothes from England (Faccarello,2015). This arrangement ensures that both countries benefit since there is more specialization in making the production of wines cheaper in Portugal that it would in England. Equally, due to specialization and favourable economies of scale, clothes tend to be cheaper in England than in Portugal. Faccarello contends that nations should strive not to produce everything but rather create trade agreements to ensure optimal productivity and economic performance.

Notably, the Kenyan industry lags behind in bridging the crucial gap between imports and exports as evidenced by the huge imbalance of trade (Masese, 2011). This makes local industries uncompetitive since they lack a specific niche to trade with foreign countries. Accordingly, this has seen Kenya import products that could be easily manufactured in the country as argued by . Local industries in Kenya today face stiff competition from imports which tend to be cheaper than local ones due to the favourable economies of scale in foreign countries. Masese contends that since the country lacks a specific niche of products that it an economically produce and trade with foreign countries, Kenya is unable to increase the value of its exports and make any significant economic gains.

2.2.3 Export-Base Theory

The key concept of the export- base theory is that export activity is the engine for regional economic growth through export sales. The export-base theory of growth is grounded in the idea

that a local economy must increase its monetary inflow if it is to grow and the only effective way to increase monetary inflow is to increase exports (Blair & Blair, 1995). The export base theory argues that a country's or community's economy may be bifurcated into two sectors: an export or basic sector and a non-expert or non-basic sector (Andrews, 1970; North, 1956; Tiebout, 1956). In this case, the basic sector is a sector made up of local businesses (firms) that are entirely dependent upon external factors and non-basic in contrast is composed of those firms that depend largely upon local business conditions, for example, restaurants sell their goods to local households, businesses, and individuals. Its clients are locally based and therefore products are consumed locally.

In export -base theory, it is argued that an economy is divided into two sectors; export or basic sector and the non-expert or non-basic sector (Lewis, 1972). The export or the basic sector is a portion of the local economy that trades with firms outside the local region (Williamson, 1975). The export trade brings in income to the area, which according to the export base theory generates future development in the local economy. The non-export or non-basic sector sell their products within the local economy and exist to support export or the basic sector. Therefore, expansion in the basic economic sector will likewise increase economic in the non-basic economic sector.

Traders in the Juakali industry in Kenya are unable to make use of the export base theory due to their nature of operations. Of note, most of the firms sell their goods locally and lack avenues and channels to export their goods.

2.3 Empirical review

The section below outlines the studies that are related to importation of products and the performance of locally produced goods, product Characteristics and performance of locally produced goods, consumer Perception and performance of locally produced goods, consumer attitude and performance of locally produced goods Importation, product characteristics, consumer perception, consumer attitudes, and the performance of locally manufactured goods.

2.3.1 Jua Kali Enterprises in Kenya

The Jua Kali businesses in the country are varied in their make-up. Within the sector, firms range from thriving manufacturing enterprises to repairers who work by the roadside (the Republic of Kenya, 2005). In addition to the production of different products or offering of varied services, even within similar firms, differences are noticeable based on the technology used on the production process as well as skills and competencies of the workers (Kinyua, 2014). According to Ouma (2010), it is evident that a similar product, say a wheelbarrow, would have a significant difference in price even within the same locality. The raw material used in production, as well as labor and other overheads, influence the pricing of the products.

In addition to mostly being family-owned businesses and setting up in particular locations, according to Kinyanjui (2006), businesses in the Jua Kali sector also vary on the basis of profitability, employees, wages, and assets. Ouma et al. (2010), posits that business growth in the Jua Kali sector favors the already established businesses. This follows that an established firm has already broken even which comes with efficiency and effectiveness; cost management, reduction of waste, mass production, used of relatively more refined technology and ability to hire skilled workers. The accrued profitability then enables expansion and thus grows more rapidly than would be a case of start-ups. Expansion of a firm is generally associated with an increase in assets, manpower,and market share. Based on the view that pricing, the volume of production, the technology used and the skills employed vary across the spectrum of firms in Juakali, the sector is viewed as composed of differentiated products (Kasfir, 2007).

The several sub-sectors within the contemporary Juakali, especially in the manufacturing (metal works, woodwork, and garment), do not imply that production is divided into clusters that do different trades; instead, the same producers are very versatile and have knowledge of various trades in production which are influenced by the market trends (Kinyanjui, 2006). The producers work on relationships that are more complex than the simple customer-to-produce. In the past, middlemen connected the products with the consumers reaping much of the benefits from their transactions. Such middlemen include the retailer or brokers and at times referred to as the entrepreneur. However, nowadays, the new entrants have been changing those dynamics as the

sector even attracts graduates with business and thus the business is able to own the entire value chain (Gikenye & Ocholla, 2014).

In the 60s and 70s, the Jua Kali sector only attracted most of the primary school leavers who could not be absorbed by the formal sector job market. Over the years, however, the situation has changed and secondary school leavers, as well as graduates whom often to secure jobs in the informal sector, join the informal sector. The present world has defied the earlier expectations that graduates would automatically secure jobs in the formal either private or public formal organizations as the opportunities for employment in the formal organizations have shrunk gradually (Gikenye & Ocholla, 2014). As a result, the entrance of graduates in the informal sector, a small Jua kali business is able to, not only manufacture new products, but also explore markets, bid for tenders to supply mass products and attempt to export products. According to Gikenye & Ocholla (2014), the advancement of technology has made it possible for small businesses to participate in the global market, as they are able to reach a wider market. Among the beneficiaries of the advancement in technology is the curio and handicraft business which produce products with African culture themes.

2.3.2 Product Characteristics and performance of locally produced goods

Marketing scholars' interest in the influence of product characteristics such as the country of origin on the demand for products has intensified during the past two decades. This influence at the local and international marketing level has continued to attract considerable attention among international trade academicians and practitioners, yielding several perspectives (Yim, 2007). According to Yim (2007), these studies have yielded important insights and information on how consumers, use a brand's country-of-origin as a signal to inferring its purchase decisions and actions. Much as some studies have argued that these effects do not exist, or that if they do, they are of only minor significance in the wide array of influences on the purchase decision, Studies done by Ouellet, (2007) and Luan & Sudhir, (2010) support the assertion that the effects do exist, although the magnitude and the mechanism of influence remains unresolved.

According to Opoku and Akorli (2009), the majority of source country studies (Verlegh, 2009; Bhaskaran, 2007) have focused on consumers in developed countries with these studies showing

that consumers in those countries tend to prefer products from developed countries to those from less developed countries. The authors assert that, in particular, such consumers tend to prefer products from their own countries first, hence Canadian, German and Dutch respondents preferred TV sets or car radios made in their own country, followed by brands made in other developed countries and lastly those made in South Korea and Mexico. Invariably, consumers tend to prefer domestic products in countries where there is strong patriotism, national pride, or consumer ethnocentrism (Opoku & Akorli, 2009).

This view is corroborated by Klein, (2008) and Elliott and Cameron (1994), who argue that the exceptional situation where brands made in developing countries may be perceived favourably and thereby preferred by citizens is where there is high patriotism, national pride, or consumer ethnocentrism or where there is a general preference for locally made products when the price and quality of the locally made product is equivalent or better. In their study conducted in China which tested the animosity model of foreign product purchase, they surmised that animosity toward a foreign nation negatively affects the purchase of products produced by that country independent of product quality judgments, consequently slanting buying decisions of citizens in favor of local products as opposed to foreign ones.

According to Samiee (1994) the developed markets consume a very large share of the world's total exports - in 1990, the U.S. alone imported more than any other nation, 18% of the world's total non-U.S. exports. The author observes that this figure is about twice as much as for other countries except West Germany and Japan, arguing that in relative terms, however, imports represent a smaller percentage of the GNP in the U.S. than in most other industrial countries. Customers in other developed countries are faced with a much larger pool of imported brands and products. Concurrently, most other developed nations are in close proximity to each other and are therefore more exposed to cultures, languages and the media of other countries (Samiee, 1994).

2.3.3 Consumer Perception and performance of locally metal produced goods

Kotler (2008), defined perception as the process by which information is received, selected, organized and interpreted by an individual. Some of the factors that influence consumer

perceptions of a brand include Quality, which is taken into account when making the choice of apparel. According to Kotler, quality is an integral part of a brand identity. Price, which according to McDonald and Sharp (2010), can be used as a basis for apparel choice in two ways; going for the lowest price in order to escape financial risk or the highest price in order to achieve product quality.

Another factor is influenced by other people which according to Kotler, Wong, Saunders, and Armstrong, (2005) plays a vital role in consumers' decision processes. Consumers usually consult each other, regarding a new product or brand and seek advice. The advertisement also influences consumers' purchasing decisions. An advertisement is a conspicuous form of communication. Another one is the convenience of a brand, including its accessibility. Such has a significant effect on consumers (Lin & Chang, 2013). Customer satisfaction is also another key factor in modern marketing. If the customers are satisfied with the provided goods, the probability that they would buy the goods again increases (Chen &Ko, 2007).

According to Nyarunda (2016), Kenyan domestic brands have low credibility and this is one of the reasons why the Kenyan consumer does not trust the domestic fashion designs. This also explains why Kenyans are not willing to pay high prices for the local brands. They demand justification for the high prices for the local fashion brands. Knowledge regarding the consumer's wants and needs is also very important (Nyarunda, 2016). One factor that is believed to influence consumer perceptions, evaluations, and purchase intentions of apparel products is the concept of Country-of-Origin (COO). This, according to Usunier (2006), is one of the most researched international aspects of consumer behavior.

In Africa, attempts have been made to examine the effect of COO in various spheres of life. A study conducted in Nigeria by Agbonifoh and Elimimian (2009); Olaleke (2010) as well as in Ghana by Opoku and Akorli (2009), showed that products from technologically advanced countries were viewed more positively by nationals of developing countries than those from the less advanced countries.

Ferguson, Dadzie, and Johnston (2008) have studied COO effects in service evaluation in five West African countries. They found that situational personal characteristics such as motivation

and ability to process information may influence the use of COO attributes in evaluating service. Opoku and Akoril (2009); Olaleke (2010); Pharr (2005), Saffu and Walker (2006), in examining the impact of COO effects and consumer attitudes towards buy-local campaign initiatives, found that the attitudes of consumers can be characterized as protectionist, nationalistic and of self-interest. The preceding empirical evidence, though not exhaustive, suggests that consumers in developing economies, of which Kenya is one, view products from developed countries more favorably than products from their own country.

2.3.4 Consumer Market Attitude and performance of locally produced metal goods

Attitude has been defined as "an enduring organization of motivational, emotional, perceptual and cognitive process with respect to some aspects of the individual's world" (Evans, Jamal, &Foxall, 2006). According to Wang and Heitmeyer (2006), an individual's attitude is an outcome of learning processes and is influenced by personal experience, family, friends, and marketing strategy. The learned outcome leads a person to develop either a liking or a disliking towards it. Attitudes exist because they serve some function for the individual (Solomon, 2008) and depend on the underlying motives of the person. There are four primary functions of attitude: The first one is 'Utilitarian function' which are attitudes towards a product based on whether they result in pain or pleasure. Another one is a value-expressive function which is attitudes that an individual form due to how the product describes the individual as a person. The third one is 'Ego-defensive function' which is attitudes that a person forms to protect oneself from internal feelings or external threats.

The last one is 'Knowledge function' which is attituded an individual forms due to need, structure or meaning (Solomon, 2008). Attitude is developed through experiences (Solomon &Rabolt, 2007). Attitude is affected by what a person knows about something (cognition); how strongly the person takes a position for or against the object (affection); and the intention to act regarding the object (behaviour).

2.3.4 Product price and the performance of locally produced goods

Pricing to Market (PTM) effects describes the limited pass-through of foreign prices and the exchange rate due to the adjustment to competitors' prices. From a microeconomic perspective, PTM effects are mainly attributed to product differentiation and imperfect competition (Krugman, 1987). Following either domestic cost rises or exchange rate movements, exporting firms seek to maintain their market shares in foreign markets and to secure future sales. This is mainly a feature of the short run, especially in situations characterized by considerable volatility in the nominal exchange rate. PTM effects may also feature, however, in the long run when suppliers in imperfect competition set market- and country-specific prices. The markup, in this case, might be expected to be dependent on the elasticity of demand in the respective markets. One important element of the above arguments is that changes in the exporters' cost structure and exchange rate movements have the same effect on the exporters' profits at a given export price. Fluctuations in the exchange rate are therefore in the long run transmitted in the same way as changes in production costs. However, this is only a feature in a long-run perspective. In comparison to fluctuations in domestic costs, exporters will in the short run react differently to fluctuations in exchange rates, so that the pass-through might be quite different, not least because the exchange rate is much more volatile than production costs.

Jaeger et al. (2011) argue that low inflation regimes may reduce pass-through effects, i.e. exhibit higher PTM effects. That is to say that if prices are relatively rigid, then increases in costs are not passed on, as long as expectations of future costs and prices are low. The formation of the monetary union itself could be argued to have had such an impact, increasing PTM effects in two ways. First, it may have caused a regime shift in participating countries towards lower inflation and less exchange rate volatility (Devereux et al., 2009).

2.5 Performance of Locally Produced Metal Goods in the Country

The performance of locally produced goods in the country especially metal items has been on a steady. Opoku and Akorli (2009) assert that in economically underdeveloped countries, the preference for domestic products tends to be weaker. For instance, consumers in the former socialist countries of eastern and central Europe prefer western to domestic products. The authors

report that some studies (Chao, 1993) have established that price was relatively less important than COO in Russian, Polish and Hungarian consumer purchase intentions for TV sets while others (Opoku &Akorli, 2009) have indicated that Czech consumers preferred German cars and TV sets, but not polish ones, to those made in the Czech Republic. Mexicans have a poor perception of domestic goods, rating American and Thailand household electronic products above Mexican-made brands while there is also a great demand for Western consumer goods among Indian consumers. Perception of the country of origin image as one of the distinct attributes when making purchasing decisions, a strong taste and general preference for western products have also been established among Chinese, Bangladeshi and Pakistanis consumers (Opoku & Akorli, 2009)

The performance of a product may be evaluated by investigating the sales volume and profitability of the commodity (Sofrankova, Horvathova, Kiselakova, Matkova, 2017). Profits tend to be high when the production costs are minimal. Sales volumes are dependent on how affordable a product is in what is commonly known as value or money. According to Sofrankova et al., (2017) using profits and sales volume as indicators of performance will give a true reflection of the economic and financial performance of a product. For instance, a performing business will most likely have numerous clients and this will drive the sales volume and profits upon the other hand a non-performing business will have fewer clients and consequently low sales volumes and profits.

2.12 Conceptual Framework

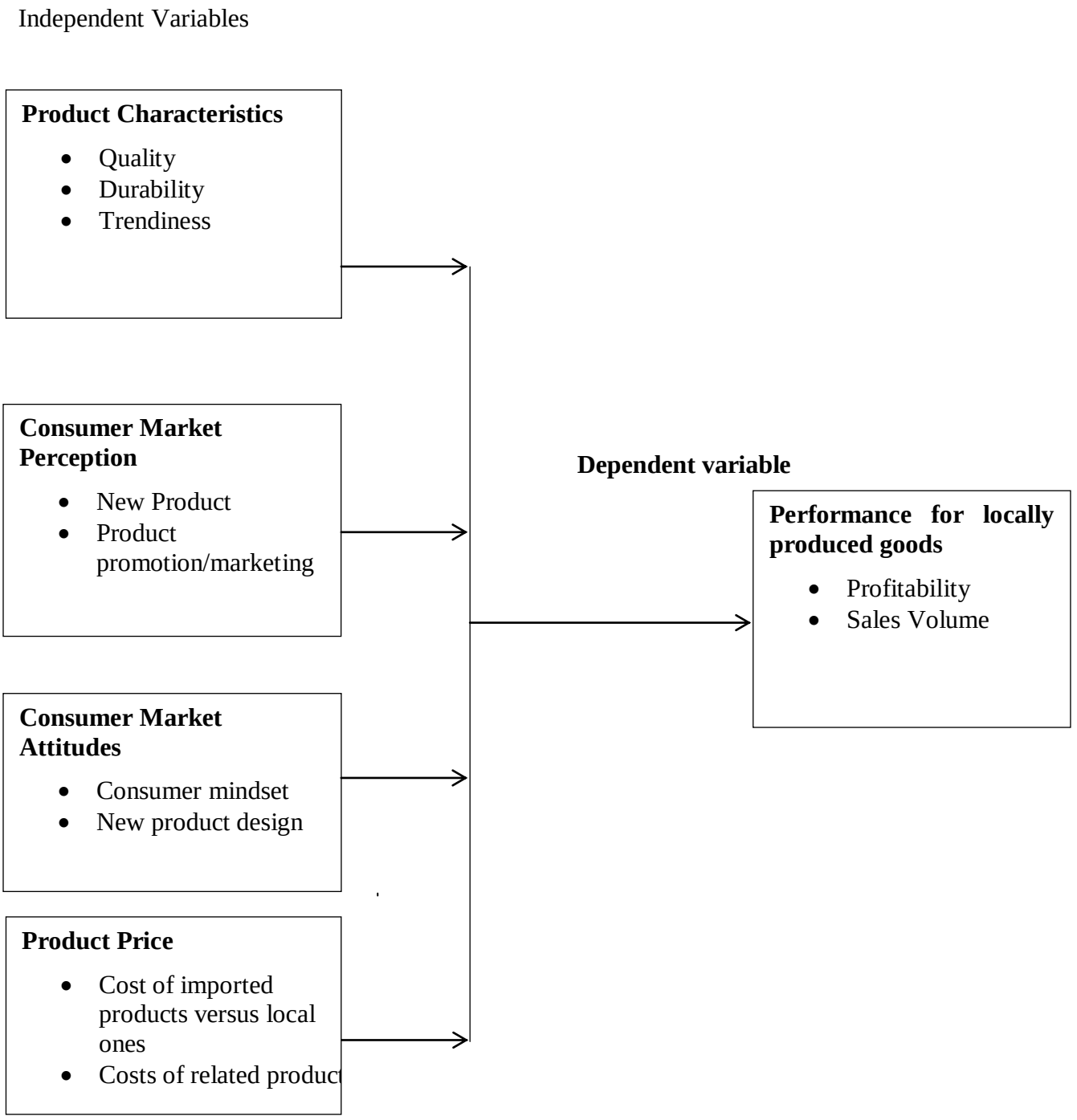


Figure 1:1: Conceptual Framework

Source: Author (2018)

According to Ouellet, (2007) and Luan & Sudhir, (2010), product characteristics largely influence the performance of products in the consumer market. For instance, products that are trendy and of good quality and build will have higher sales volumes and consequently more profitable as compared to obsolete goods. Product characteristic in the conceptual framework is captured by observing the quality, durability, and trendiness of locally produced goods. This will help to draw inference on whether the variable influences the dependent variable. Equally, the research will investigate products costs to find out whether they influence the performance of locally produced metal goods. This will be evaluated by comparing the cost of imported products with that of locally produced ones.

The variable consumer market perception will be analysed by investigating how consumers perceive locally produced goods. Perception entails how the consumer market views locally produced goods especially in comparison with exported goods. The study will also investigate consumer attitude which is loosely related to the consumer market perception. The variables will be captured by investigating the consumer market mind set of locally produced metal goods and whether they perceive local goods to be obsolete and old-fashioned. Accordingly, this will help find out whether the two variables influence the dependent variable.

Finally, the performance of locally produced metal items will be captured by investigating the profitability and the sales volumes of local products visa vi imported ones. Notably, performance is rather a diverse concept and would require more than profits and sales volumes to evaluate, nonetheless, the study settled on the two variables since they are easy to observe and record.

2.13 Research Gap

The studies carried out in this industry have notconclusively examined how imported manufactured products influence the performance and demand of goods produced locally by Juakali Enterprises. This study aimed to fill this gap by investigating the product characteristics, consumer perception, consumer attitudes, product price, government policy and how to influence the demand for locally produced goods. The table below shows some studies that have been done by various scholars and the associated research gaps.

Author	Year	Title	Main Findings	Gaps	How gaps are addressed
Nkonge & Omwenga	2015	Factors affecting the growth of SMEs. A case study of Juakali motor garages	The study found out that stiff competition from foreign products affected the growth of the industry in Kenya.	The study was focused on metalwork garages and did not address metalwork artisans and traders.	The target group of the study survey was metalwork artisans in Kamukunji market in Nairobi.
Kinyua, A.	2014	Factors Affecting the Performance of Small and Medium Enterprises in the Juakali Sector in Nakuru Town, Kenya	The study identified competition from imported goods a prominent issue that affected SMEs in Nakuru.	The study was conducted in Nakuru and did not explicitly research Juakali artisans.	The study was conducted in Nairobi which is the hub of business in the country.
Muriuki, P.	2005	Responses of Juakali artisans to challenges of increased competition	The study noted that the industry faced heavy competition from foreign products.	The study did not investigate consumer perceptions and attitudes on imported products and local products	The research focused on finding out how consumers perceived imported products vis a vis locally manufactured metal product.

Table 2.1: Research gap

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the description as well as the justification of the research methodology that was adopted for the study. Specifically, it sheds light on the collection, measurement, and analysis of data. It also describes the research design, population, sampling, as well as means of collecting data and statistics that were used in the data analysis.

3.2 Research Design

The study adopted a descriptive research design. The major role of descriptive research was to explore and describe the state of affairs as they were and then reporting the findings. According to Wang (2015), descriptive studies are not just limited to the fact-finding mission but can also enable formulation of important principals of knowledge and even solutions where need be. This research design was selected so as to unearth the underlying impact in imported range on locally manufacture products, and as such determine. It describes the state of the affairs among the small enterprises as well as evaluates key explanation attached to the state of the affairs.

3.3 Target Population

Target population refers to the community of person or objects that possess common characteristic and that have been identified for study (Kothari, 1985). The target population of this study was the small enterprises operating in Kamukunji, Nairobi County. The target population for this study is composed of the small metal work enterprises within the Kamukunji market. These include those in metalwork manufacturing metallic items such as wheelbarrows, spades, boxes, jikos,and gutters among other metalwork products. The target population is chosen on the basis of having the wider range of processes; from acquiring raw materials, production and marketing to selling. These characteristics conform withMugenda and Mugenda (2013), who stated that the target population, should have observable characteristics to which the

researcher intends to generalize the outcomes of the study. According to KAM (2017), there are 945 active small enterprises in Kenya. Out of this figure, 35% are in Kamukunji, Nairobi County. Half of the total is involved in the manufacture of the metallic product. As such, the target population was 17%, which equals 160 businesses.

3.4 Sample Size and Sampling Method

Sampling refers to the selection of a given number of subjects from a defined population as representative of that population. Any statements made about the sample should also be true of the population (Orodho, 2012). The researcher adopted the(Cochran 1977's) technique to arrive at the sample size for the study.

Using the formula, the study assumed an alpha level of 0.05 and using a 5-Likert scale, it also assumed an acceptable error at 3% and an estimated standard deviation of the scale at 0.05. The computation of the sample size is as shown below.

$$\boldsymbol{n = \frac{z^2 S^2}{e^2}}$$

n= $(1.96)^2$* $(0.8333)^2$/ $(5*.03)^2$ = 119

Where Z = value for alpha level = 1.96 (0.025 in each tail)

s = estimate of standard deviation in the population = 0.8333.

e = acceptable margin of error for mean being estimated for points on primary scale = 5 and acceptable margin of error =0.03

Accordingly, a sample size of 119 which was then approximated to 120 was arrived at in the sample survey. Notably, Cochran 1977's was considered since the researcher did not have

accurate information on the total number of metals Juakali traders and artisans in Kamukunji market.

3.5 Research Instruments

The research applied primary data with the aim of examining the impact imported goods had on locally manufactured metal goods. The primary data was collected through the use of the questionnaire. The questionnaire had closed-ended questions which were recorded on an interval scale. Notably, closed-ended questions provide structured responses which would later facilitate answering of the questions.. They were used to test the rating of the pursued attributes and thus helped in reducing the number of related responses and thus reduced unnecessary variance. A pilot study with the questionnaire was done in order to improve the questions and thus enhanced the accuracy and validity of the data that was collected for the study. The questionnaire was administered through drop and pick later method. There was a follow up by emails and calls to ensure that responses were provided within the time frame.by the researcher exercising care and control so as to ensure efficiency.

3.6 Pilot Test

The questionnaire was pilot tested before a refined one was administered to the respondents. The pilot study involved sending the questionnaire to 10 targeted respondents at Kamukunji market for review to check on the validity and consistency of the questions. During the pilot study, the researcher decided to make minor adjustments for clarity. For instance, various research questions were restructured to make them more measurable for the study.

3.7 Validity

This means that the research method produces information which is relevant to the topic i.e. does the research method actually measure what it claims it is supposed to be measuring (Kombo& Tromp, 2006). Validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested (Kothari 2008). In ensuring content validity, a

suggestion from educational research experts was sought to establish whether the questionnaire truly measured what it aimed at. These suggestions were integrated designing the main tool that was used in data collection.

3.8 The Reliability

Reliability is a measure of how consistent the results from a test are (Kombo and Tromp, 2006). Reliability is quantified if you administer a test to a subject twice and get the same score on the second administration as on the first (Kombo and Tromp, 2006). In ensuring the reliability of the instrument, a pilot study was conducted a day before the actual interview using a total of five respondents who did not participate in the actual study. Consequently, reliability was computed using Cronbach's alpha as shown in the table below.

Table 3.1: Reliability Test

Factors	Number of items	Cronbach's alpha
Consumer Market Attitude of Locally Produced Metal Products	4	0.748
Consumer Market Attitude of Locally Produced Metal Products	4	0.643
Product characteristics	4	0.667
Product Costs	5	0.503
Performance of locally produced goods	2	0.442

Source: Pilot Data 2018

As shown above, most of the variables had a Cronbach's alpha value of more than 0.5 which shows that the questionnaire was highly reliable,

3.9 Data collection and Analysis

Data was collected through the use of structured questionnaire. According to Mugenda and Mugenda, (2013), the use of questionnaires is preferred over other data collection methods since it is fairly easy to use and administer. A five-point Likert scale was used in the study for the structured questions and consisted of responses ranging from strongly agree to strong

disagreement. According to Rovai et al. (2013), researchers use Likert-based surveys in order toestablish equally weighted statements concerning participants' perception and attitudes. The first part of the questionnaire sought to find out the general demographic characteristics of study participants and businesses with the second part of the questionnaire investigating both the dependent and independent variables.

Data analysis began by editing the completed questionnaires for completeness and consistency. The collected data was then coded so as to group the responses into various categories. Tables, as well as graphical representations,were then used appropriately to present the situation as was availed by the respondents.Overall, the study leveraged on descriptive statistics in making inferences on the study population.

Descriptive statistics provide a visual way from which comparisons can be made on the study population. Notably, the descriptive analysis allows for easy comparison of the variables and the testing of hypothesis as compared to qualitative analysis which is merely an analysis of studies done by previous researchers who might have been biased. For presentation, the study employed the use of tables to make summaries of the data coded using SPSS version 20.

The data was subjected to assumptions of application of parametric tests for further analysis of the association between the dependent and independent variables.Multiple linear regression model was used to measure the causal interactions between the dependent variable and the independent variables. The multiple linear regression model equations are shown below

$$Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where

Y = the value of the dependent variable (Performance of locally produced Goods)

$\{\beta_i ; i = 1.2.3.4\}$ = The coefficient of values representing the various independent variables.

β_o= The Y intercepts which is a constant coefficient.

$\{X_i ; i = 1.2.3.4\}$ = Values of the various independent variables.

ε = The error term

X_1 = Product Characteristics

X_2 =Consumer Perception

X_3 =Consumer Attitude

X_4 = Product Costs

3.10 Ethical Considerations

The term ethics is used to refer to the study of the right and wrong and the morality of choices individuals' make. The study took into the cognition of key ethical issues to protect the rights of research participants. The principle of voluntary participation was observed which essentially required that the respondents would not be coerced into participating in the research. Closely related to the notion of voluntary participation is the requirement of informed consent. The researcher guaranteed the participants confidentiality, identifying information would not be made available to anyone who is not directly involved in the study. The principle of anonymity was implemented which essentially meant that the participant remained anonymous throughout the study.

CHAPTER FOUR

DATA ANALYSIS RESULTS AND DISCUSSIONS

4.1 Introduction

This section of the study presents the analysis and findings of the data that was collected in the survey. The study employed the use of descriptive statistics in order to provide inference to the research questions and drawing conclusions on the general population of Juakali workers in the country.

4.2 Descriptive analysis

4.2.1 Response rate

The survey targeted 120 respondents but was only able to collect data from 84 people of which, nine questionnaires had incomplete responses and were therefore disregarded in the study. Therein, the study was able to collect and analyse data from 75 respondents which represent a response rate of 62%. Nonetheless, according to Mugenda and Mugenda (2003), a response rate greater than 50% is considered adequate for statistical testing and reporting. The participants of the study were Juakali metallurgy workers (craftsmen) in Kamukunji Market.

4.2.2 Demographic distribution and description of study participants

The study sought to establish the demographic characteristics of the respondents who participated in the survey with regards to their age, gender, and level of education. The information would give a broad perspective of the demographic characteristics of metal-work artisans in the economy. The table4,1 below shows the demographic description of the study participants giving the frequency and associated percentage of each category.

Table 4.1: Demographic characteristics of study participants

		Frequency	Percentage
Gender	Female	28	37.3
	Male	47	62.7
	Total	75	100.0
Age	<25	26	34.7
	25-34	23	30.7
	35-44	15	20.0
	45-54	4	5.3
	>55	7	9.3
	Total	75	100.0
Level of education	Secondary level	31	41.3
	Diploma Level	29	38.7
	Degree Level	10	13.3
	Masters Level	4	5.3
	Ph.D. level	1	1.3
	Total	75	100.0

Source: Survey Data 2018

As shown in the table above, 62% of the respondents were male suggesting that males make up the largest group of artisans in the market. Equally, 34% of the respondents were aged 25 below and 30% were aged 25 to 35years. This suggests that most of the workers in the sector are youthful adults since people below the age of 35 are regarded as youths in the country. Finally, 41% of the respondents had only secondary level education indicating g that people employed in the sector are lowly educated. However, there were significant proportions of diploma holders and degree holders in the study which suggests that even educated individuals in the society are participating in the craft of metal-work in the country. Moreover, their research revealed that Juakali work is not restricted to male artisans but also the female counterparts.

4.2.3 General Information about the nature of businesses in the study

The study was also interested in finding out the characteristics and the nature of business operations in the Jua Kali metal industry. This section will outline the business characteristics of Jua Kali enterprises in Kamukunji Market namely, the age of business, the type of ownership, the number of people employed directly by the business and the estimates of annual profit. Moreover, the section will do a cross tabulation to find out whether the nature of businesses influences the financial performance of businesses. The table below shows the distributions of various business activities in the sector namely:Sourcing raw materials,Production processes,Distribution, Marketing, and selling.

Table 4.2: Information about the business in the study

Nature of Business	Frequency	Percentage
Sourcing raw materials	18	24.0
Production processes	21	28.0
Distribution	17	22.7
Marketing	9	12.0
Selling	10	13.3
Total	75	100.0

Source: Survey Data 2018

As shown in table 4.2 above, 24% of the businesses are involved in souring row materials, 28% involved in production activities, 22% in distribution, 12% in marketing and 13% in marketing. This indicates that most of the businesses were involved in sourcing raw materials, production and distribution with very few of the businesses being concerned with marketing and selling. This might suggest the lack of elaborate marketing structures in the Juakali industry and this negatively affects the performance of the industry. Accordingly, it may be generalized that the lack of elaborate marketing and sales structures undermines the performance of the Juakali sector in the country.

Table 4.3: Information about the business in the study

Age of business	Frequency	Percentage
<5	21	28.0
5-10	20	26.7
11-15	10	13.3
16-20	10	13.3
>20	13	17.3
Total	74	100.0

Source: Survey Data 2018

As shown in table 4.3 above, 28% of the businesses were younger than 5 years with 26% of the businesses being of ages 5 to 10, only 17% of the businesses were older than 20 years. A generalization can, therefore, be made that artisans in the sector lack sufficient business skills to ensure business continuity and therefore the low age of businesses in the sector.

Table 4.4: Information about the business in the study

Business ownership	Frequency	Percentage
Private limited company	12	16.0
Partnership	34	45.3
Sole proprietorship	29	38.7
Total	75	100.0

Source: Survey Data 2018

As shown in table 4.4 above, 45% of the enterprises in the study were partnerships while 38% of the respondents where sole proprietorships. Only 16% of the study participants had registered companies. This revelation may be generalized that the Juakali sector is either unaware or complacent in registering companies to facilitate in trading. The huge number of partnerships and sole proprietorship type of businesses make it impossible for the sector to pursue research and development and this contributes negatively towards the performance of the sector.

Table 4.5: Information about the business in the study

Number of employees	Frequency	Percentage
<10	16	21.3
11-20	27	36.0
21-30	12	16.0
31-40	5	6.7
41-50	9	12.0
>50	6	8.0
Total	75	100.0

Source: Survey Data 2018

As shown in table 4.5 above, 21% of the businesses employed 10 people and 36% of the businesses employed 11-20 people below with only 7% of the businesses in the study had more than 50 employees. The few numbers of employees in the businesses is a clear indication of the small-scale nature of operations of the businesses.

Table 4.6: Information about the business in the study

Average annual business earnings	Frequency	Percentage
51,000-100,000	13	17.3
101,000-200,000	26	34.6
201,000-400,000	16	21.3
401,000-600,000	6	8
>600,000	8	10.6
Total	75	

Source: Survey Data 2018

As shown in table 4.6 above, 17% of the businesses earned had an annual income of between 51,000 – 100, 000, 34% had an annual income of between 100,000 – 200,00 which shows that more than half of the businesses earned less than 250,000 which is the cutline for SMEs. This research outcome suggests that the Juakali sector is less developed as compared to the formal employment sector. In conclusion, it can be generalized that the Juakali industry in Kenya is categorized as an informal sector owing to the low level of skills and knowledge of the artisans. Moreover, businesses in the sector lack management frameworks and infrastructure to enable the growth and sustainability of the industry. As such, there have concerns that the lack of solid

structures makes the industry unsustainable and accordingly unable to compete with foreign countries

4.3 Consumer Market Attitude of Locally Produced Metal Products

This section will investigate the consumer market attitude and perception of locally produced goods. Firstly, the traders and artisans were asked to give their opinion on how their customers viewed and perceived imported metal products and if the factors influenced the purchase decisions. The responses would give a general overview of the consumer market attitude and perception.

A visual representation of the responses is as shown in the table below. Of note, the responses were categorized on an acceptance Likert scale of 1 to 5. 5 stood for very great extent, 4 for a great extent, 3 for moderate extent, 2 for less extent and 1 for not at all. Accordingly, getting an average of the sore would give an indication of the average consumer market attitude level.

Table 4.7: Consumer Market Attitude

Research questions	Mean	Std deviation
Consumers have an attitude that the quality of imported products is better	4.0	0.900
Consumers have an attitude that imported products are trendy	4.44	0.826
Consumers have an attitude that imported goods are superior	3.77	0.836
Consumers have an attitude that imported goods give value for money	4.12	0.944
Average consumer market attitude level	**4.0285**	**0.875**

Source: Survey Data 2018

The mean response for the research question “consumer attitude that the quality of imported products is better” was 4.0 out of a possible 5 which confirms the assertion that the consumer market perceives imported goods to be of superior quality. The mean response for the research question “Consumer attitude that imported products are trendy” was 4.44 while that of the

research question “Consumer attitude that imported goods are superior” was 3.77. This further indicates that the consumer market views imported goods to be more superior than locally produced ones.

Lastly, the average response for the research question “Consumer attitude that imported goods give value for money” was 4.12 which indicates that the consumer market perceives imported goods to give value for money. The overall score forthe consumer market attitude was 4.0285 out of a possible 5 which indicates that the consumer market attitude of imported goods is positive while that of locally produced metal goods in negative. The negative consumer attitude of locally produced goods over imported goods makes imported goods more competitive in the consumer market and this undermines the performance of local industries.

4.4 Consumer Market Perception of Locally Produced Metal Products

The traders and artisans were also asked to give their view on the general perception of the consumer market on locally produced goods. The research questions were; Do the consumer market feels that imported goods are superior? Are imported goods are cheaper compared to locally produced goods? Do businesses importing products into the country have unique marketing strategies that cannot be matched by the local informal business? and Do government policies favor importers more than local manufacturers? The table below shows the mean and standard deviations of the responses. Notably, the responses were categorized on an acceptance scale of 1 to 5. 5 stood for very great extent, 4 for a great extent, 3 for moderate extent, 2 for less extent and 1 for not at all.

Table 4.8: Consumer market perception

Research Questions	Mean	Standard deviation
Consumers feel imported goods are superior goods	3.79	0.934
The imported goods are cheaper compared to locally produced goods	2.21	1.119
The businesses importing products into the country have unique marketing skills.	3.92	1.010
Government policies favour importers more than local manufacturers	2.84	1.284
Average consumer market perception level	**3.19**	**1.08**

Source: Survey Data 2018

The average score to the research question "Consumers feel imported goods are superior goods" was 3.79 while that of the research question "The imported goods are cheaper compared to locally produced goods" was 2.21. This suggests that the traders viewed that imported goods are somewhat superior but not especially cheaper. The mean score to the research question "The businesses importing products into the country have unique marketing skills." was 3.92 while that of the research question "Government policies favour importers more than local manufacturers" was 2.84. This shows that the consumer market feels that imported goods have better marketing strategies as compared to local industries and this hurts the performance of local industries. The mean score to the research question "Government policies favour importers more than local manufacturers" was 2.84 which shows not conclusive;however, the overall score of the variable consumer market perception was 3.19 with a standar5d deviation of 1.08. Notably, the respondents confirmed the assertion of the study that imported goods were more creatively and aggressively marketed as compared to locally produced goods. Unique marketing makes imported goods more popular in the market as evidenced by the positive consumer perception of imported goods in the market. The outcomes on the question inquiring whether the existing government policies favor importation over local good were inconclusive

4.6 Products Prices

The researcher had formulated various research questions that were concerned with the pricing and the nature of business in the local metal industry. Namely: The prices of imported commodities are relatively low compared to those of locally produced commodities, Consumers consider the pricing of products more than quality, the local producers charge favourable prices to customers as a way of retaining them as well as ensuring that they don't buy imports, the local producers have developed good pricing strategies to enhance the demand of their products, and the local producers closely monitor importers' behaviours and consumer activity to ensure that the profit margin used in markup pricing is one that maximizes net gains and avoids arbitrary decision-making. The table below shows the respondents reactions on the research questions. Equally, the responses were evaluated an acceptance scale of 1 to 5. 5 stood for very great extent, 4 for a great extent, 3 for moderate extent, 2 for less extent and 1 for not at all.

Table 4.9: Product costs

Research Question	Mean	Standard deviation
The prices of imported commodities are relatively low compared to those of locally produced commodities	3.87	0.844
Consumers consider the quality of products more than pricing	3.59	1.406
The local producers charge favorable prices to customers as a way of retaining them as well as ensuring that they don't buy imports.	2.52	1.057
The local producers have developed good pricing strategies to enhance the demand of their products	1.44	1.177
The local producers closely monitor importers' behavior and consumer activity to ensure that the profit margin used in markup pricing is one that maximizes net gains and avoids arbitrary decision-making	1.84	1.091
Overall product cost score	**2.65**	**1.115**

Source: Survey Data 2018

The average response for the research question "The prices of imported commodities are relatively low compared to those of locally produced commodities" was 3.87. This shows that the consumers considered the price of imported goods to be cheaper than that of locally produced ones. The mean response to the research question "Consumers consider the quality of products more than pricing" was 3.59 which suggest that consumers overlook quality to pricing. The mean response to the research question "The local producers charges favorable prices to customers as a way of retaining them as well as ensuring that they don't buy imports" was2.52 which was inconclusive. The mean response to the research question "The local producers have developed good pricing strategies to enhance the demand of their products" was 1.44 which shows that the respondents also strongly disagreed with the research question that local producers have developed favorable pricing strategies to increase their demand of products. Accordingly, it is vital that enterprises in the industry compete with imports by pricing their products favorably. Lastly, the score to the research question, "The local producers closely monitor importers' behaviour and consumer activity to ensure that the profit margin used in markup pricing is one

that maximizes net gains and avoids arbitrary decision-making" was 1.84. This shows that the respondents strongly disagreed on the assertion that local producers closely monitor importers' behaviors and consumer activity to ensure that the profit margin used in markup pricing is one that maximizes net gains and avoids arbitrary decision-making. The overall score to the variable product cost was 2.65 which is slightly above the average of 2.5. This indicates that the costs of locally produced goods are neither too high nor too low to match the income of the consumer market.

4.7 Product characteristics

The study also investigates the trader's attitude and perception of the products costs of locally manufactured goods as compared to that of imported ones. Notably, most of the respondents in the study traded in both imported and local gods and therefore had hands-on experience with both products. However, there was the risk of bias in responses as the participants would generally incline towards giving positive comments about their goods. Below are the responses to the research question: "How do you compare your goods with imported ones in terms of the following?" The characteristics that were considered in the research question were Quality, Price, Appeal, and Perception. The table 4.14 below show the percentage comparison of the responses. Similarly, the responses were evaluated on an acceptance scale of 1 to 5. 5 stood for very best, 4 for better, 3 for good, 2 for bad and 1 worse.

Table 4.10: Quality, price, appeal and preference of local versus imported goods

Descriptive Statistics	Responses in percentage						
	Best	Better	Good	Bad	Worse	Mean	Std. Deviation
Price comparison of local versus imported goods	12	36	30.7	17.3	4	2.65	1.033
Quality comparison of local versus imported goods	45.3	41.3	5.3	4	4	1.8	1
Appeal comparison of local versus imported goods	4	6.7	21.3	44	24	3.77	1.021
Customer preference comparison of local versus imported goods	5.3	14.7	21.3	28	30.7	3.64	1.215

Aggregate Score		2.965	1.067

Source: Survey Data 2018

As shown in table 4.14 the mean response for the price was 2.65 with that of quality being 1.8. This indicates that the pricing of local products is less competitive as compared to that of imported products. The mean response for quality was 1.8 which suggests that the quality of imported goods is better than that of imported ones. The mean responses for both consumer appeal and perception were 3.77 and 3.64 respectively which indicates that the consumer perception and attitude are generally negative. From the table, it is also evident that appeal and perception of locally manufactured goods in bad to worse with over 58% of the respondents indicating that the customer perception of local products is bad to worse and 68% indicating that the appeal was bad to worse.

This can be broadly generalized that despite the quality and pricing of local goods being favorable, the consumers are prejudiced on the use of locally produced metal products. For instance, a respondent pointed out the fact that Jua-Kali frying pans cost less than half of what commercial frying pans cost and had a longer lifespan. However, despite the superior characteristics, he noted that most consumers still preferred buying the low-quality imported products. The traders were also asked on how they compare the sale of local items to that of the sale of imported products. The outcomes were rather skepticalabout 51% of the respondents noting that their business was worse as shown in the chart below.

4.8 Performance of locally produced goods

The dependent variable in the research was the performance of locally produced metal products in the country. Firstly, the researcher wanted to find out whether imports had affected the performance of locally produced metal goods. The table below shows the outcomes of the research question: “Has your business responded to the importation of products similar to those that it produces?”

Table 4.11: Whether the businesses have been affected by the importation

Have your businesses have been affected by the importation	Frequency	Percentage
Yes	52	69.3
No	23	30.7
Total	75	100.0

Source: Survey Data 2018

A modest 52 of the 75 which represents 69% of the respondents noted that they had been affected by the growing demand for imported products. In the second part of the analysis, the researcher wanted to compare the performance of locally produced goods visa vi imported ones. The table below shows the outcomes of the performance comparison.

Table 4.12: Performance comparison

How does the performance of local products compare to that of imports	Frequency	Percentage
Better	11	14.7
Similar	26	34.7
Worse	38	50.7
Total	75	100.0

Source: Survey Data 2018

As shown above, 50% of the respondents indicated that the performance of local businesses was worse than that of importation, 34% noted that the performance was similar with 14% indicating that the perception was actually better. Since the importation business outperforms local business, traders are often forced into venturing into the sale of imported products and this significantly affects the growth of the local businesses. Notably, most of the respondents noted that they traded both imported and local goods and that the sale of imported goods was better than that of local goods.

Lastly, the researcher wanted to find out the actual performance of local products by comparing the volumes and profitability of local businesses with importation. The outcomes further confirmed the assertion of the study that the business of imported goods is more lucrative as compared to that of local goods. The table below shows the responses to the research question "How large are the volumes/sales of local goods when you compare with the imported range? The responses were evaluated an acceptance scale of 1 to 5. 5 stood for very great extent, 4 for a great extent, 3 for moderate extent, 2 for less extent and 1 for not at all.

Table 4.13: Sales and Volume performance of locally produced products

Descriptive Statistics	Responses in percentage						
	Not at all	Less extent	Moderate extent	Great Extent	Very great extent	Mean	Std. Deviation
The local sales volumes as larger compared to imports	24.0	25.3	30.7	12.0	8.0	**1.211**	**1.467**
The local sales volumes as larger compared to imports	21.3	44.0	13.3	9.3	12.0	**1.266**	**1.604**
Overall score on performance						**1.2385**	**1.5355**

Source: Survey Data 2018

As shown in the table, the mean response for both the sales volume was 1.211 with a standard deviation of 1.467 while that of sales volume was 1.266 with a standard deviation of 1.604. This shows that the performance of local industries is poor as compared to that of importation. The aggregate score for performance was 1.2385 out of a possible 5. This indicates that the local sales volumes and profits are way low as compared to that of imports.

4.9 Multiple regression model

A multiple linear regression model was employed to find out if there existed a relationship between the independent and dependent variable. The independent variables used in the regression modelling were product costs, consumer market perception, and consumer attitude and product characteristics. The dependent variable in the model was the performance of the businesses. The table below shows the summary of the multiple linear regression model.

Table 4.14: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.566[a]	.527	.531	.89643

a. Predictors: (Constant), Product_cost, Product_characteristic, Consumer_market_attitude, Consumer_market_perception

The model summary shows that there exists a linear relationship between the independent variable and the dependent variable. The R-Square value of 0.527 shows that 52% of the variation in product performance can be explained by the variables, product costs, product characteristics, consumer market attitude and consumer market perception. The remaining 42% of the variation is due to factors not included in the multiple regression model. Overall, the model identified a positive linear relationship between the dependent and independent variables and it can, therefore, be concluded that product costs, product characteristics, and consumer market and attitude adversely affect the performance of locally produced metal products in Kamukunji Market.

Table 4.15: Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.241	.561		5.777	.000
	Consumer_market_attitude	.450	.062	.277	2.427	.018
	Consumer_market_perception	.035	.105	.039	1.938	.022
	Product_characteristic	.082	.083	.113	3.086	.109
	Product_cost	.083	.100	.095	2.729	.076

a. Dependent Variable: Business_Performance

The model coefficients of the linear regression may be used to estimate the multiple linear regression model in the study as shown below.

$Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

$Y = 4.241 + 0.450 X_1 + 0.035 X_2 + 0.082 X_3 + 0.083 X_4 + \varepsilon$

Where :

Y = the value of the dependent variable (Business Performance)

X_1 =Consumer Attitude

X_2 =Consumer Perception

X_3 = Product Characteristics

X_4 = Product Costs

The model coefficients show that there exists a positive relationship between the dependent and dependent variables. For instance, a unit increase in the level of consumer market attitude results to an increase of the performance of Juakali businesses by a factor of 0.45. Equally, a unit increase in the consumer market perception level results into a 0.035 increase in the performance of local businesses. A unit improvement of the characteristics of the products results into a 0.082 increase in performance of local products. Finally, a unit improvement in the price variable results into an increase in performance of local businesses by a factor of 0.083.

Overall, the multiple linear regression model has shown evidence that the performance of local metal Juakali businesses is affected by the independent variables, namely: consumer market attitude, consumer market perception, product characteristic, and product costs. Accordingly, to improve the performance of local metal juakali industries it is vital that an improvement of the independent variables is made.

CHAPTER FIVE

SUMMARY, FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the summary of research findings and accordingly gives a conclusion on the pertinent issues of the research. Conclusions were inferred based on the data analysis that was conducted after the collection of data.

5.2 Summary Findings

The research found out that the product characteristics of imported metal products were not necessarily superior to that of locally manufactured metal Juakali products since the average score for product characteristic was 2.965 out of a possible 5. However, it emerged that the consumer market largely prefers imported goods over locally produced ones evidenced by the consumer attitude and perception sore of 3.77 and 3.64 respectively. Mainly, the consumers in the study noted that imported goods are trendier as compared to locally produced since the average score for how trendy locally produced goods are being 3.64 which is an indicator of worse to bad.

The cost of locally produced metal products was also a major factor that affected the performance of locally manufactured metal goods. The average score for the variable cost was 2.65 out of a possible five which suggest that locally produced goods do not have a cost advantage in the consumer market over imported goods. The consumers noted that imported goods are significantly cheaper than local ones and give value for money. Consumers are more concerned about the cost of products rather than on quality and durability of the products. This inherent characteristic of consumers continues to have a devastating consequence on the performance of the local metal industry in the country.

The average score for consumer perception was 3.19 out of a possible 5 which translates to a poor perception of local goods and a good perception of imported goods. Notably, the traders noted that consumers perceived imported goods were to be cheaper and have a high value for

their money. However, the traders argued that imported goods were not necessarily cheaper since the sore for cheapness in ululating perception was 2.21 out of a possible 5. Nonetheless, the view that imported goods are cheaper than locally produced ones continue to undermine the performance of locally produced metal products. This was also revealed by the fact that consumers were more concerned with price over the quality of goods sold.

Lastly, the consumer attitude of locally produced goods is rather dismal since the variable managed an average value of 4.028 out of a possible five which translated to the consumer market having a poor attitude of imported goods and highly regarding imported goods. Overall, the negative attitude of the local industry continues to undermine the profitability of the traders. This was evidenced by the positive correlation between the performance of the industry and the poor market attitude of locally produced goods. Accordingly, this made most traders focus on the sale of manufactured imported metal products and this made the business less popular.

The research also identifies a positive relationship between the dependent and independent variables as indicated by the results of the multiple regression model. The model indicated that 53% of the variations in the performance of local metal products can be explained by product costs, product characteristic, consumer attitude, and consumer perception. Accordingly, to improve the performance of local metal industries it is important that the factors in the independent variables are improved to favour the performance of the industry.

5.3 Conclusions

The study concluded that the consumer perceptions of manufactured imported goods profoundly affect the performance of local products. Notably, imported goods are aggressively marketed and this builds their brand equity. The consumers noted that they lacked channels to advertise their goods which would help improve the perception of local products. Overall, the lack of marketing makes local goods less competitive in the consumer market. From the research, it also emerged that Juakali industries lack elaborate management structures. Notably, competing industries have marketing departments which are concerned with advertising imported products a fact that makes imported goods more popular in the market.

The consumer attitude and perception of local goods is generally poor which is a worrying revelation. The poor perception of local goods has made Juan Kali traders venture into the import business which altogether harms the local industry. Moreover; the lack of government policies to ban the importation of cheap imported products continues to harm the Juakali industry since imported goods are relatively cheaper especially imports from China. Since the imported goods are in most cases cheaper than locally produced ones, the general public often opts to buy imported products. Another pertinent issue that emerged from the study is that locally produced goods are less appealing and trendy. This also contributes to the poor perception and attitude of locally produced goods.

Overall, the study has revealed that the consumer attitude and perception of locally produced metal items in Kamukunji market is bad to worse. The poor perception continues to undermine the growth of the industry and the profitability of the business as was shown in the regression model. From the study, it has also emerged that stiff competition from imported goods undermines the growth and performance of the informal Juakali sector. Moreover, imports are often cheaper than locally produced goods and this undermines the sale volume of locally produced goods. As such, despite the poor quality of imported products, consumers prefer imported products over local ones which are expensive but of high quality.

5.4 Recommendations

From the study, it has emerged that the consumer perception and attitude of consumers on locally manufactured metal products are cynical. Mainly this is because local goods especially household items are less appealing and trendy. Accordingly, it is vital that traders in the industry devise methods of producing trendy goods just like the imported ones. This could be achieved by fostering product innovation and investing in product design. Moreover, manufactures in the Juakali industry should benchmark with manufacturers of imported goods in order to equally trendy products. This will improve the consumer attitude and perception of locally produced goods.

The research also observed that traders lack strategic pricing strategies to enable them to compete with imported products. As such, it is important that locally manufactures closely

monitor the pricing of imported goods to remain competitive in the market. In addition, the manufactures should also monitor the consumer trends and align the production processes to meet the tastes and preferences of consumers, this will ensure that locally produced goods are always trendy and avoid a build-up of old-fashioned inventory.

It is also vital that local manufacturers intensify their marketing activities to match with those of imported products. The study noted that locally manufactured products lack any marketing strategies and this makes the products less popular in the market. Coming up with robust marketing strategies will make locally produced goods more popular and increase the overall performance of the industry.

5.5 Areas of further research

The researcher recommends that a subsequent research is conducted on a larger population and not restricted to the metal work artisans in Kamukunji. This will allow for a comparison of the consumer attitude across various sectors of the Juakali industry. Moreover, the study did not collect data from consumers but relied on the information from the traders in evaluating the attitude of consumers on locally manufactured goods. Accordingly, the study recommends that future research interviews the consumer market to evaluate the consumer perception more directly. This will eliminate any form of bias in the responses.

5.6 Contributions to the study of knowledge

The study focused on investigating why the performance of the local Juakali industry was underperforming when compared to that of imports. The outcomes of the research will be useful to other researchers and government agencies in helping revive the industry. For instance, the local government could adopt more favorable taxation policies to facilitate the growth and development of the Juakali sector. Moreover, the findings of the research may be adopted by traders in the sector to assist in growing their enterprises.

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APPENDIX 1: LETTER OF INTRODUCTION

Dear respondent,

RE: RESEARCH ON THE EFFECTS OF IMPORTS ON THE PERFORMANCE AND DEMAND OF LOCALLY MANUFACTURED PRODUCTS: A CASE STUDY OF JUAKALITRADERS IN KAMUKUNJI MARKET

I am a student at St. Paul's University undertaking a Degree in **Master Business administration (strategic management)**. I am carrying out a research on the Effects of imports on the demand of locally manufactured products: a case study of Juakalitraders in Kamukunji market.

You are hereby humbly requested to assist in the exercise by filling in the questionnaire provided appropriately.

Thank you very much for your cooperation.

Yours sincerely,

Mercy Kinyingi

APPENDIX II: QUESTIONNAIRE

SECTION A: BACKGROUND INFORMATION

Please indicate your response by ticking the appropriate box

1. Gender
   ☐Male ☐ Female
2. Age
   ☐below 25 years ☐ 25-34 years ☐ 35-44 years ☐ 45-54 years ☐Over 55 years
3. Education level
   ☐Secondary education and below ☐Diploma ☐Bachelor's Degree ☐Master's Degree ☐ PHD

SECTION B: INFORMATION ABOUT THE BUSINESS

4. What are the operations/ processes of your business? (tick as appropriate)
   ☐Sourcing raw material ☐Production ☐Distribution
   ☐Marketing ☐Selling
5. How long has the business been in existence?
   ☐below 5 years ☐11- 15 years ☐More than 20 years ☐ 6-10 years
   ☐16 – 20 years ☐More than 20 years
6. What is the legal business ownership of this firm?
   ☐Private limited company ☐Partnership ☐Sole proprietorship
7. How many employees work in this firm?
   ☐Less than 10 ☐11-20 ☐20- 30 ☐30- 40 ☐40 – 50
   ☐above 50
8. How is your annual profits range in Kenya shillings?
   ☐0-50,000 ☐51,000-100,000 ☐101,000-200,000 ☐201,000-400,000
   ☐401,000- 600,000 ☐Over 601,0000

SECTION C: PRODUCT CHARATERISTIS AND COSTS

9. How do you compare your goods with imported ones in terms of the following?

	Best	Better	Good	Bad	Worse
Price					
Quality					

Appeal					
Customer preference					

10. Show the extent to which you agree with the following statements relating to product cost (Tick, as appropriate)

5= Very Great Extent; 4= Great Extent; 3=Moderate Extent; 2= Little Extent; 1=Not at All

Statement	**5**	**4**	**3**	**2**	**1**
The prices of imported commodities are relatively low compared to those of locally produced commodities					
Consumers consider the pricing of products more than quality					
The local producers charge favourable prices to customers as a way of retaining them as well as ensuring that they don't buy imports					
The local producers have developed good pricing strategies to enhance the demand of their products					
The local producers closely monitor importers' behaviour and consumer activity to ensure that the profit margin used in mark-up pricing is one that maximizes net gains and avoids arbitrary decision-making					

SECTION D: CONSUMER MARKET ATTITUDE AND PERCEPTION

12. Show the extent to which you agree with the following statements relating to consumer market attitude (Tick, as appropriate) 5= Very Great Extent; 4= Great Extent; 3=Moderate Extent; 2= Little Extent 1=Not at All

Statement	**5**	**4**	**3**	**2**	**1**
Consumers have an attitude that imported goods are of high quality					

Consumers have an attitude that imported goods are trendy					
Consumers have an attitudethat imported goods are superior					
Consumers have an attitude that imported brands give them the best value for money					

12. Show the extent to which you agree with the following statements relating to consumer market perception of imported products (Tick, as appropriate) 5= Very Great Extent; 4= Great Extent; 3=Moderate Extent; 2= Little Extent 1=Not at All

Factors	**5**	**4**	**3**	**2**	**1**
Do consumers feel imported goods are superior					
Do consumers feel that imported goods are cheaper compared to locally produced goods					
The consumers feel that businesses importing products into the country have unique marketing strategies that cannot be matched by the local informal business					
Do consumers feel that policies favour importers more than local manufacturers					

SECTION E: PERFORMANCE FOR LOCALLY PRODUCED GOODS

11. Has your business been affected by theincrease in demand of imported products by importation of products similar to those that it produces?

☐Yes☐No

14. How do you compare your operations in the market compared to the other companies that import similar products?

☐Better ☐Similar ☐Worse

15. How the volumes you sell are compare with the imported range?

The local sales volumes are; 5=very high, 4=high, 3=equal, 2=low, 1=very low

Statement	**5**	**4**	**3**	**2**	**1**
Sales volume					
Profitability					

SECTION F: GOVERNMENT POLICY

16. To what extent do the below government related requirements affect your business?

5= Very Great Extent; 4= Great Extent; 3=Moderate Extent;2= Little Extent 1=Not at All

Statement	**5**	**4**	**3**	**2**	**1**
Business registration					
Acquiring licenses					
Taxation					

17. In your opinion, do you think that the government has created a good environment for local small enterprises to operate?

Yes ☐ No ☐