The opportunities and challenges offered by globalization are by now widely known. Recent changes in global trading; rules have brought some additional opportunities for developing countries, especially in Africa. One example is the "African Growth and opportunity Act" AGOA facilitating access to the large US market for a range of goods. However, serious drawbacks of globalization and the resulting liberalisation. The flooding of the previously protected domestic markets, such as in countries like Kenya and Ethiopia, with imported new and second-hand goods, has resulted in the closure of many firms and the reorientation of many others. Many of the industries affected include Leather, textiles, pharmaceuticals, processed plastics, vehicle assembly and food processing. Over the years, the hides, skins and leather sector has generally not received adequate attention. Like many processing industries, the leather industry has lost most of the domestic share for finished products and depends on foreign markets and the export of semi-processed leather products to survive. This study sets out to establish the impact of liberalization on the leather sector by specifically focusing on selected firms dealing with leather products. This study aimed to achieve the following objectives: to assess the impact of liberalization on the leather industry in Kenya, to investigate the strategies employed by the Kenyan leather firms as a result of competition, to compare the leather imports and exports before and after liberalization and to find out whether liberalization affects the leather output and employment level. The broad theoretical framework adopted was the Efficiency theory while the model specific to industry was the Structure, Conduct, performance (SCP) model.

This was a descriptive study. The locale of the study was Thika, Limuru and Nairobi. The study targeted processors and manufacturers of leather and the Ministry of Industry and Trade and Ministry of Livestock and Fisheries at the headquarters to represent informed specialists. A sample of two (2) tanneries was randomly sampled out of the five (5) operational processors of raw hides and skins in Kenya. The two tanneries were selected using purposive sampling technique. Out of nine footwear and leather manufacture units that make complete shoes, two manufacturing firms were randomly selected to represent the population. Data was collected using questionnaires and an interview schedule. Data was analyzed using descriptive statistics with the help of Statistical Package for Social Sciences (SPSS). Secondary data on the subject was also consulted, analyzed and interpretations made. Data was interpreted and inferences made and presented descriptively using charts, tables and percentages.

From the findings, the leather industry seems to have no defined structure of the Leather industry in Kenya; the employment in the leather industry after Liberalization decreased. The hides and skins and leather chain employs about 60,000 workers down from 140,00 in the mid-1980's and generates lesser value additional income than periods before Liberalization. Most tanneries are closed and exports have been downgraded to raw/semi-processed materials. This is partly due to the influx of second-hand mitumba leather products such as footwear. On comparing the output of the Leather industry before and after Liberalization (GDP, Capacity) the study round out that after liberalization the industry is now characterized by low capacity utilization estimated at below 20% on average. Importation of raw hides and skins increased while exports of finished leather increased after Liberalization.

The leather industry needs to improve on advertising strategy, low pricing strategy, product development, output decisions strategy, mergers and acquisition and research on market trends in the Liberalized economy.

The study came up with recommendations which include needs for realistic proposals to develop an efficient leather sector, need for "public goods" investments, pooling of resources by the Italic
sector's stakeholders, strengthening of community organizations to improve opportunities and forming private sector led export opportunity teams to focus on identifying strategies to key international markets. A neutral facilitator is also required link public and private sector thus support a high performing leather sector.