FACTORS AFFECTING MARKETING OF TIMBER BY
SMALL SCALE BUSINESSES
(A CASE OF KAWANGWARE AND KANGEMI – NAIROBI.)

BY

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DECLARATION

This project is my original work and has not been presented in any other university or any other award.

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DEDICATION

This work is dedicated to my wonderful children, Eliketah and Mwangi, who missed my love during the study period. To my husband whose encouragement and support made it possible for me to complete the study.
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I am greatly indebted to my supervisor, Mr. Bett for his guidance and valuable comments and inputs during the various stages of this study. I would also like to convey my utmost gratitude to my sister Catherine and the entire Kenyatta University Library staff for the assistance and commitment in their service in the library.
ABSTRACT

This study assessed factors affecting marketing of timber by small-scale business in Kawangware and Kangemi.

In chapter one the researcher traces the development of the small-scale enterprises in Kenya. The Introduction of structural adjustment policies saw many people being retrenched from their previous jobs. This led many to found small-scale businesses. The researcher has also reviewed Literature on various issues. This includes reasons why people start small-scale enterprises, reasons why they do not grow and problems they face. The researcher has also given objectives of the study, significance and scope of the study.

Chapter two gives a review of Literature. This includes importance of retailing and marketing, type of timber and uses, availability of timber, availability of capital, government legislation among others.

In chapter three the researcher gives the methodology used to achieve the study objectives. The study was located at Kawangware and Kangemi. The researcher targeted small-scale timber business. To collect data the researcher used interview schedules. The data was thereafter analysed using descriptive statistics.

The result of the study show that small-scale timber business were being affected by shortage of timber, poor quality of timber, complicated government legislation and in adequate capital to cope with fluctuating timber prices.

The study concludes if these conditions persist the small-scale business will continue to decline. It is however possible to reverse this trend if minimum measures are put in place to ensure sustainable production and marketing of timber.
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DEFINITION OF SIGNIFICANT TERMS

**Air-dry**: wood that is in a fully seasoned state i.e. it has ceased drying and its moisture in equilibrium with moisture in the air.

**Deforestation**: This is the conversion of forests to another land use or the long-term reduction of tree canopy cover below the minimum 10 per cent threshold.

**Forest**: Large tract covered with trees and undergrowth.

**Furniture**: Moveable contents of buildings e.g. tables, chairs, etc.

**Kenya Forest Working Group**: A gathering of institutions and organizations (government and non-governmental, local, national and international) concerned about their conservation and management.

**Logging**: The harvesting of a tree crop.

**Lumbering**: The process of harvesting and removal of trees, the conversion of the raw materials into products and the marketing of these products.

**Marketing**: The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.

**Small-scale business**: Those businesses that employ less than 10 employees.

**Timber**: Wood that is prepared for use in building.

**Wood**: Hard compact fibrous substance between pith and bark of trunks and branches of a tree whether growing or cut for timber or fuel or used in arts and crafts.
CHAPTER ONE
INTRODUCTION

1.0 BACKGROUND TO THE STUDY

Don L. James defines retailing as all activities associated with the sale of offerings for final consumption and retailers as firms engaged primarily in retailing.

The 1980s and early 1990s have been a period of major economic and political changes in Kenya. Most of these changes have been introduced as a consequence of pressure from the international community e.g. demand for Structural Adjustment Policies and Multi-party Democracy. Before this process gained momentum in the late 1980s and early 1990s the Kenya government issued Sessional Paper No. 1 in 1986. This policy paper in many ways changed earlier stated objectives. Central to the new policy was a greater focus on the role played by the informal sector and small enterprises in the economic sector.

Fox et. Al (1994) noted that in Europe the prospects and reality of recession and the need to stimulate economic growth had made governments to devise ways of increasing productivity and at the same time overcoming problems of unemployment through establishment of small scale enterprises.

Peter Scott (1969) in his book Geography and Retailing noted that in Britain more than one-half of the total consumer expenditure and the retail trade employs as many as one in every three insured workers.

Dorothy McCormick (1997) noted that African small enterprise is extremely varied. Firms have been established by persons of different ages, sexes, education levels, and social backgrounds.

Sessional paper No.1 of 1986 (Government of Kenya) on “Management for Renewed Economic Growth” recognized that small enterprises in Kenya are a primary means of strengthening Kenya’s economy.
Kiungu G.M. (1993) noted that in Kenya small scale enterprises are very
dynamic. They are found in market places, backyards, vacant plots and mostly
using simple tools and manufacturing techniques.

Different scholars have given varied reasons why people engage in small scale
enterprises. Storey (1982) contend that specific economic motives drive certain
individuals to found small scale enterprises. Such motives include: forced
entrepreneurship, a desire for increased wealth and knowledge of specific
markets.

Keeble and Gould (1985) identify redundancy from previous firms, ambition and
desire for financial betterment and market opportunities as being the motives that
have stimulated entrepreneurs to found small-scale enterprises.

Ban Cham (1990) observes that firm founders start small businesses for reasons
which include desire to make a living, desire to obtain a high income and become
wealthy.

A lot of research has been conducted on factors affecting marketing of product
among small-scale enterprises. Different scholars have given the following
factors, in adequate capital, poor marketing strategies, lack of suitable premises
among others.

Stanworth and Curan (1976) found that most small firms are not oriented towards
growth and remain small because of founder's intentions. They argued that firm
growth requires bureaucracy, the very thing that made founders quit their
previous employment.

Bolton (1971) argue that founders of small firms are more concerned with
achieving personal gratification by performing a series of jobs such as labour
supervision and management, developing their own ideas and enjoying direct
contact with consumers. Bolton further argues that through these activities an individual entrepreneur experiences a sense of personal achievement, pride and subsequent psychological satisfaction, which transcend all other motivational forces.

Ndua and Ngethe (1984) noted that the small-scale enterprises are faced with problems ranging from inadequate capital, machinery and equipment, lack of suitable premises and others.

Sharma and Mahajan (1980) considered poor management as a major cause of business failure. They viewed poor management as a process that leads to mistakes.

Gichira and Dickson (1987) in their study of 52 small-scale entrepreneurs in Kenya found that majority of them had little knowledge of marketing principles. They had problems with promotion mix strategies, product management and development, pricing and distribution strategies.

Sessional Paper No.2 Government of Kenya (1997) noted that despite government efforts aided by a large number of donor agencies and NGOs there remain four major constraints to expansion of the small scale and Jua Kali sector. These are: access to credit, access to land and infrastructure, access to training and technical support and access to technology and information.

The timber sub-sector’s marketing ability has similarly been affected by various factors. Timber availability has been a great concern not only to the small scale timber retailers but to consumers as well.

KEFRI in its strategic plan (1990 – 2003) titled Development and Challenges of Forestry in Kenya noted that "forestry in Kenya faces a number of challenges which are closely linked to rapid human population growth. The limited areas of gazetted forest land estimated approximately at 2.8% of the total forest land is decreasing at a fast rate due to pressure from agricultural expansion and settlement. Out of the remaining area of closed- canopy forest estimated at 1.2.
million ha, about 240,000 ha will be lost in the next twenty five years. Large areas have also been over-exploited and degraded through selective cutting. The area under industrial forest plantation is also expected to decrease from the present 164000 ha to about 8000 ha by the year 2020. The loss of forest cover and other types of woody vegetation will lead to increasing scarcity of a wide range of forest products and especially timber.

This is further reinforce by a report by Kenya Forest master Plan (1990). This report showed that wood supply in Kenya was approximately 28 million m³ in 1994 while demand was about 26 million m³. However from the middle of the next decade total wood supplies would not be able to keep pace with the increase of wood demand. By year 2020 wood demand is projected to be about 45 million m³ giving a wood deficit of 7.0 million m³.

This wood shortage has manifested itself among the small-scale timber retailers in Kawangware and Kangemi. It would therefore be interesting to find out how this shortage is affecting the small-scale business in these two areas.

1.1 STATEMENT OF THE PROBLEM

Sessional Paper No.2 (1992) Government of Kenya on Small Enterprises and Jua Kali Development in Kenya indicated that while the sector as a whole must continue to expand and provide future employment opportunities, it is equally important that individual enterprises consolidate and grow into small and medium scale formal businesses. It further confirmed the lack of significant “graduation” from micro to small-scale formal enterprises.

A lot of research has been done on factors affecting marketing of products by small-scale enterprises. These have been identified as: poor infrastructure, inappropriate technology, inadequate capital, limited market and credit accessibility.
There has not been much research on timber availability to small scale entrepreneurs and how this affects their marketing performance. Yet the timber sub-sector had been experiencing a wood crisis following a ban on logging since the late 1999. The researcher therefore attempted to find out how this ban on logging leading to timber shortage has affected the small-scale timber business in Kawangware and Kangemi and thereafter recommended possible solutions.

1.2 OBJECTIVES OF THE STUDY

General Objective
The study sought to find out the factors that affect marketing of timber by small-scale timber retailers in Kawangware and Kangemi.

Specific Objectives
1. To establish if availability of timber affects marketing of timber by small-scale timber retailers in Kawangware and Kangemi, Nairobi.
2. To determine if types of timber and their uses affect marketing of timber by small-scale timber retailers in Kawangware and Kangemi, Nairobi.
3. To establish if government legislation affects marketing of timber by small-scale timber retailers.
4. To find out if capital availability affects the marketing of timber by small-scale retailers in Kawangware and Kangemi.
5. To recommend possible solutions to factors affecting marketing of timber by small-scale timber retailers.

1.3 RESEARCH QUESTIONS
1. Is timber available to small scale timber retailers of Kawangware and Kangemi?
2. Does the type of timber available affect the marketing of timber by small scale timber retailers in Kawangware and Kangemi?
3. How does Government legislation affect marketing of timber by small scale timber retailers in Kawangware and Kangemi?
4. Is capital available to small scale business in Kawangware and Kangemi?
5. What are the possible solutions to factors affecting marketing of timber among small scale timber retailers in Kawangware and Kangemi?

1.4 SIGNIFICANCE OF THE STUDY

The study will be useful to many groups. These include the Government: the result of the study will provide the basis for discussion and implementation of sustainable agroforestry systems. The business community will also benefit from this study. The result of the study will assist the entrepreneurs in the timber subsector to become more efficient and competitive. The consumers also stand to benefit. The implementation of the result of the study will enable them to get quality products at more competitive prices.

Finally the study will be of much assistance to other researchers as it will provide ground for further research.

1.5 THE SCOPE OF THE STUDY

The study was carried out among small scale timber retailers in Kawangware and Kangemi. Kawangware has a total of fifteen small scale timber retailers while Kangemi has a total of five small scale retailers. The researcher interviewed all the small-scale timber retailers in those two areas and three customers of each retailer.
CHAPTER TWO

LITERATURE REVIEW

2.0

2.1. Introduction To Literature Review

The purpose of this chapter is to present a review of previous research conducted among small scale traders. According to Vockins (1999) the key to successful marketing is understanding the needs of the market place and targeted consumer, then knowing to translate or meet those needs in a synergistic relationship with a given organizations resources and capabilities in terms of man power, finances, land among others. This differs from the often traditional business approach where the existing resources and capabilities are the driving forces. Small scale businesses have traditionally lacked a business and marketing orientation and priority is given to seeking ways of marketing what was already being produced rather than studying market demand and to propose alternative to production of existing products.

2.2. PAST STUDIES/ MAIN REVIEW

DON I. James defines retailing as all activities associated with the sale of offerings for final consumption and retailers as firms engaged primarily in retailing.

According to Harper and Soon (1979) the origins of retailing go far back into antiquity. The earliest written records together with relics of commerce discovered in ancient ruins show the existence of both wholesale and retail trade. The ancient cities of Cartage, Athens, Alexandria, and Rome were trading
centres that served not only their own populations but also the surrounding areas. In order to distribute the products received, the Greek merchants established a complete network of various kinds of retail shops in their cities. The retail shop trade was looked down upon as something beneath the participation of a gentleman because the social leaders of Greece and Rome were large landowners and militarists. Many of the smaller shops were owned and operated by the aliens and freed slaves.

The negative attitude towards traders was because shopkeepers made no effort to maintain uniform prices and qualities of merchandise. They sold their wares for the highest prices they could obtain and often palmed of inferior goods to unsuspecting customers. Early retailing was largely conducted by peddlers. As cities grew many of these peddlers settled in more or less permanent small shops. Business tended to be through the sale of merchandise in shops rather than by peddlers.

According to James et al (1981), retailing meets a variety of needs of two groups that come into contact with the retailers – consumers and manufacturers.

### Retailing

i) Provides consumers with an assortment of offerings from which to choose at the times and places they want to buy them and in the desired form.

ii) Enables consumers to compare prices, quality and features or products they wish to buy.

iii) Makes it possible for consumers to buy a product or service at the time it is needed or wanted.
iv) Makes any offerings in the form of quantity that consumer's desire.

**Manufacturers benefit from retailing in two related ways;**

a. Retailing allows manufacturers to sell their products to consumers all over the world. Most retailers stock their shelves with offerings of many manufactures and as a result no matter where their factories are, manufacturers can sell their products to consumers everywhere.

b. Mwangi (1975) further observed that it makes production possible in all methods of distribution the retailer is the last marketing intermediary next to consumers. Accepting that all selling efforts are aimed ultimately at consumers, retailers are strategic intermediaries for distributing goods and services to consumers.

Mwangi (1975) observed that since Kenya attained her independence retail trading has been the most important businesses where retailers have been opening up businesses wherever new opportunities came up. Mwangi also says that due to rapid population growth and changes in living standards retailers are expected by consumers, suppliers and government to respond positively to various challenges e.g. growing opportunities in business, increasing demand and supply and effective performance of their functions. These functions include, the capacity to develop, maintain and surplus the levels business performance established by others, to improve efficiency in distribution and making
available a wide variety of goods and services at economic prices thereby increasing the real income of consumers, and also developing themselves ultimately to industrial entrepreneurs. Small-scale retail businesses have become very important in the economy.

International Labour Organization (1972) mission report on the unemployment situation in Kenya identifies the informal sector and by extension small-scale retail business as having potential for job creation.

Peter Ondiege (1997) noted that small enterprises contribute significantly to employment and income generation in Kenya's economy production, distribution and service sectors. He further noted that the capacity to create jobs outpaced that of the formal large enterprises.

Levy and Weitz (1995) noted that the success of any firm engaged in retailing depends on how much they embrace the retailing concept. This concept is a management orientation that focuses a retailer on determining its target market needs and satisfying those needs more effectively and efficiently than competitors. High performance retailers must also be strong competitors. They must not only simply satisfy customers' needs but must also keep close watch to ensure that competitors do not attract their customers.

But according to Njoka (1999) gaining long term competitive advantage in retailing is particularly difficult because competitors can and do copy most acts of other retailers.
2.2.1. MARKETING

Philip Kotler depries marketing as "a human activity directed at satisfying needs and wants forming the exchange process.

Scott (1995) refers to marketing as a summary of the physical and economic processes whereby goods are transferred from produce to the consumer.

Vockins (1999) notes that the key ingredient or perspective of successful marketing is understanding the needs of the market place and targeted consumer, then knowing how to translate or meet those needs in a synergistic relationship with a given organization, resources and capabilities in term of man power, finances, land geography and property among other. This differs from the often business approach where the existing resources and capabilities are the driving forces.

Galvez and Felipe (1999) noted that small-scale enterprises have traditionally lacked a business and marketing orientation. Priority was given to securing ways of marketing what was already being produced rather than on studying market demand.

Gichira and Dickson (1987) in their study of 52 small-scale entrepreneurs in Kenya found out that majority of them had little knowledge on marketing principals. They had problems with promotion mix strategies, product management and development, pricing, and distribution strategies.
Njoori (1996) in a study conducted in Ongata Rongai – Kajiado District on the informal sector observed that the sector experienced marketing and market difficulties which are compounded by the inadequate financing, government policies and lack of other incentives by the government on that relief, subsidized promotional costs, licensing policies and others.

Accordingly to Muhu (1994) in her study of carpentry in Naivasha town display of finished good and “worth of mouth” were the main promotional strategies for the small scale entrepreneurs.

MC Cormick (1997) noted that Mass production requires either an large existing market for some standardized products or consumer with enough disposable income or allow producers to create demand through advertising. Markets in developing countries are often small because mostly of small are poor populations. Transport difficulties further shrink markets by imposing geographic limits. Demand may fluctuate either cyclically or erratically because of drought or fear of political disturbances.

Schubert (1983), Poulton and Poole (2001) noted that establishing and sustaining effective market information systems in developing countries has long been recognized as a major challenge.

2.2.2. TYPE OF TIMBER

Timbers vary enormously in their resistance to decay. No wood is completely and permanently resistant to all forms of decay but some such as Teak iron Bark and
Sequoia will endure for many decades or even centuries even when used as posts in the ground.

At the other end we have perishable wood such as Balsa, the logs of which may become infected with decay before they can even be sawn up.

Wide variations in durability occur even within a single commercial species of timber. This may be due either to a varying proportion of sap wood, or to differences in the inherent decay resistance of the wood. In some trees there is a great difference in decay between the inner and the outer heartwood.

In practically all the species where such differences have been found the core of inner heartwood formed when the tree was young is less resistant to decay than the outer heartwood formed by the more mature tree.

**USES OF TIMBER IN VARIOUS CLASSES**

**Very durable**: it is used to make permanent structure in contact with ground water for example, transmission poles, railway steppers, bridging timbers marine piling, foundation timbers, hut poles and fencing.

**Durable**: it is used for exposed parts of permanent structures which is not indirect contact with the soil. It is suitable for frames, keels, decking of boats, making window sills and making domestic draining boards.

**Moderately durable**: it is never used in direct contact with the soil, unless given preservative treatment. It is unsuitable for those parts of permanent structures that are given protection against weather such as rafters, joist etc.
**Non-durable:** this type of timber should always receive treatment if there is any risk of them becoming damp in use. However they can be safely used for internal joining and furniture.

**Perishable:** This type of timber require rapid extraction conversion and seasoning to avoid decay in the log stage and while they are being dried. It should therefore not be used for construction work even when undercover unless they have received thorough preservative treatment. It is often used in turnery and veneers in plywood for indoor use and also for making chip baskets.

**SIGNIFICANCE OF NATURAL DURABILITY**

The decision as to whether to use a naturally durable timber or whether preservative treatment should be given to less durable species will be influenced by the relative availability and cost of the different kinds of wood. It will also be influenced by the facilities available for treating the less durable kinds as well as the uses to which the timber is to be put.

However in most countries there has been a shift from the use of the naturally durable timber to the use of preserved timber. This is because the more durable kinds, come from relatively slow growing trees.

**2.2.3. AVAILABILITY (DISTRIBUTION OF TIMBER)**

The timber subsector has been experiencing a wood crisis following the ban on logging since the late 1999.
The Kenya Forestry Master Plan (1994) showed that wood supply in Kenya was approximately 28 million m³ in 1994 while demand was about 26 million m³. From the middle of the next decade, however, total wood supplies would not be able to keep pace with the increase in wood demand is projected to be about 45 million m³ giving a wood deficit of 7.0 million m³.

Various explanations have been offered.

Jim Ball (Senior Forest Officer, Rome – Italy (1998) noted that demand for wood for all purposes was increasing while supply was diminishing. He further noted that global demand was unlikely to decrease and in fact predicted an increase in a 2% increase per year.

The Global Forest Resource Assessment report (2000) attributed diminishing supply of wood/timber to deforestation. In this report it was noted that during the 1990's the world that of its natural forests. The net global change in forest area between 1999 and 2000 was estimated as 9.4 hectares per year. The estimated net loss of forest as a whole was 94 million hectares.

Increase in demand for timber and timber products has been given as another reason. A report by Global Wood Trade Network (16th May 2005) showed that German's wood and furniture industry in 2004 had increased its total sales amounting to Euro 37 billion, a 3% increase on 2003. Population growth has been given as another reason. A report by World Bank (1992) noted that population in the sub-Saharan Africa was growing by leaps and bounds inspite of
family planning measures to bring it under control. The upsurge of population growth has short and long term consequences for the existing forest resource base land use and wood production.

In Kenya KEFRI in its strategic plan (1999 – 2000) noted that forestry in Kenya faces a number of challenges which are closely linked to rapid human population growth. The limited area of gazetted forest land estimated at approximately 2.8% of total land area is decreasing as a fast rate due to pressure from agricultural expansion and settlement. All these have led to shortage of timber for all uses.

Lucy Emerton (March 1999) observed the following concerning Mt. Kenya Forest, "Rapidly increasing local needs for forest products and agricultural land as well as high national commercial demand for timber have placed severe pressure on forest resource. Large area have been excised from forest reserve for settlement and agriculture”

KEFRI in its strategic plan (1999 – 2003) noted the following, "The loss of forest cover and other types of woody vegetation will lead to scarcity of a wide range of forest products/ timber”.

There has been very little effort in planting trees after felling mature ones. Akinga (1999) noted that afforestation in the forest departments has in the recent past faced major challenges as they have a planting backlog of 20,000 ha.
Jim Ball (Senior Forest Officer, Rome, Italy 1998) observed that supply of wood from natural forests was diminishing due to deforestation (rate of 13.7 ha yearly in developing countries.

There has also been over harvesting of immature crops in more accessible areas. All this shows that excessive use of wood timber and deforestation has resulted in low supply of wood timber for all purposes.

2.2.4 CAPITAL

Peter Ondige (1992) in his study done in Nairobi, Mombasa and Kisumu found out that for most enterprises the, initial capital was from entrepreneurs own savings. This shows that majority of the business in the sector are informally financed as less than 2% of the surveyed enterprises indicated that they had access to credit form private and government lending agencies or NGO’s to start their business. Given that these sources have limited supplies of credit and also that demand for it may be high, they are bound to lend at higher interest rates. Also renders whose capacity is limited are likely to supply or lend limited amounts.

Sessional paper NO.2 (G.O.K.) of 1997 on Industrial Transformation to the year 2020 noted that cost and limited access to credit continued to be a major constraint for the private industrial sector. Inspite of continued restructuring of the sector there remain problems facing many entrepreneurs in particular the small scale enterprises and women. These include the absence of an efficient financial intermediation mechanism, which can effectively channel resources towards
private productive investment, Attitudinal problems arising from the persistent distrust between lenders and borrowers, poor marketing strategies of the banks and continued competition for limited funds between the borrowers and the banks.

Sessional paper No.2 of 1992 on small enterprise and Jua Kali Development in Kenya reported thus, the problem facing the small scale entrepreneur is access to credit to start up, during operations and for expansion purposes. Even where the credit is available requirements such as high revel of collateral, well documented cash from analysis and general distrust of small sale entrepreneurs by commercial banks tend to inhibit access to credit.

Gakura (1995), Kurwijila and Due, leys (1982) identified lack of access of credit as a major constraints to informal sector enterprises. These studies indicated that most important ingredient in the development of a successful enterprise is capital or credit.

Harper (1975) in his study concluded that shortage of capital is believed by most businessmen in all parts of the world and by many of those who attempt to help them to be a major constraint.

Kiiru, Mirero and Masaviru (1988) in their studies indicated that lending problems occur primarily on three different levels.

a. The level of the informal sector, borrower who lacks experience with credit instructions.
b. With the financial institutions, which are not, predisposed to lending to informal sector enterprises.

c. Existing regulations, which limit the total funds available to informal sector enterprises.

The following characteristics of the informal sector entrepreneurs appear to restrict their access to credit.

(i) To informal sector is extremely heterogeneous and it is difficult for financial institutions to issue general guidelines to its lending officers regarding such loans.

(ii) Most informal sector entrepreneurs lack experience in dealing with financial institutions. They are unaware of variations in terms and conditions for repayment of loans and the implications for their business.

(iii) For the most part, informal sector entrepreneurs do not have recognizable credit history and are perceived to be novices and in a high-risk category. They are generally not able to prepare business plans that are suitable for a bank's needs. If financial institutions were to assist them in preparing business plans, to cost world be unrecoverable.

(iv) Raising acceptable collateral and security is a major problem for the informal sector since many of their investments are not viewed by banks as being easy to liquidate.
Most of them have no management training and this reduces their credibility with most bankers. Given the lack of bank credit the informal sector enterprises are dependent on saving from the enterprises to finance expansion. Since most of the small-scale enterprises activity is only marginal profitable, the financial capability for expansion is Limited.

Karanja (1999) in his study on "effectiveness of manufacturing and marketing of furniture products in Gikomba, Kariobangi and Mathare" noted that 67% of respondents gave personal saving as their major source of capital.

Ndua and Ngethe (1984) noted that small-scale enterprises are faced with problems ranging from inadequate capital machinery and equipment, lack of suitable premises among others.

According to Wahome and Ngethe (1987) most of the entrepreneurs in the informal sector are constrained by scarcity of investment funds, lack of suitable business premises and expensive business of fees which erode the amount of capital for investment.

Kanawary's Castor (1990) noted that informal sector training carried out on its own is ineffective. Training has to be combined with credit facilities, advice and consultancy on the feasibility and management of the intended venture and provisions of necessary infrastructure.
A study by Ondiege and Aleke Dondo (1991) showed that those enterprises that successfully applied for credit were performing better than those that failed to secure credit.

2.2.5. GOVERNMENT LEGISLATION

Government Legislation and bureaucracy has been blamed for many businesses operational problems for many year.

Mwaura (1994) found that various bureaucratic regulations were cited as the biggest problem facing businesses in Kenya. He added that businessmen were spending a lot of time attending bureaucratic red tape regarding irrelevant and insignificant issues. These were identified as registration laws, and other legal procedure.

Sessional paper no. 2 of 1997, Government of Kenya on Industrial transformation to the year 2020 noted that overwhelming bureaucracy and corruption are considered by many entrepreneurs to be a major source of frustration of their operations. Long and slow bureaucratic procedures duplication of licensing requirements, lukewarm attitude of the public servants to processing applications for approval and licences required by business can be costly.

2.3. CRITICAL REVIEW OF MAJOR ISSUES

Gakura (1995), Kurwijila and One, Leys (1982) identified lack of access to credit as a major constraint to informal sector enterprises. These studies indicated that the most important ingredient in the development of a successful enterprise is capital.
Ndua and Ngethe (1984) noted that small-scale enterprises are faced with problems ranging from inadequate capital, machinery and equipment, lack of suitable premises among others. From these we can conclude that capital is not the only constraining factor. Other factors affect small-scale enterprises. These are: Management skills and training, Social factors, Government Bureaucracy, Education, Limited market and marketing strategies.

Lack of raw materials, poor infrastructure, unsuitable premises among others. If small scale traders are to be successful, these issues will need to be addressed simultaneously.

Ginger and Armstrong (1994) in an attempt to examine the major problems confronting African Businessmen especially in the East and West Africa concluded that “inadequate skills constitutes a more serious though less intractable problem than inadequate capital and is in itself a major source of decreasing productivity and growth.

It is not enough to access credit to small-scale traders. The traders will need to be educated on how to use the money properly, how to market their products. A good infrastructure will need also to be put into place to enable traders to market their products more easily and cut down on their costs of operations. This is especially important because most small-scale businesses tend to be located in areas that have scat infrastructure.

Training is also a very important. Most small-scale enterprises employ family members. Training is therefore not a barrier to entry but lack of further training is
however a barrier to expansion which may require additional technical and marketing skills.

Yambo (1991) indicated that apart from the informal sectors own entry level skills, very little skill upgrading is available for the informal sector clients although the public training institutions provide the largest proportion of technical training in the country, non was specifically designed to train for self-employment in the informal sector.

Bas (1989) observed that training is desirable in the informal sector but advocates that it is subject to certain reservations and conditions. These conditions are, content and depth of training, costs and benefits, the time, delivery methods, venue and ability of trainers should be taken into account. Informal sector entrepreneurs required flexible and diverse training programs that fit their particular needs and constraints.

2.4. SUMMARY AND GAPS TO BE FILLED BY THE STUDY

A lot of study has been done factors affecting small-scale traders. These factors have been found to include: inadequate capital, poor marketing strategies, poor infrastructure, and government legislature among others. However very little research has focused on product availability and how it affects small-scale traders. Yet the timber sub-sector has been experiencing a wood crisis since the ban o logging since the late 1999. Product is a key element in the market offering. This study has therefore looked at factors affecting marketing of timber
by small-scale traders. It has tried to establish whether timber is available to small-scale traders, type available and how this affects the small-scale traders.

2.5. CONCEPTUAL FRAMEWORK

A lot has been written in the newspapers and mentioned in the electronic media about problems facing the timber sub-sector. Substantial studies have been done on small-scale enterprises but very little work has been done on the timber sub-sector.

The study therefore attempted to determine how availability of timber, quality of timber, type of timber available and government legislation and policies affect small-scale timber traders. The conceptual framework shows that availability of timber, quality of timber, type of timber available and government legislation affects small-scale traders.

The conceptual framework shows that availability of timber, quality of timber, type of timber available and government legislation affects small-scale traders.

Fig 2.1. The conceptual framework.

SOURCE: RESEARCHER 2005
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter has discussed the methodology that was used to achieve the study objectives. It has looked at location of study, target population, sources of data, data collection methods and data analysis methods.

3.2 LOCATION OF STUDY

The study was based in Kawangware and Kangemi. The two areas are located on the outskirts of Nairobi. These areas are largely inhabited by low-income earners. The areas are characterized by poor infrastructure with very poor roads and almost a non-existent telephone communication system.

3.3 TARGET POPULATION

The study targeted small-scale timber businesses. There are a total of twenty small-scale timber businesses in both Kawangware and Kangemi. All the owners of the businesses were to be interviewed and three customers from each business. The researcher decided to conduct a census because the target population was small. The census also guarantees the researcher a smaller sampling error. However the researcher was able to get responses from fifteen retailers and forty-five customers. This is a 75% response for both the retailers and customers. Since response rate was above 50% the researcher assumed that the sample of those who responded was representative enough.

3.4 SOURCE OF DATA AND DATA COLLECTION METHODS.

The researcher used both primary and secondary sources of data. Primary data was collected through the use of interview schedules. An interview schedule is an oral administration of a questionnaire. The researcher choose this method of data collection because it would make it possible to collect in depth data by asking probing questions which is not possible to get using a questionnaire. The
The type of problem being investigated requires in-depth information. It was also found to be more appropriate since the researcher would be able to clarify questions. Information on one's business is usually very sensitive. An interview schedule enabled the researcher to convince respondents the purpose of research and this increased the response rate.

The researcher interviewed the entrepreneurs of small-scale timber businesses and recorded the information for analysis. Observations were also made and information recorded. Secondary data is data that has been previously gathered for some other purpose than the current research problem under investigation. This included published information such as reports, theses, textbooks, journals and abstracts obtained from libraries, government offices etc.

3.5 DATA ANALYSIS

After collecting data the researcher edited, and coded the responses. It was thereafter analyzed using descriptive statistics. This was used in order to meaningfully describe the distribution of scores. The problem under study was descriptive in nature and therefore called for use of descriptive statistics. These included use of tables, graphs, charts, and percentages. Quantitative analysis was done using a computer aided statistical package for social sciences (SPSS).

3.6 LIMITATIONS OF THE STUDY

The study was limited by; some respondents were reluctant and suspicious. This forced the researcher to have lengthy discussions to dispel their fears and to explain to them that the research is purely for academic purposes and that the outcome will be treated with confidence.

Time was also a limiting factor. However the researcher utilized time allocated to the maximum in order to complete the study.
All the financial requirements will be met from personal sources. The researcher was therefore unable to capture a large number of respondents. The study was based on small-scale timber retailers in two areas only i.e. Kawangware and Kangemi. This means that findings of the study cannot be generalized in Kenya.
4.0 DATA ANALYSIS AND PRESENTATION OF RESULTS

4.0.1 Introduction

In this chapter, the results of the study are presented and discussed.

The target sample size was 20 small-scale retail enterprises dealing in timber and 60 of their customers in Kawangware and Kangemi areas in Nairobi. However, the researcher was able to get responses from 15 small-scale timber retailers and 45 of their customers.

Kenya has experienced a lot of political and economic changes in the last few years. The most important was the introduction of the structural adjustment policies as a result of pressure from the international community.

These changes saw many people being declared redundant from their previous employment and reduction on employment in the formal sector especially the public sector. This led to the search for alternatives and the informal sector and small enterprises provided the answer. However, despite the role played by this sector, it continues to be exposed to a lot of problems, which affect its performance as shown by the results of this study.

The SPSS package was used to capture the data and conduct analysis to produce the following descriptive statistics presented in this chapter. Frequency tables, charts, and cross-tabulations are extensively used to summarize and present the findings.
<table>
<thead>
<tr>
<th>Years In Business</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below (1) year</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td>7</td>
<td>3</td>
<td>20.0</td>
</tr>
<tr>
<td>8</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td>9</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td>10</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td>12 &amp; above</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**SOURCE:** Author (2005)

**Mean = 5.39 years**

It can be seen that from the table above that the longest duration in business was 12 years while the shortest was less than a year. The reason for this could be attributed to the high turn over in business.
Table 4.2 Number of Employees

<table>
<thead>
<tr>
<th>No. Employees</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>14.3</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>21.4</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>21.4</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>7.1</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>7.1</td>
</tr>
<tr>
<td>6</td>
<td>1</td>
<td>7.1</td>
</tr>
<tr>
<td>9</td>
<td>1</td>
<td>7.1</td>
</tr>
<tr>
<td>10</td>
<td>2</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

SOURCE: Author (2005)

Mean 4.36

The businesses studied had a number of employees ranging from 1 to 10. The average number was 4.36.

This is a clear indication that the timber sector had played a role in job creation.

Table 4.3 Customers Timber Preference

<table>
<thead>
<tr>
<th>Type of Timber</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cypress</td>
<td>15</td>
<td>33</td>
</tr>
<tr>
<td>Pine</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>Grivillia (Mukima)</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Cedar</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Blue gum</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Camphor</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Mahogany</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

SOURCE: Author (2005)
The results reveal that most customers prefer cypress as stated by the 33% of the sample surveyed. This explains why it is the most stocked type of timber.

**Fig 4.1 Ability to meet Customer Requirements**

![Bar chart showing 80% unable to meet customer requirements, 20% able to meet]

**SOURCE:** Author (2005)

The chart above illustrates that 80% of the timber retailers were not able to meet the customer requirements while only 20% were able to. This shows that a high percentage of sellers are not able to meet customer requirements. Table four gives reasons for this.

**Table 4.4 Reasons for Inability to meet Customer Requirements**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timber shortage</td>
<td>6</td>
<td>40</td>
</tr>
<tr>
<td>Poor quality</td>
<td>5</td>
<td>33</td>
</tr>
<tr>
<td>Lack of money to buy adequate stocks</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**SOURCE:** Author (2005)
From the above table, 40% of the timber retailers were not able customers requirements due to shortages of timber, those that failed due to poor timber quality made up 33% of the respondents, while 20% lacked enough capital to maintain adequate stock levels.

The above findings show that, shortages and poor quality are the major factors influencing retailer’s inability to meet the customer’s timber requirements.

Table 4.5: Respondents by Type of timber

<table>
<thead>
<tr>
<th>Timber type</th>
<th>Frequency</th>
<th>Percent</th>
<th>Average qty pm (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cypress</td>
<td>13</td>
<td>87.6%</td>
<td>29.77</td>
</tr>
<tr>
<td>Pine</td>
<td>13</td>
<td>86.7%</td>
<td>17.89</td>
</tr>
<tr>
<td>Mukima</td>
<td>5</td>
<td>33.3%</td>
<td>13.6</td>
</tr>
<tr>
<td>Cedar</td>
<td>2</td>
<td>13.3%</td>
<td>0.5</td>
</tr>
<tr>
<td>Blue gum</td>
<td>1</td>
<td>6.7%</td>
<td>5.0</td>
</tr>
<tr>
<td>Gravellier</td>
<td>4</td>
<td>26.7%</td>
<td>4.13</td>
</tr>
<tr>
<td>Camphor</td>
<td>1</td>
<td>6.7%</td>
<td>1.0</td>
</tr>
<tr>
<td>Mahogany</td>
<td>1</td>
<td>6.7%</td>
<td>1.0</td>
</tr>
</tbody>
</table>

SOURCE: Author (2005)

The table above shows that cypress was the most demanded type of timber and hence the most stocked by 87.6% of the respondents. The least stocked were mahogany, camphor, and blue gum each with 6.7% of the respondents. The average quantity stocked for cypress was 29.77 tons per month. The least stocked was cedar with an average of 0.5 tons per month.

It can be seen that there is a wide variety of timber in the market that suits different timber needs.
As clearly illustrated on the chart above, the two major sources of timber were suppliers (87%) and saw millers (27%). Traders that sourced timber from own sources and private firms made up 7% in each category. The finding that most traders are supplied timber suggests that they largely lack the capacity to do own sourcing. This is the likely reason why 13% of them source timber from brokers.

**Type of Timber Available and Traders Performance**

This section seeks to determine whether the type of timber available affects the performance of the small-scale timber traders.

As can be seen on the table above, traders sold the highest sales volume from cypress.
Table 4.6: Respondents by Monthly Cost of Timber

<table>
<thead>
<tr>
<th>Timber type</th>
<th>Frequency</th>
<th>Percent</th>
<th>Average Cost pm (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cypress</td>
<td>11</td>
<td>73.3%</td>
<td>547,595</td>
</tr>
<tr>
<td>Pine</td>
<td>13</td>
<td>86.7%</td>
<td>453,116</td>
</tr>
<tr>
<td>Gravellia (Mukima)</td>
<td>9</td>
<td>33.3%</td>
<td>306,292</td>
</tr>
<tr>
<td>Cedar</td>
<td>2</td>
<td>13.3%</td>
<td>110,000</td>
</tr>
<tr>
<td>Blue gum</td>
<td>1</td>
<td>6.7%</td>
<td>25,800</td>
</tr>
<tr>
<td>Camphor</td>
<td>1</td>
<td>6.7%</td>
<td>36,000</td>
</tr>
<tr>
<td>Mahogany</td>
<td>1</td>
<td>6.7%</td>
<td>32,450</td>
</tr>
</tbody>
</table>

SOURCE: Author (2005)

As indicated on the table above, it cost the traders an average of Kshs 547,595 per month to buy cypress. The least costly was found to be blue gum of which, on average retailers bought stocks worth Kshs 25,800.

Table 4.7: Respondents by Average Monthly Sales

<table>
<thead>
<tr>
<th>Timber type</th>
<th>Frequency</th>
<th>Percent</th>
<th>Average Sales pm (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cypress</td>
<td>11</td>
<td>73.3%</td>
<td>586,000</td>
</tr>
<tr>
<td>Pine</td>
<td>9</td>
<td>60%</td>
<td>365,429</td>
</tr>
<tr>
<td>Gravellia (Mukima)</td>
<td>7</td>
<td>33.3%</td>
<td>370,260</td>
</tr>
<tr>
<td>Cedar</td>
<td>2</td>
<td>13.3%</td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: Author (2005)

As can be seen on the table above, traders had the highest sales volume from cypress.
An analysis of the tables 4.4 and 4.5 above indicates that although cypress generated a higher turnover, its average rate of return was 7.01%. Mukima third ranked in turnover had an average rate of return 21% hence more profitable. This finding indicates that the timber traders need to know how to profitability of the various brands stocked. Such information will be critical in establishing the best combinations of timber types in their stocks for maximum profitability.

**Fig 4.3 Other costs incurred**

<table>
<thead>
<tr>
<th>Cost</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity bill</td>
<td>13%</td>
</tr>
<tr>
<td>Paying rent for stall</td>
<td>13%</td>
</tr>
<tr>
<td>Licensing</td>
<td>13%</td>
</tr>
<tr>
<td>Insurance fee</td>
<td>13%</td>
</tr>
<tr>
<td>Treatment of timber</td>
<td>20%</td>
</tr>
<tr>
<td>Transport</td>
<td>27%</td>
</tr>
<tr>
<td>Telephone costs</td>
<td>27%</td>
</tr>
<tr>
<td>Paying income tax</td>
<td>27%</td>
</tr>
<tr>
<td>Resawing timber</td>
<td>53%</td>
</tr>
<tr>
<td>Labour and salary</td>
<td>53%</td>
</tr>
</tbody>
</table>

**SOURCE: Author (2005)**

The chart above clearly illustrates that labour and re-sawing of the timber constituted the major expenses incurred by the timber traders besides the buying cost. Electricity, rent, licensing and insurance each constituted 13% of the other cost incurred.

The findings suggest that the traders can save a lot if they can invest in timber re-sawing machines.
Some officers are corrupt
They take time to be processed
No legal documents
Long procedures
Expensive to obtain licence

SOURCE: Author (2005)

The chart above illustrates that high cost of license was the most constraining government regulation affecting 40% of the respondents. Long procedures of getting clearance was also a set back to 33% of the respondents. Corrupt government officials were the least with only 7% of the respondents.

It generally appears that legislation concerning production and sale of timber is regarded as unfavorable to most timber dealers. This calls for a need for government to reexamine the regulations with an aim of reducing the constraints without exposing the forests to plundering and exploitation.
Table 4.8: Retailers Recommendations to Sustainable Production of Timber Products

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start a tree planting campaign</td>
<td>8</td>
<td>53</td>
</tr>
<tr>
<td>Influence green belt movement</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Balance the law of demand and supply</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Lower license fee</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Stop harassment of timber transporters</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Open mature forests for cutting of timber</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Reduce duty on imported timber</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Ban logging to ensure sustainable supply</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>To have many registered saw millers</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Government to control prices</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Introduce species of trees which mature faster</td>
<td>2</td>
<td>13</td>
</tr>
</tbody>
</table>

**SOURCE:** Author (2005)

The table above shows that majority (53%) of the traders called for starting aggressive tree planting campaigns. 20% called for lowering of the license fee, a similar proportion wanted mature forests opened up harvesting of timber. Introduction of faster maturing species of trees was suggested by 13% of the respondents.

The above findings indicate that the traders have many suggestions on what needs to be done to improve the timber industry. The recommendations given touched on legislation, regulation and even research and development. The government therefore needs to consult with the timber traders when formulating any policy that affects this sector.
On their part, majority (40%) of the customers called for the lowering of the price of timber. 24% called for more timber varieties to satisfy their diverse timber needs. The least mentioned was treatment of wood with 9% of the respondents.

4.9 QUALITATIVE ANALYSIS

This section gives the qualitative analysis of data collected concerning various issues. This analysis was based on open ended questions which were asked concerning various variables.

Most Respondents indicated that they were faced with a lot of problems in obtaining timber for selling. These were; shortage of timber, poor quality, unreliable supply and high prices among others. The respondents gave various suggestions concerning what can be done to improve availability of timber. These were:-

- The Government should put in place policies that will ensure increased planting of trees
- Farmers should be encouraged to plant trees in their farms.
- The government should allow the harvesting of mature trees so as to pave way for planting of other trees.
- The government should reduce import duty on imported timber and other related products.
- The government should simplify the procedures involved in importation of timber.
- Saw millers should be educated on better methods of harvesting and processing of trees so as to get maximum benefits from them and reduce wastage.
- The government should introduce species that mature faster.

The respondents also indicated that they had a problem in accessing the type and quality of timber they desired. They indicated that most of the times they were unable to get the types they preferred. Most respondents preferred stocking cypress and pine. However, due to shortage they had been forced to introduce other types of timber which were unpopular with their customers. Where available it also tendered to be too short. The respondents felt that the following can be done to solve this problem; the government should make it easy for traders to import timber from other countries by lowering import duty, simplifying import procedures and allowing for harvesting of mature trees among others.

On Government legislation the respondents felt that; the government should simplify the procedure for registering businesses, reduce number and amount of taxes levied on traders and re-train it officers so as to stop harassing traders.

The respondents also had a problem with availability of capital. Most of them did not have adequate capital to stock their businesses and especially when faced with shortages which had forced the prices of timber to escalate. Although, most indicated their wish to borrow loans from banks, this posed a problem. The banks could not give them loans since they could not raise the collateral demanded by banks. The high interest charged by banks and the lengthy procedure for obtaining loans was also a problem.
Most respondents felt that the following should be done to ensure that capital/loans are more accessible to them; the government should establish financial institutions that can be able to cater for the needs of the informal sector. This would be by: accessing loans to small scale traders at lower interest rates and flexible repayment period, simplifying the procedure for obtaining loans and removing collateral needed to obtain the same.
CHAPTER FIVE

5.0. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the research findings and outlines the conclusions arrived at. It is also recommends some crucial steps that should be taken to improve the supply of timber to small-scale timber retailers. Further recommendations are given on areas in which research need to the conducted so as to improve supply of timber the user.

5.2 SUMMARY OF FINDINGS.

The results were in line with the study objectives. It was noted that 20% of businesses in Kawangware and Kangemi were 7 years old. This represents the highest percentage. They had employees ranging from 1-10. The average number was 4.36. This showed that the businesses had played an important role in job creation.

Most customers preferred cypress (33%) and pine (22%). Cypress was preferred due to its durability, whereas pine was preferred due to its cheapness. This explains why the two types of timber are the most stocked by the traders. Cypress was stocked by 87.6 % while pine was stocked by 86.7% of the respondents.

Camphor was preferred by 16 % of the respondents and Mahogany by 11% of the respondents. These two types of timber were preferred due to their durability and attractiveness. However, most traders were unable to meet the customer's requirements for timber. This is represented by 80% of the respondents. Only 20% of the respondents were able to meet their customer's requirements.
The respondents gave various reasons. 40% were unable due to timber shortage, 33% due to poor Quality of timber, and 20% due to inadequate capital. This clearly shows that small scale timber businesses have a big problem.

The traders relied on suppliers as their source of timber. This is represented by 87% of the respondents. Only 7% had their own sources. This could explain why they are faced with shortages. On other costs incurred apart from the buying cost 53% gave labour and salaries 53% resawing of timber, tax, telephone and transport cost 27% each, treatment of timber 20% while insurance licensing, rent and Electricity each accounted for 13%. This shows that traders were spending a lot of money on salaries and resawing of timber. The traders therefore need to learn labour saving techniques as well as invest in resawing machines so as to reduce costs.

On the issue of ways of ensuring sustainable production and marketing of timber most traders recommended starting a tree planting campaign (53%) while 40% of customers felt that timber prices and especially that of imported timber should be lowered.

5.3 ANSWERS TO RESEARCH QUESTIONS

The research was able to answer the research questions. The researcher found out that timber was not readily available to small scale timber business in Kawangware and Kangemi. According to table 4 traders attributed their inability to meet customers requirements of shortage (40%) poor quality 33%. This is a clear indication that timber shortage was a big problem. Where available it tended to fall short of retailers and their customers expectations. The ones available were too short and was therefore not able to meet customers needs since they preferred longer timber.
The retailers also had a problem in getting the preferred type of timber. Most preferred stocking cypress and pine which has a high turnover. However, many had been forced to introduce other types since cypress and pine was not readily available. This had a negative effect on their businesses.

Government Legislation greatly affects marketing of timber among small scale retailers in Kawangware and Kangemi. 40% of respondents felt that it was too expensive to obtain a license, 33% felt that the procedures for Registration and obtaining licenses are too long. This showed that the businesses would do better if licenses were made cheaper and the procedure for registration made shorter and simpler.

The findings of the research further suggest that capital is not readily available to small scale traders in Kawangware and Kangemi. Most traders felt that their businesses would do better if they would be able to access Loans.

5.4 CONCLUSIONS
From the above findings it can be concluded that small scale timber businesses in Kawangware and Kangemi are being negatively affected by several factors. These are: - Shortage of timber, failure to access preferred type of timber, long and complicated government legislation and shortage of capital. This means that these business are not able to perform as well as they should. This has far reaching implications since small scale businesses play a very important role in the economic sector. Urgent measures therefore need to be taken to correct this situation.

5.5 RECOMMENDATIONS
The researcher would wish to recommend the following; The small-scale timber retailers will have to devise ways of not only surviving in the sector but ensuring that his or her business is able to graduate from a micro enterprises into a small enterprise and where possible into a large scale enterprise. To achieve this, the retailer should look into the following:
Ways of utilizing their labour more efficiently so as to reduce labour costs.

Invest in farms so as to plant their own trees.

Possibilities of buying vehicle so as to reduce transport costs.

Investing machines so as to reduce cost of resawing timber.

Diversification, try to handle many different types of timber so that when there is a shortage in one type of timber one can relay on the others,

Expand the business so as to not only deal with the sawn timber but look at possibility of dealing with timber products,

Acquire more education and training,

Look into the possibility of owning the premises on which their businesses are located. This will not only reduce operation costs but also enable greater flexibility in the use of the premises.

The government and the policies makers can do the following in order to help small-scale timber retailers to improve marketing of their timber:

Develop policies that will bring about sustainable agro-forestry systems. Toward this the government can do the following:

Reduce import duty on timber and related products,

Put in place policies that will ensure increased planting of trees in the areas they have been cut,

Encourage farmers to adopt planting of trees in their farms,

Reduce procedures involved in importation of timber,

Allow the harvesting of mature trees so as to pave way for planting of other trees,

Educate saw-millers on sustainable harvesting and processing activities so as to get could be by:

Reducing the time spent before the business is registered,

Reduce the number of taxes and amount paid by small-scale retailers,

Look into ways of ensuring that the small-scale retailers have access to loans.
This may be by; establishing special financial institutions that lend money to small-scale entrepreneurs at more flexible terms,

The infrastructure is another area affecting performance of small-scale enterprises and more so because most are located in areas inhabited by the low-income earners. They therefore tend to be characterized by poor infrastructure. To enable small scale enterprises to grow the government should look into the following:

- Improve the roads in all parts of the country so as to reduce transportation time and cost,
- Install proper communication system. This will help cut down communication costs,
- The Ministry of Education would also look at ways of offering education and training to small-scale retailers that is flexible and able to meet their needs. This will enable them to keep proper records, which are essential for business success.

5.6 SUGGESTIONS FOR FURTHER RESEARCH

The recommendations from the observation from this study essentially refers to proposed further research which may provide some insight on specific issues that are of great significance. For example:

- Future research may expand the conceptual frame work
- Conduct research with minimum limitations
- To conduct research using multi-disciplinary approach
- This study looks at small-scale timber business but fails to look at large-scale enterprises.
- It also fails to look at all the factors affecting small-scale enterprises.
- Research should focus on the whole timber industry.
REFERENCES


GICHIRA, ROBERT, DICKSON DOUGLAS (1991) A Business of your own, how to start and manage it. – Nairobi, East African Educational Publisher.


KENYA MINISTRY OF ENVIRONMENT AND NATURAL RESOURCES (1994)


Interview Schedule for Small-scale Retailer

My name is Elizabeth. I am a student at Kenyatta University. I am undertaking a research in the timber sub-sector. I would like to take a few minutes of your time to ask you a few questions. I assure you that your answers will be kept completely confidential and will not be used for any other purpose except for the research.

1. What is your name?

2. How many years have been in this business?

2. How many employees do you have?

3. What are the major species of timber do you buy per month.

<table>
<thead>
<tr>
<th>Timber</th>
<th>Quantities bought</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Are there any problems you face in running your business?

1. Are you able to go for government offices?

1. If yes, why?

1. If no, why?

4. How much money do you spend on buying of timber per month?

<table>
<thead>
<tr>
<th>Timber species</th>
<th>Cost of buying (per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. What plans do you have for the future?

4. What recommendations would you make that there is sustainable production and marketing of timber?
6. How much timber do you sell per month?

<table>
<thead>
<tr>
<th>Timber species</th>
<th>Sales per month</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7(a) Apart from buying costs are there any other costs you incur in selling of your timber?

   (i) YES
   (ii) NO

(b) If answer is yes, list the cost incurred.

8. How do you obtain timber for selling?

9. Are there any problems experienced in obtaining timber for selling?

10. What are the timber preferences for your customers? Give reasons they give for this.

11. Are you always able to meet their requirements.

   (i) If yes, how?

   (ii) If no, why?

12. What difficulties do you face in obtaining licence and registration documents from government offices?

13. What plans do you have for the future of your business?

14. What recommendations would you give to ensure that there is sustainable production and marketing of timber products?
APPENDIX II

Interview schedule for small-scale retailers’ customers

My name is Elizabeth. I am a student at Kenyatta University. I am undertaking a research on the timber sub-sector. I would like to take a few minutes of your time to ask you a few questions. I assure you that your answers will be kept completely confidential and will not be used for any other purpose except for research.

1. What is your name?

2. For how long have you been buying timber?

3. What type of timber do you normally buy?

4. What do you mainly use it for?

5. Give reasons why you prefer the specific type of timber mentioned.

6(a) Are you always able to get your preferred typed/species of timber
   (i) YES
   (ii) NO

(b) If answer to 5(a) is no, what are the reasons.

7(a) Apart from buying costs of timber, are there any other costs you incur as you purchase your timber?
(b) If answer is yes, what are the costs incurred.

8. What recommendations would you propose to the timber sub-sector?

Thank you for your cooperation and have a good day.
### EXHIBIT I

**FOREST PLANTATION AREA (1997-2002) '000 HECTARES**

<table>
<thead>
<tr>
<th>Types of Forest</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indigenous Trees</td>
<td>13.3</td>
<td>12.3</td>
<td>12.3</td>
<td>12.3</td>
<td>12.3</td>
</tr>
<tr>
<td>Exotic Trees</td>
<td>126.9</td>
<td>116.6</td>
<td>111.3</td>
<td>116.6</td>
<td>89.4</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>140.8</td>
<td>128.9</td>
<td>123.6</td>
<td>128.9</td>
<td>101.7</td>
</tr>
<tr>
<td>Fuel Wood &amp; Poles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exotic</td>
<td>18.5</td>
<td>18.3</td>
<td>18.3</td>
<td>18.3</td>
<td>18.3</td>
</tr>
<tr>
<td>Total</td>
<td>159.3</td>
<td>147.2</td>
<td>141.9</td>
<td>147.2</td>
<td>120.0</td>
</tr>
</tbody>
</table>

Source: Department of Forestry
<table>
<thead>
<tr>
<th>TYPES OF TIMBER</th>
<th>LOCAL NAMES</th>
<th>WHERE IT IS FOUND</th>
<th>USES</th>
</tr>
</thead>
<tbody>
<tr>
<td>East African Camphor (Camphor)</td>
<td>Muzxaiti, muziti muzura, munyanga</td>
<td>Found in mountain Rain Forest at 6500 to 8000 ft. south and east of Mt. Kenya, Eastern slopes of Aberdare and Taita Hills.</td>
<td>Panelling, furniture, sliced veneere, joinery, railways coach frames, lorry bodies, boat building, battery separators.</td>
</tr>
<tr>
<td>Cedar, African pencil (cedar)</td>
<td>Mutarakwa (Kikuyu) Ndarakwa, Makuu (Kamba) Ol-tarakwa (Masai) Tarakwet (Nandi)</td>
<td>Found throughout the mountain conifer forest between 6000 ft. and 9000 f. above sea level and also mountain bamboo forest at 9000 to 10000 ft.</td>
<td>Manufacture of lead pencils and penholders, wardrobes linings, building and construction, joinery, flooring.</td>
</tr>
<tr>
<td>Cypress Monterey Mexican or Himalayas</td>
<td>Cypress</td>
<td>Exotic tree first introduced into Kenya about 1908 from California, Mexico, Himalayas</td>
<td>Building and construction, furniture, making boxes and crates.</td>
</tr>
<tr>
<td>African black wood (Ebony)</td>
<td>Mpingo (kik), Wadju (Swahili), Samachi.</td>
<td>Found in Savannah-Grassland in the Coastal Belt.</td>
<td>Hand carvings, ornaments and walking sticks.</td>
</tr>
<tr>
<td>Mvuli/Iroko</td>
<td>Meru, Minarui (Bon)</td>
<td>Lowland Rain Forest and Savannah on the Coast.</td>
<td>Panelling, furniture and cabinet work, frames, floors, sides and cabins of lorry bodies and car bodies and for decorative flooring.</td>
</tr>
<tr>
<td>Mahogany bean</td>
<td>Mba Mbarofin (Swahili)</td>
<td>Lowland Rain Forest and Lowland Dry Forest in the Coastal Belt.</td>
<td>Making doors, shutters, general joinery, ornaments.</td>
</tr>
<tr>
<td>Mahogany</td>
<td>Mururi (Kikuyu), Muthwari (Meru), Mnuamasi (Swahili)</td>
<td>Lowland Rain Forest of Coastal Belt, Shimba Hills and South Digo Forests, Lower Mountain Forests, Kitui Hills and Mt. Kenya.</td>
<td>Shelving, ceiling, flooring and roofing, joinery and roofing, furniture making.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Pine</td>
<td>Pine</td>
<td>Nature of California and introduced in plantations in Kenya</td>
<td>Shelving, ceiling, flooring, furniture making.</td>
</tr>
<tr>
<td>Kenyan Whitewood (Podo)</td>
<td>Musengera (Kikuyu), Muvengeal (Kamba), Mubiribiri (Meru)</td>
<td>Mountain Conifer Forest above 6500 ft.</td>
<td>Standard building and general joinery, shop counters, shelving, fittings, furniture, doors, frames, bakery-boards, confectionery trays and coffin boards.</td>
</tr>
</tbody>
</table>

Source: Catalogue of Kenya Timbers by S.H. Wimbush