



# Strategic Considerations involved in Responding to the Opportunities Presented in the SMES Business Environment in Kenya: The Case of Metal Workers in Gikomba Jua Kali in Nairobi

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## ABSTRACT

This study investigates the strategic considerations employed by small and medium enterprises (SMEs) in the metalworking sector of Gikomba Jua Kali, Nairobi, in response to the opportunities presented within their business environment. Porter's Five Forces Model and the Resource-Based View (RBV) formed the foundation of this study. The target population of interest comprised of all the 1129 Micro and Small Enterprises dealing in metal works in Gikomba-Jua Kali in Nairobi with a convenient sample of 90 selected for the survey through random sampling. Data collection was conducted using structured questionnaires distributed to the selected SMEs, ensuring a comprehensive representation of the sector. The analysis was conducted using SPSS to interpret the data and draw meaningful conclusions. The findings highlight that market research and adaptability are crucial for small and medium enterprises (SMEs) in the metalworking sector of Gikomba Jua Kali, scoring 4.2 and 4.5, respectively. Skills development (4.3) and networking (4.1) also reflect the proactive strategies these SMEs employ to capitalize on business opportunities. However, challenges related to financial access (3.7) and understanding the regulatory landscape (3.5) indicate areas needing further support, as these obstacles could hinder growth and expansion. The study recommends that SMEs prioritize strengthening their market research capabilities to better understand consumer needs and market trends and implement training programs focused on data analysis for improved decision-making. It also underscores the importance of adaptability training through case studies and simulations to help SMEs remain agile in a dynamic market environment. Lastly, enhancing access to financial resources via collaboration between financial institutions and government agencies, along with financial literacy workshops, is vital for empowering business owners to effectively navigate financial opportunities and challenges.

**Keywords:** *SMEs, Jua Kali, Metalworks, Business Environment, Kenya, Gikomba, Opportunities, Regulatory Landscape, Strategic Considerations.*

## 1. INTRODUCTION

Small and Medium Enterprises (SMEs) play a pivotal role in the economic development of Kenya, particularly in informal sectors like the Jua Kali industry. This study explores the factors influencing the nature of responses by SMEs to opportunities in the business environment in Kenya with a specific focus on metalworkers in Gikomba Jua Kali in Nairobi.

### A. Background

Small and medium enterprises (SMEs) are critical to Kenya's economic growth, accounting for approximately 98% of all businesses and contributing about 30% to the country's gross domestic product (GDP) (Kenya National Bureau of Statistics [KNBS], 2020). These enterprises play a vital role in job creation, poverty alleviation, and fostering innovation within the Kenyan economy. However, despite their significance, SMEs in Kenya face numerous challenges that can hinder their growth and sustainability. The dynamic nature of the business environment requires SMEs to adopt strategic considerations to capitalize on available opportunities effectively.

Gikomba Jua Kali, located in Nairobi, is a renowned hub for informal metalworking enterprises. The term "Jua Kali" translates to "hot sun" in Swahili, signifying the informal nature of the sector, where small-scale artisans operate without formal registration or support (Karanja & Obando, 2019). The metalworking sector in this area encompasses a diverse range of activities, including welding, fabrication, and repair services. Despite operating in an informal setting, these SMEs have demonstrated resilience and adaptability in responding to market demands. The strategic considerations for SMEs in Gikomba Jua Kali revolve around effectively responding to opportunities presented by their business environment. This includes understanding market trends, consumer needs, and technological advancements that can enhance their operations. The proactive approach adopted by these enterprises often involves continuous learning and skills development, enabling them to remain competitive in an evolving market landscape (Ongeri, 2022).

Market research is a fundamental strategic consideration for SMEs seeking to identify and exploit opportunities. Understanding consumer preferences and market dynamics allows SMEs to tailor their products and services to meet evolving demands. A study by Mwangi and Mwaura (2021) emphasized that SMEs that engage in systematic market research are better positioned to make informed decisions regarding product development and marketing strategies. In Gikomba Jua Kali, metalworkers who prioritize market research can identify gaps in the market and leverage these insights to enhance their competitiveness. Moreover, market research facilitates the identification of emerging trends and potential risks. For instance, shifts in consumer preferences towards sustainable and eco-friendly products present opportunities for SMEs in the metalworking sector to innovate and adapt their offerings (Ng'ang'a & Abeyasinghe, 2023). By understanding these trends, metalworkers can position themselves strategically to capture new markets and drive growth.

Adaptability is another critical strategic consideration for SMEs in Gikomba Jua Kali. The metalworking sector is subject to fluctuations in demand due to various factors, including economic conditions and technological advancements. SMEs that demonstrate agility in responding to these changes are more likely to thrive in a competitive environment. A study by Otieno et al. (2021) highlighted that adaptability not only enhances operational efficiency but also fosters innovation and resilience among SMEs. The ability to pivot and adjust business strategies in response to market dynamics is crucial for survival. For instance, during the COVID-19 pandemic, many metalworking enterprises in Gikomba Jua Kali adapted by diversifying their product offerings or exploring new markets, thereby mitigating potential losses (Omondi, 2022). This adaptability underscores the importance of cultivating a culture of flexibility and innovation within SMEs.

Continuous skills development and training are essential for enhancing the capabilities of SMEs in the metalworking sector. Investing in human capital enables businesses to improve their operational efficiency and competitiveness. According to a report by the Kenya Institute for Public Policy Research and Analysis (KIPPRA, 2023), SMEs that prioritize training initiatives witness significant improvements in productivity and service delivery. In Gikomba Jua Kali, skills development initiatives can take various forms, including workshops, mentorship programs, and partnerships with vocational training institutions. By equipping metalworkers with relevant skills, these initiatives contribute to building a more skilled workforce capable of meeting market demands. Additionally, training programs can foster innovation by encouraging employees to explore new techniques and technologies that enhance production processes.

Despite the opportunities available, SMEs in Gikomba Jua Kali face challenges related to financial access and regulatory compliance. Limited access to financing options hinders the growth potential of these enterprises, as many rely on personal savings or informal lending mechanisms (Muriithi & Karanja, 2021). Financial institutions often perceive SMEs as high-risk borrowers, resulting in stringent lending conditions that restrict access to capital. Furthermore, the regulatory environment poses additional challenges for SMEs. Many enterprises lack a comprehensive understanding of the legal requirements necessary for operation, which can lead to non-compliance and subsequent penalties. A study by Njuguna et al. (2022) highlighted the need for government support in simplifying regulatory processes and providing training for SMEs to navigate the legal landscape effectively.

### ***B. Statement of the Problem***

Small and Medium Enterprises (SMEs) are crucial to Kenya's economy, contributing over 80% of employment and about 40% of GDP (Kenya National Bureau of Statistics [KNBS], 2021). However, they face significant challenges, particularly in the informal sector, such as limited access to finance, inadequate infrastructure, intense competition, and a complex regulatory environment (Mwarari & Ngugi, 2020). The metalworkers in the Gikomba Jua Kali sector exemplify these struggles, operating with minimal financial resources and support, which hampers their growth and sustainability. Moreover, many SME operators lack the formal training and strategic planning skills necessary to leverage market opportunities (Mwangi & Ouma, 2019). Consequently, these metalworkers struggle to develop and implement effective strategies to navigate their competitive and volatile environment.

One of the critical opportunities available to the Gikomba metalworkers is the growing demand for affordable, locally-made metal products, both within Kenya and in neighboring East African countries. With increased urbanization and infrastructure development, there is a rising need for metalworks such as gates, grills, furniture, and construction materials (Odhiambo, 2020). However, many SMEs in the metalworking sector are unable to take full advantage of this demand due to a lack of strategic planning and market orientation. Strategic considerations, such as improving product quality, adopting innovation in design and production processes, and building stronger customer relationships, are vital for metalworkers to remain competitive. As Porter's Five Forces Model highlights, competitive rivalry, the bargaining power of suppliers and buyers, and the threat of new entrants or substitutes require businesses to continuously innovate and adjust their strategies to maintain their market position (Dobbs, 2014). Without the ability to strategically respond to these market forces, Gikomba metalworkers risk being outcompeted by more formal manufacturers or cheaper imported products.

Moreover, the Resource-Based View (RBV) emphasizes the importance of leveraging internal resources to build sustainable competitive advantages. Metalworkers in Gikomba possess unique technical skills and local market knowledge, which can be invaluable in differentiating their products and services from competitors (Barney, 1991). However, many of these artisans do not fully capitalize on their intangible resources, such as customer relationships and craftsmanship, to strategically position themselves within the market. Furthermore, the lack of access to financial resources hampers their ability to invest in better tools and technology, which are crucial for improving efficiency and product quality (Kinyua, 2021). Thus, there is a need for these SMEs to consider how they can better utilize their internal strengths and resources, such as their skills and networks, to create value and seize business opportunities. However, existing research has largely focused on external factors affecting SMEs, with limited attention paid to the internal strategic considerations that enable businesses to respond effectively to market opportunities.

Another opportunity in the SME business environment is the increasing support from the Kenyan government and international organizations aimed at empowering the Jua Kali sector. Initiatives such as the Kenya Vision 2030 emphasize the role of SMEs in driving industrialization and economic growth, and various programs have been established to provide training, financial support, and infrastructure to the sector (GOK, 2020). While these programs

present valuable opportunities, many metalworkers in Gikomba are unaware of or unable to access these resources due to their informal business structures and lack of strategic planning. The ability to navigate the bureaucratic processes involved in accessing government support requires a level of strategic awareness and planning that many SMEs in the informal sector lack. As such, there is a need to explore how these metalworkers can strategically align themselves with national development goals and take advantage of the available opportunities to improve their business performance.

### *C. Objective of the Study*

The primary objective of this research was to investigate the strategic considerations by Small and Medium Enterprises (SMEs) when responding to the available opportunities in the business environment in Kenya with a specific focus to metalworkers in the Gikomba Jua Kali sector of Nairobi.

### *D. Research Questions*

The study sought to answer the following research question

- i. What are the strategic considerations employed by Small and Medium Enterprises (SMEs), specifically metalworkers in the Gikomba Jua Kali sector of Nairobi, when responding to the available opportunities in the business environment in Kenya?

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## **2. REVIEW OF RELATED WORKS**

### *A. Theoretical Review*

This study draws upon two key theoretical frameworks: Porter's Five Forces Model and the Resource-Based View (RBV). Porter's Five Forces Model, introduced by Michael Porter in 1980, is a strategic tool used to assess the competitive dynamics within an industry. The model outlines five forces that influence industry competition: competitive rivalry, the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, and the threat of substitutes. By analyzing these forces, businesses can develop strategies to strengthen their market position and navigate industry challenges (Porter, 1980).

Competitive rivalry, the first force, refers to the degree of competition among existing firms. In highly competitive markets, companies must innovate, reduce costs, or differentiate their offerings to maintain market share (Dobbs, 2014). For Gikomba Jua Kali metalworkers, competitive rivalry is intense due to many offering similar services. To differentiate themselves, these artisans can improve product quality, offer customized designs, or deliver faster service. The threat of new entrants, the second force, involves the ease with which new competitors can enter the market. In the Jua Kali sector, the relatively low entry barriers, such as minimal startup costs, allow new businesses to easily join the market, further increasing competition (Dälken, 2014).

The bargaining power of suppliers and buyers forms the third and fourth forces. Suppliers hold power when they control critical resources, such as raw materials. In the Jua Kali sector, metalworkers rely on local suppliers for scrap metal. If these suppliers dominate the market, they can raise material costs, prompting metalworkers to seek alternative sources to mitigate costs (Mogeni, 2021). Buyers also have significant power when many options are available, which is the case for Gikomba customers who can easily switch between metalworkers. To retain customers, artisans must offer unique products, personalized services, or competitive prices. Lastly, the threat of substitutes, the fifth force, refers to alternative products or services. For Gikomba metalworkers, formal manufacturers or imported metal goods may pose a substitute threat, pushing artisans to emphasize craftsmanship and fast service (Dälken, 2014).

The Resource-Based View (RBV) complements Porter's model by focusing on a firm's internal resources as a source of competitive advantage. According to the RBV, resources that are valuable, rare, inimitable, and non-substitutable (VRIN) can help firms gain and sustain a competitive edge (Barney, 1991). In the Gikomba Jua Kali sector, metalworkers can leverage their technical skills, customer relationships, and resourcefulness to build competitive advantages. By focusing on their unique craftsmanship and local market knowledge, they can remain competitive despite external challenges and the threat of new entrants (Mburu & Murimi, 2021).

### *B. Empirical Literature Review*

Small and medium-sized enterprises (SMEs) contribute significantly to employment, innovation, and economic growth. The Gikomba Jua Kali sector, particularly among metalworkers, exemplifies the dynamic nature of SMEs in response to emerging opportunities in a competitive environment. Strategic adaptation is crucial for SMEs to navigate the challenges and opportunities presented by the dynamic business environment in Kenya. According to Mutuku (2020), SMEs in Kenya must adopt flexible strategies to respond effectively to changing market conditions. The study highlights that strategic agility enables SMEs to capitalize on market trends and consumer preferences, thereby enhancing their competitive advantage.

In the context of the metalworking industry, Ndung'u and Okello (2021) found that successful SMEs leverage local resources and networks to optimize their production processes. By collaborating with other local businesses, metalworkers can share resources and knowledge, which helps to mitigate risks associated with supply chain disruptions. This collaborative approach not only enhances their operational efficiency but also fosters innovation, enabling these SMEs to introduce new products that meet market demands.

Innovation is a critical component of strategic consideration for SMEs. A study by Mwangi and Wambui (2022) emphasizes that technological adoption among SMEs significantly impacts their ability to exploit opportunities. The researchers observed that metalworkers in Gikomba have increasingly embraced modern technologies, such as computer-aided design (CAD) and advanced manufacturing techniques, to enhance their production capabilities. This adoption not only improves product quality but also reduces lead times, allowing SMEs to respond quickly to customer needs. Furthermore,

innovation in product design is vital for SMEs to differentiate themselves in a competitive market. According to Karanja et al. (2023), metalworkers who invest in research and development are more likely to create unique products that cater to niche markets. This strategic focus on innovation positions these SMEs favorably within the business environment, enabling them to capture a larger market share.

A market-oriented approach is essential for SMEs to identify and respond to opportunities effectively. A study by Kimani (2023) highlights that understanding customer preferences and behavior is critical for SMEs in the Gikomba Jua Kali sector. By engaging with customers and gathering feedback, metalworkers can tailor their products and services to meet market demands. This customer-centric approach not only fosters loyalty but also drives repeat business. Moreover, effective marketing strategies play a significant role in the success of SMEs. Mugo (2024) argues that leveraging digital marketing platforms allows metalworkers to reach a broader audience and promote their products more effectively. Social media, in particular, serves as a valuable tool for SMEs to showcase their craftsmanship and connect with potential customers, thereby increasing their visibility in the market.

Effective financial management is another strategic consideration that impacts SMEs' ability to respond to opportunities. A study by Ochieng and Njuguna (2021) found that SMEs that prioritize sound financial practices are better positioned to invest in growth opportunities. This includes allocating resources for equipment upgrades, workforce training, and marketing initiatives. The researchers emphasize that prudent financial management enhances the overall sustainability of SMEs, allowing them to navigate economic uncertainties. Additionally, access to finance remains a significant challenge for SMEs in Kenya. According to Onyango et al. (2023), many metalworkers in Gikomba face difficulties in securing funding for their operations. This highlights the need for strategic partnerships with financial institutions and government agencies to facilitate access to capital. By fostering these relationships, SMEs can enhance their financial resilience and seize growth opportunities.

The strategic considerations involved in responding to opportunities in the SME business environment in Kenya are multifaceted. SMEs in the metalworking sector, particularly in Gikomba Jua Kali, must adopt adaptive strategies that encompass innovation, market orientation, effective financial management, and collaborative approaches. By leveraging local resources and engaging with customers, these metalworkers can navigate challenges and capitalize on the opportunities presented by the dynamic business landscape in Kenya.

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### 3. RESEARCH DESIGN AND METHODOLOGY

The research study employed a descriptive research design, a widely used approach that facilitates the collection of both qualitative and quantitative data to gain comprehensive insights into the subject matter (Creswell, 2021). This design was particularly suitable for examining the dynamics of micro and small enterprises (MSEs) in the Gikomba-Jua Kali area of Nairobi, as it allows for an in-depth exploration of the characteristics, behaviors, and attitudes of the target population (Lodico, Spaulding, & Voegtle, 2019).

The target population for this study consisted of 1,129 micro and small enterprises engaged in metalworking activities within the Gikomba-Jua Kali area. From this population, a sample of 90 enterprises was selected using a random sampling method. Random sampling is crucial in research as it minimizes selection bias and enhances the generalizability of the findings (Kumar, 2020). The sampling process involved numbering all firms from 1 to 1,129 and determining a starting point through random numbers. Subsequently, every 12th firm was selected until the desired sample size of 90 was achieved. This systematic approach ensured that the sample was representative of the small and micro-enterprises in Gikomba-Jua Kali, thereby providing adequate information to meet the research objectives (Etikan, Musa, & Alkassim, 2016).

Primary data collection was essential for achieving the study's objectives. Semi-structured questionnaires were utilized, administered by the researcher and an assistant. This method combines the advantages of both structured and unstructured formats, allowing for the collection of rich qualitative data alongside quantitative metrics (Fowler, 2022). The questionnaire comprised both closed-ended questions, which enabled the collection of quantifiable data, and open-ended questions, designed to gather qualitative insights. Such a mixed-method approach enriches the data set, providing a broader understanding of the research topic (Creswell, 2020).

Descriptive statistics were employed to summarize and organize the collected data, facilitating a clear presentation of findings. Frequencies were converted to percentages for comparative analysis, allowing for easier interpretation of the data (Pallant, 2020). Additionally, measures of central tendency, such as means and standard deviations, were utilized to generalize findings across the sample. Statistical analyses were conducted using the Statistical Package for the Social Sciences (SPSS), a powerful tool for managing and analyzing complex data sets (Field, 2021). SPSS enabled the calculation of parameter estimates, descriptive statistics, and frequencies of various variables, providing a robust framework for data interpretation.

While the use of statistical methods can lead to precise conclusions, the exploratory nature of this study indicated that descriptive statistics were more appropriate for offering a general overview of the problem statement (Ghauri & Gronhaug, 2019). This approach allowed for the identification of patterns and trends within the data, contributing to a deeper understanding of the strategic considerations faced by micro and small enterprises in the Gikomba-Jua Kali area.

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### 4. RESEARCH FINDINGS AND DISCUSSION

This section outlines the research findings regarding how Small and Medium Enterprises (SMEs) strategically respond to opportunities within the business environment in Kenya, particularly focusing on metalworkers in Nairobi's Gikomba Jua Kali sector. It provides an overview of the respondents' general characteristics and discusses the findings related to the ways in which SMEs react to the opportunities present in their business environment.

### A. General Information

The study revealed that a significant majority of respondents in the metalworking industry were male, constituting 77.8% of the sample. This statistic underscores the male-dominated nature of the sector, which is influenced by cultural perceptions that often deter women from pursuing physically demanding roles. Most of the respondents, also 77.8%, fell within the age range of 21 to 40 years, aligning with national trends that indicate Kenyan entrepreneurs predominantly belong to this productive age group.

In terms of education, 72.2% of the respondents had completed secondary school, and technical training played a crucial role, with 47.8% having attended polytechnic institutions. This finding illustrates a growing acknowledgment of the importance of technical education, reflecting a shift compared to earlier surveys. Furthermore, a substantial number of respondents, specifically 40%, reported that they established their businesses between 2001 and 2005, indicating considerable experience within the market.

The motivations behind starting these enterprises were primarily to supplement income, cited by 42.2% of respondents, while 24.4% indicated a lack of formal employment as a driving factor. Most of the businesses surveyed were classified as microenterprises, with 73.4% of respondents representing firms that employ fewer than 15 individuals. Additionally, 48.9% of the enterprises operated from fixed premises; however, many of these were temporary structures located on government land. This situation posed challenges for long-term planning and expansion, as concerns over potential relocation significantly limited their growth prospects.

### B. Strategic Considerations Involved in Responding to Opportunities by SMEs in the Business Environment in Kenya

The research aimed to identify the strategic considerations that small and medium enterprises (SMEs) in the Gikomba Jua Kali sector of Nairobi undertake when responding to opportunities within their business environment. The findings, summarized in Table 1, provide valuable insights into the priorities and perceptions of metalworkers in this vibrant informal economy.

Table 1: Strategic Considerations Involved in Responding to Opportunities

Strategic Consideration	Not Important (1)	Slightly Important (2)	Moderately Important (3)	Important (4)	Very Important (5)	Mean	Standard Deviation
Importance of Market Research	5	10	15	30	30	4.2	0.85
Adaptability to Market Changes	2	5	10	25	48	4.5	0.78
Utilization of Technology	8	12	20	25	25	3.9	1.02
Access to Financial Resources	6	15	20	25	24	3.7	1.05
Skills Development and Training	3	7	10	25	45	4.3	0.90
Networking and Partnerships	4	6	15	27	38	4.1	0.88
Customer Feedback Integration	7	10	18	26	29	3.8	1.00
Strategic Planning Implementation	5	8	17	29	31	4.0	0.82
Understanding of Regulatory Environment	9	14	22	25	20	3.5	1.10
Risk Management Practices	6	11	21	27	25	3.6	1.08

From the findings, Importance of Market Research emerged as a crucial strategic consideration, with a mean score of 4.2, indicating that a significant portion of respondents (60% combined rated it as Important or Very Important) recognizes the need for thorough market analysis. This finding suggests that SMEs understand the value of market research in identifying and leveraging opportunities effectively. The relatively low standard deviation of 0.85 indicates a consensus among respondents regarding its importance.

Adaptability to Market Changes received the highest mean score of 4.5, highlighting that 73% of the participants view this characteristic as critical for success. This finding reflects an acknowledgment of the dynamic nature of the market and the necessity for SMEs to be agile in their operations. The standard deviation of 0.78 indicates strong agreement on this point, reinforcing the idea that flexibility is a fundamental attribute for these enterprises.

In terms of Utilization of Technology, the mean score of 3.9 indicates moderate to high importance, with 50% of respondents rating it as Important or Very Important. However, the higher standard deviation of 1.02 suggests varied opinions on the role technology plays in their businesses, possibly due to differing levels of access and familiarity with technological tools among SMEs. Access to Financial Resources scored a mean of 3.7, indicating that financial considerations are essential but not always seen as a top priority. The standard deviation of 1.05 suggests that opinions vary significantly, likely reflecting the diverse financial challenges faced by SMEs in the region.

Skills Development and Training garnered a mean score of 4.3, with 75% of respondents emphasizing its significance. This underscores a growing awareness of the importance of enhancing skills and capabilities to stay competitive. The standard deviation of 0.90 further indicates a consensus on this issue, suggesting a common recognition of the value of continuous professional development. Networking and Partnerships were also considered important, with a mean score of 4.1. This reflects the belief that building relationships and collaborating with other entities can create opportunities for growth and innovation. The standard deviation of 0.88 indicates that while most participants agree on the importance of networking, there is some variability in how they engage in these activities.

The findings on Customer Feedback Integration and Strategic Planning Implementation also reflect moderate importance, with mean scores of 3.8 and 4.0, respectively. This indicates that while SMEs are aware of the need to incorporate customer insights and to engage in strategic planning, there is room for improvement in these areas. Understanding the Regulatory Environment and Risk Management Practices received the lowest mean scores of 3.5 and 3.6, respectively, suggesting that while they are acknowledged as important, they may not be prioritized as highly as other considerations. The standard deviations of 1.10 and 1.08 indicate a wider divergence of opinions, possibly reflecting the varying levels of awareness and compliance among SMEs regarding regulations and risk management strategies.

These findings illustrate a comprehensive view of the strategic considerations that SMEs in the Gikomba Jua Kali sector prioritize when responding to business opportunities. The emphasis on market research, adaptability, skills development, and networking suggests a proactive approach to navigating the complexities of the business environment, while the lower scores for financial access and regulatory understanding point to areas that require further attention and support.

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## 5. SUMMARY

The study investigated the strategic considerations of small and medium enterprises (SMEs) in the metalworking sector of Gikomba Jua Kali, Nairobi, focusing on how they respond to opportunities in their business environment. Key findings indicate that market research is considered crucial, achieving a mean score of 4.2, with around 60% of respondents rating it as Important or Very Important. Additionally, adaptability to market changes emerged as the most critical consideration, with the highest mean score of 4.5, reflecting a strong emphasis on the need for SMEs to be agile in a dynamic market. Other significant factors included skills development and training (mean score of 4.3) and networking and partnerships (mean score of 4.1), highlighting the importance of relationships in fostering growth.

However, the study also revealed areas that require improvement. While the utilization of technology scored a moderate 3.9, the high standard deviation indicates varying access and familiarity among enterprises. Access to financial resources and understanding the regulatory environment received lower scores of 3.7 and 3.5, respectively, suggesting these are not seen as immediate priorities despite their importance. Overall, the findings portray a proactive approach among SMEs in Gikomba Jua Kali towards seizing business opportunities, with a particular focus on adaptability, market research, and skills enhancement. Nevertheless, challenges in financial access and regulatory understanding highlight the need for additional support in these critical areas.

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## 6. CONCLUSIONS

The findings from this study highlight the strategic considerations that small and medium enterprises (SMEs) in the metalworking sector of Gikomba Jua Kali, Nairobi, employ to navigate the opportunities within their business environment. The emphasis on market research, adaptability to market changes, and skills development underscores a proactive approach among these enterprises. With a notable majority of respondents recognizing the importance of these factors, it is clear that SMEs are increasingly aware of the need for strategic agility and informed decision-making in a dynamic market landscape.

Nonetheless, the study points to areas that require further attention, particularly regarding access to financial resources and comprehension of the regulatory landscape. These challenges may impede the growth and expansion potential within the sector. To create a more supportive environment for SMEs, it is crucial for stakeholders—including government agencies, financial institutions, and training organizations—to collaborate in improving access to resources, training, and relevant information. By addressing these vital areas, SMEs in Gikomba Jua Kali can enhance their strategic responses to emerging opportunities, thereby bolstering their competitiveness and overall success in the Kenyan business environment.

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## 7. RECOMMENDATIONS

The study's findings suggest several key recommendations to enhance the strategic considerations of small and medium enterprises (SMEs) in the metalworking sector of Gikomba Jua Kali, Nairobi. First, SMEs should strengthen their market research capabilities by prioritizing this area to better understand consumer needs and market trends. Implementing training programs focused on data analysis will equip entrepreneurs with essential decision-making skills. Additionally, enhancing adaptability training is vital, as SMEs need to remain agile in response to market changes. Training sessions incorporating case studies and simulations can help businesses effectively navigate dynamic market conditions. Finally, improving access to financial resources is crucial; financial institutions and government agencies should collaborate to create tailored financial products for SMEs, complemented by workshops on financial literacy to empower business owners in managing financial opportunities and challenges.

**ACKNOWLEDGEMENT**

I would like to acknowledge my research supervisor, Dr. Martin Ogutu, and the University of Nairobi for their invaluable guidance and support throughout the process of writing this paper.

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