



Factors Influencing the Nature of Responses of Smes to the Available Opportunities in the Business Environment in Kenya: The Case of Metal Workers in Gikomba Jua Kali in Nairobi

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ABSTRACT

The general business environment is influenced by various factors resulting into emergence of both opportunities and constrains to business development in general. It is also important to note that the environment is dynamic in nature. Businesses are expected to respond appropriately to their environment by capitalizing on available opportunities to enable them survive and even grow. The primary objective of this study was to assess the key factors influencing the nature and of responses by Small and Medium Enterprises (SMEs) to the available opportunities in the business environment in Kenya with a specific focus to metalworkers in the Gikomba Jua Kali sector of Nairobi. Resource-Based View (RBV) and the Entrepreneurial Orientation (EO) Theory formed the foundation of 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 indicated that resource availability, market dynamics, and adaptability significantly influence the responses of metalworkers to business opportunities. Specifically, the study revealed that 85% of the SMEs engaged in long-term planning, while 92% prioritized product differentiation to remain competitive. Furthermore, a notable 80% emphasized cost reduction when pursuing new opportunities. In conclusion, the study highlights the resilience and adaptability of SMEs in Gikomba, demonstrating their strategic foresight despite operating in resource-constrained environments. Key factors influencing their responses to business opportunities include resource availability, market dynamics, and a strong customer focus, with metalworkers employing long-term planning and product differentiation to remain competitive. The study recommends enhancing access to affordable financial resources for SMEs in the Gikomba Jua Kali sector, targeted capacity-building and training programs for improving adaptability and competitiveness, ultimately supporting the long-term sustainability and growth of these enterprises in Kenya's dynamic business environment

Keywords: *SMEs, Jua Kali, metalworkers, business environment, Kenya, Gikomba, opportunities, economic development, market competition, access to capital.*

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

The Micro and Small Enterprises (MSE) sector is a universal phenomenon, recognized as a significant driver of economic activity across nations. The desire to establish small businesses transcends geographical boundaries, with entrepreneurship flourishing in various industries worldwide (Brijlal et al., 2020). In the United States, for example, recent trends highlight a burgeoning interest in small business creation, reflecting a broader global movement toward entrepreneurship (Anderson, 1993). In Kenya, the SME sector contributes over 30% of the Gross Domestic Product (GDP) and employs more than 80% of the workforce, especially within the informal economy (Kenya National Bureau of Statistics [KNBS], 2022). Notably, the Jua Kali sector, where metalworkers in Gikomba operate, is characterized by resilience and adaptability, yet it faces numerous challenges, including limited access to finance and inadequate infrastructure, which significantly influence the nature of SMEs' responses to available business opportunities (Mburu & Murimi, 2021).

Since gaining independence in the 1960s, the Kenyan government and various stakeholders have increasingly focused on fostering the MSE sector as a means to generate employment and stimulate economic growth. This focus has led to a series of policy interventions aimed at creating an enabling

environment for MSEs to thrive and transition into medium-sized enterprises (Republic of Kenya, 1986). However, despite these efforts, the sector has experienced predominantly horizontal growth with limited vertical advancement (McCormick & Wahome, 2020). Scholars agree that the relationship between small enterprises and their operating environment is complex and multifaceted, with varying interpretations regarding the competitive dynamics between SMEs and larger firms (McCormick, 1996). Understanding how SMEs in Gikomba Jua Kali respond to the business environment is crucial for identifying strategies that enhance their adaptability and competitiveness in a rapidly changing market (Kibera, 2020; Daniels, 2001).

Strategic responses to environmental opportunities are vital for the survival and growth of SMEs. Effective strategic planning enables these enterprises to set clear objectives, identify market niches, and establish competitive advantages in an increasingly globalized economy (Porter, 1990). Additionally, operational responses, encompassing day-to-day management and operational efficiency, are critical for addressing challenges inherent in the business environment (Njoroge, 2019). This study aims to investigate the factors influencing the nature of responses of SMEs, particularly metalworkers in Gikomba, to the available opportunities in the business environment in Kenya. By examining these responses, the research seeks to contribute valuable insights into enhancing the sustainability and growth of SMEs in this dynamic sector.

B. Statement of the Problem

The operating environment of any organization is very dynamic such that time and again new opportunities and threats emerge. Although changes in the business environment may create different challenges to varying industries, the way in which the industry players respond will determine their performance. According to Porter (1998), businesses which fail to do a thorough environmental analysis to identify opportunities, threats, strengths and weaknesses, will not have competitive advantage over others and are destined to fail. Evaluating the opportunities is the starting point of all growth of the business as the entrepreneur will understand what business strategy can tap the opportunity, resources required, costs and returns to (Porter 1998).

SMEs are vital to Kenya's economy, contributing significantly to job creation and economic growth (Kibera & Njuguna, 2020). However, these enterprises often operate under constraints such as inadequate access to financial resources, insufficient market information, and lack of technical skills, which impede their ability to adapt to changing market conditions (Gichuki et al., 2019). Previous studies indicate that various factors, including resource availability, market dynamics, and competitiveness, heavily influence how SMEs respond to opportunities (Njeru, 2021; Omwenga, 2022). For instance, Njeru (2021) emphasizes that financial limitations often hinder the ability of SMEs to invest in new technologies and expand their operations, while Omwenga (2022) highlights the importance of strategic planning and market research in identifying and responding to emerging opportunities.

While existing research provides valuable insights into the factors affecting SME responses to business opportunities, there is a notable gap regarding the specific context of the Gikomba Jua Kali metalworkers. Most studies have focused on formal sectors or have taken a generalized approach to SMEs across various industries (Gichuki et al., 2019; Kibera & Njuguna, 2020). The unique characteristics of informal sector enterprises, such as their operational dynamics, community-based networks, and adaptability, have not been sufficiently explored in the literature. Furthermore, there is limited understanding of how socio-economic factors specific to the Gikomba Jua Kali environment influence the responses of metalworkers to business opportunities.

This research aims to fill this gap by examining the various factors influencing the nature of responses of SMEs in the Gikomba Jua Kali sector to available opportunities. By focusing specifically on the experiences of metalworkers, this study seeks to provide tailored recommendations that address the unique challenges faced by these enterprises and enhance their capacity to thrive in a competitive business environment.

C. Objective of the Study

The general objective of this research was to assess the factors influencing the nature of responses by Small and Medium Enterprises (SMEs) 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 factors influencing the nature of responses by Small and Medium Enterprises (SMEs) to the available opportunities in the business environment in Kenya, specifically among metalworkers in the Gikomba Jua Kali sector of Nairobi? Kenya

2. REVIEW OF RELATED WORKS

A. Theoretical Review

This study is grounded on two key theoretical frameworks that provide a robust foundation for analysis: the Resource-Based View (RBV) and the Entrepreneurial Orientation (EO) Theory. These theories are integral in explaining how SMEs leverage internal resources and entrepreneurial capabilities to respond to opportunities within the business environment. The Resource-Based View (RBV) theory posits that the competitive advantage of a firm lies in its internal resources, such as capabilities, assets, and knowledge, rather than external factors. For SMEs, particularly in the informal sector like Jua Kali metalworkers, their ability to respond to business opportunities is shaped by the resources they control, including financial capital, technical skills, and market knowledge (Barney, 1991). SMEs with better access to resources are more likely to capitalize on business opportunities and expand their operations compared to those with limited resources (Wernerfelt, 1984). This theory explains the variability in responses among SMEs when faced with the same external opportunities.

The Entrepreneurial Orientation (EO) theory on the other hand addresses how firms engage in innovative, proactive, and risk-taking behaviors to exploit opportunities in the marketplace. This is particularly relevant for SMEs in dynamic and competitive environments like the Gikomba Jua Kali sector. Firms with high entrepreneurial orientation are more likely to capitalize on new opportunities, invest in innovation, and take calculated risks to gain a competitive advantage (Lumpkin & Dess, 1996). For Jua Kali metalworkers, EO can influence their ability to seize market opportunities, differentiate their products, and expand into new markets.

B. Empirical Literature Review

The business environment is characterized by constant change, presenting organizations with both opportunities and challenges. Key factors influencing this environment include government policies, socio-economic dynamics, and globalization, which compel organizations to analyze these dynamics carefully. This analysis allows businesses to identify opportunities and respond strategically to ensure their survival and growth. The shift towards a paradigm where governments are expected to minimize their roles has emerged, prompting nations, including Kenya, to explore reasons for differing prosperity levels. A crucial question raised by Porter (1990) revolves around why certain nations become home to leading industries, pushing governments to foster conditions that promote high productivity and improve living standards.

Research has shown that the success of small and medium-sized enterprises (SMEs) is deeply influenced by the business environment in which they operate. Firms' competitiveness hinges on their ability to navigate and respond to various environmental factors, encompassing economic, political, and social dimensions. The Jua Kali sector in Gikomba represents a unique informal framework where metalworkers face both opportunities and challenges. Their strategic responses, such as market penetration and diversification, depend on external pressures and internal capabilities, which shape their resilience. While a favorable business environment may create opportunities, it ultimately falls to enterprises to leverage these opportunities effectively.

Despite the potential for success in a conducive business environment, organizations must actively pursue government-created opportunities through strategic approaches. Porter's analysis of over 100 industries revealed that successful firms exhibiting sustained competitive advantage share certain behaviors that enable them to exploit environmental opportunities. However, small business owners often navigate many unknowns, and research into their activities remains limited, necessitating reliance on survey methods for data collection. Consequently, the growth of small firms in relation to their business environment is a poorly understood area, highlighted by a lack of existing research on effective decision-making strategies. Scholars and entrepreneurs alike continue to grapple with the complexities that influence small business growth.

Global challenges affect small businesses similarly, compelling them to devise strategies to respond effectively to environmental threats and opportunities. Studies indicate that small enterprises often emerge during economic recessions, driven by factors such as job insecurity and technological advancements. Motivations for starting micro and small enterprises (MSEs) frequently include income generation, the presence of market opportunities, and a desire for independence. Moreover, research underscores that small businesses require support in areas such as financing, materials, and service delivery, emphasizing the need for an enabling environment that avoids bureaucratic obstacles. Understanding the diverse needs of MSEs is crucial for providing effective support and enhancing their growth prospects.

In response to environmental challenges, small firms adopt various strategies, including specialization and niche marketing. Some firms may invest in technology and product innovation, while others focus on location strategies to maintain competitive advantages. For instance, MSEs may choose to position themselves near suppliers to minimize transportation costs or locate in high-traffic areas to attract customers. The theory of competitive advantage illustrates that small firms can thrive by focusing on niche markets and utilizing innovative strategies to navigate fragmented markets. Ultimately, understanding the interplay between competitive forces and small enterprise responses is vital for fostering resilience and growth in this sector.

3. RESEARCH DESIGN AND METHODOLOGY

The research study utilized a descriptive research design, collecting both qualitative and quantitative data. The target population comprised 1,129 micro and small enterprises engaged in metal works in the Gikomba-Jua Kali area of Nairobi. From this population, a sample of 90 enterprises was selected through random sampling. This was achieved by numbering all firms from 1 to 1,129 and determining a starting point using random numbers. Subsequently, every 12th firm was chosen until the sample size of 90 was reached. This sample was deemed representative of the small and micro-enterprises in Gikomba-Jua Kali, providing adequate information to meet the research objectives.

Primary data was primarily required to achieve the study's aims. This data was collected through semi-structured questionnaires administered by the researcher and an assistant. The questionnaire included both closed-ended and open-ended questions; the latter aimed to gather qualitative data, while the former focused on obtaining quantitative data. Descriptive statistics were employed to summarize and organize the collected data, with frequencies converted to percentages for comparative purposes. Measures of central tendency, such as standard deviations, were utilized for generalizations. The statistical analyses were conducted using the Statistical Package for the Social Sciences (SPSS), which facilitated calculations of parameter estimates, descriptive statistics, and frequencies of various variables. Although statistical methods could provide clear conclusions, the exploratory nature of this study meant that descriptive statistics offered a general view of the problem statement.

4. RESEARCH FINDINGS AND DISCUSSION

This section presents the research findings on factors influencing the nature of responses by Small and Medium Enterprises (SMEs) to the available opportunities in the business environment in Kenya with a specific focus to metalworkers in the Gikomba Jua Kali sector of Nairobi. It includes an overview of the respondents' general information and a discussion of the findings related the nature of responses by Small and Medium Enterprises (SMEs) to the available opportunities in the business environment.

A. General Information

The study found that the majority of respondents in the metalworking industry were male (77.8%), indicating a male-dominated sector, influenced by cultural perceptions that discourage women from pursuing physically demanding opportunities. Most respondents (77.8%) were aged 21-40 years, consistent with national trends showing that Kenyan entrepreneurs are primarily within the productive age range. Regarding education, 72.2% had completed secondary school, and technical training was significant, with 47.8% attending polytechnic institutions. This reflects an increasing recognition of the value of technical education compared to earlier surveys. The majority of respondents (40%) started their businesses between 2001 and 2005, indicating substantial experience in the market. Motivations for starting businesses included supplementing income (42.2%) and lack of formal employment (24.4%). Most enterprises were classified as micro (73.4%), with a small number employing over 15 individuals. Additionally, 48.9% operated from fixed premises, but most were temporary structures on government land, which limited their ability to pursue long-term planning and expansion due to concerns over relocation.

B. Factors that Influence the Nature of Responses of SMEs to the Available Opportunities in the Business Environment in Kenya

Here the researcher sought to establish the factors that dictate the nature of response by SMEs to available opportunities. The findings are as tabulated in table 2.

Table 1: Factors that Dictate the Nature of Response by SMES to the Available Opportunity

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std Dev
Before taking up a business I consider the financial resources available	66.7	28.9	2.2	2.2	0	1.42	0.64
The competition existing in the market dictates our choice of an opportunity	30	64.4	2.2	3.3	0	1.84	0.74
My choice of an opportunity depends on its ability to last longer	27.8	37.8	27.8	5.6	1.1	2.22	1.04
Desirable opportunity is one that has not been exploited by another	22.2	38.9	20	18.9	0	2.34	1.02
The accessibility of the market determines my choice of an opportunity	26.7	40	16.7	8.9	7.8	2.26	1.1
The government regulations dictates the attractiveness of an opportunity	18.9	28.9	28.9	22.2	1.1	2.6	1.05
The security concerns in taking up an opportunity is an important consideration before making a choice	33.3	40	18.9	7.8	0	1.92	0.92
Before taking up an opportunity I consult an expert to do the analysis	5.6	32.2	18.9	40	3.3	3.26	0.99
I can only take one business at a time and not more	18.9	30	11.1	32.2	7.8	3	1.28

A striking 95.6% of respondents acknowledged the importance of financial resources, with 66.7% strongly agreeing that they consider available finances before starting a business. This consensus is reflected in a low mean score of 1.42 and a standard deviation of 0.64, indicating that financial capacity is a critical determinant in the entrepreneurial decisions of these small and medium-sized enterprises (SMEs). The results shows the significance of access to capital in facilitating their business ventures.

In addition to financial considerations, market competition emerges as another crucial factor influencing the choices of these entrepreneurs. An impressive 94.4% of respondents agreed that competition dictates their decisions, with 30% strongly agreeing. The mean score of 1.84 and a standard deviation of 0.74 suggest that the competitive landscape significantly shapes the willingness of metalworkers to pursue specific opportunities, highlighting their keen awareness of market dynamics. The longevity of opportunities also holds moderate importance in their decision-making, as indicated by a mean score of

2.22. While 65.6% of respondents expressed a preference for opportunities with lasting potential, a notable 27.8% remained neutral on this issue, suggesting variability in how longevity is prioritized among these entrepreneurs.

The desire for exclusive opportunities that have not yet been exploited by others is somewhat significant, with a mean score of 2.34. While 61.1% of respondents agreed with this notion, the presence of 20% neutrality points to differing attitudes regarding the importance of innovation versus exclusivity in opportunity selection. Market accessibility is another influential factor, yielding a mean score of 2.26. Though 66.7% of respondents regard market access as important, the emphasis on this factor appears to be less pronounced compared to financial considerations and competition.

Responses regarding government regulations were mixed, producing a mean score of 2.6. A significant portion of respondents (47.8%) disagreed or strongly disagreed that regulatory factors critically affect opportunity attractiveness. This indicates that metalworkers may not view government regulations as a primary concern compared to other determinants of opportunity selection. Security concerns also emerge as a notable factor, with 73.3% of respondents agreeing that security issues are essential when considering business opportunities. The mean score of 1.92 highlights the need for a secure operating environment, reinforcing the significance of safety in entrepreneurial decision-making.

Interestingly, the practice of consulting experts before pursuing an opportunity received less emphasis, with only 37.8% of respondents agreeing that this is common. The mean score of 3.26 indicates that many metalworkers may prefer relying on personal judgment and experience rather than seeking formal analysis or expert advice. Lastly, the perception that one can only handle one business at a time also stood out, with a mean score of 3.0 and 32.2% of respondents disagreeing with this notion. This suggests that many entrepreneurs in this sector lean towards focusing on singular ventures rather than diversifying their efforts, indicating a risk-averse approach among certain participants.

In wholesome, these findings reveal the complexities faced by metalworkers in Gikomba Jua Kali as they navigate available business opportunities. Financial considerations and market competition are the most influential factors, while security concerns and the longevity of opportunities also play significant roles. The relatively low emphasis on consulting experts and the mixed views on government regulations indicate areas where capacity-building efforts could be beneficial, potentially enhancing the resilience and adaptability of these SMEs in a competitive business environment.

C. Nature of Responses by SMEs to the Available Opportunities in the Business Environment in Kenya

Table 2: Nature of Responses by SMEs to the Opportunities in Kenya

Strategies	Very great extent	Great extent	Moderate extent	Very little extent	Not at all		
					Mean	Std dev	
My business plan goes beyond one year for any opportunity I take.	62	23	4	7	4	1.24	0.43
In taking up an opportunity, my focus is to lower costs as much as possible.	71	9	7	5	6	1.34	0.48
I'm ready to involve more staff if a new profitable opportunity occurs.	84	11	5	0	0	1.16	0.37
I make my product features different for easier identification by customers.	69	23	4	4	0	1.28	0.45
In distributing my products, I focus on a small portion of the market	64	21	10	3	2	1.46	0.5
I monitor the market movements in products demand before making any products.	60	18	15	3	4	1.24	0.43
I'm ready to involve casual staff to fill any inadequacies in manpower during peak times.	72	15	10	3	0	1.2	0.46
I can give up a business unit that does not perform well to take up a promising opportunity.	69	27	4	0	0	1.2	0.4
I focus on making my products unique in an identifiable market area.	63	27	10	0	0	1.24	0.43
I always look for the cheapest source of raw materials to be able to reduce costs	50	50	0	0	0	1.57	0.5
I use very high quality raw materials to reduce customer complaints on quality.	45	51	4	0	0	1.36	0.48

I can merge with my competitor to take up opportunities for which have inadequate resources.	60	24	10	4	2	1.26	0.44
I promote my products to make them well known to the customers.	84	16	0	0	0	1.2	0.4
My customers' complaints guide my corrections on product quality.	87	13	0	0	0	1.22	0.42
In taking up an opportunity my customers guide my product design.	60	21	14	5	0	1.24	0.43
My main aim in business is to be the best in long term	71	12	9	6	2	1.26	0.44
I am ready to involve experts in areas that I require advice	89	11	0	0	0	1.26	0.44

The results provide valuable insights into the nature of responses small and medium-sized enterprises (SMEs) use as they navigate the challenges and opportunities within their business environment. From the study findings a significant percentage, 85% of the metalworkers surveyed indicated that their business plans extend beyond one year when pursuing opportunities. This is evidenced by a mean score of 1.24 and a standard deviation of 0.43, suggesting a strong inclination towards long-term strategic planning. Such an approach is critical for ensuring sustainability and fostering growth in a competitive marketplace.

Cost efficiency emerged as another key concern, with 80% of respondents acknowledging a focus on minimizing costs when seizing opportunities. This resulted in a mean score of 1.34 and a standard deviation of 0.48. This pragmatic resource management reflects the financial constraints often faced by SMEs, emphasizing the importance of cost reduction in their operational strategies. Additionally, an impressive 95% of participants expressed a willingness to involve more staff when presented with profitable opportunities. This readiness is highlighted by a low mean score of 1.16 and a standard deviation of 0.37, indicating a proactive approach to workforce management. The flexibility to scale up human resources demonstrates these metalworkers' adaptability in capitalizing on emerging prospects.

The data also revealed that 92% of respondents prioritize product differentiation by making their product features distinct for easier identification by customers, resulting in a mean score of 1.28. This underscores the significance of branding and uniqueness in attracting and retaining customers in a competitive market. Furthermore, the findings indicate that 85% of SMEs concentrate on specific market segments, as evidenced by a mean score of 1.46. This targeted marketing strategy enables them to tailor their offerings to meet the specific needs of their defined customer base, enhancing their competitiveness.

Proactive market monitoring is also evident, with 68% of participants reporting that they analyze market demand trends before launching new products. This proactive approach, reflected in a mean score of 1.24, highlights their awareness of the dynamic nature of consumer preferences, allowing them to respond effectively to changing market conditions. The flexibility in staffing is further demonstrated by the readiness of 87% of respondents to employ casual staff during peak demand periods, yielding a mean score of 1.20. This strategy helps metalworkers manage workforce fluctuations without the need for permanent staffing increases, ensuring they can adapt to varying demand levels.

Additionally, a striking 96% of respondents expressed their willingness to abandon underperforming business units in favor of more promising opportunities, indicated by a mean score of 1.20. This adaptability signifies a strong commitment among these entrepreneurs to pursue strategies that enhance overall business viability. The intention to create unique products within a specific market area was also noted, with 90% of respondents agreeing with this approach. This commitment to establishing a distinct market presence is supported by a mean score of 1.24.

When it comes to sourcing raw materials, half of the participants indicated a preference for the cheapest options, yielding a higher mean score of 1.57. However, an overwhelming majority (96%) also emphasized the importance of using high-quality raw materials to reduce customer complaints, resulting in a mean score of 1.36. This dual strategy illustrates the balance between cost reduction and quality maintenance. The readiness to collaborate with competitors for resource sharing is another noteworthy aspect, with 84% of respondents supporting this strategy, as reflected in a mean score of 1.26. This collaborative mindset highlights the recognition of the advantages offered by strategic alliances in overcoming resource limitations.

The emphasis on product promotion is striking, with all respondents affirming its importance, resulting in a mean score of 1.20. Furthermore, 87% indicated that customer feedback plays a vital role in guiding corrections on product quality, yielding a mean score of 1.22. This customer-centric approach is crucial for continuous improvement and responsiveness to market needs. Lastly, 81% of participants noted that customer feedback informs their product design, underscoring the significance of aligning offerings with consumer expectations, supported by a mean score of 1.24. This highlights the ongoing effort to engage with customers and integrate their insights into product development.

In conclusion, the findings reveal a robust strategic framework among the metalworkers in Gikomba Jua Kali, characterized by long-term planning, cost efficiency, proactive staffing strategies, and a strong emphasis on product differentiation and targeted market focus. Their readiness to adapt, collaborate, and prioritize customer feedback further underscores their resilience and capability to navigate the complexities of the Kenyan business environment. These strategies not only enhance their competitive edge but also position them favorably for sustainable growth in a challenging marketplace.

5. SUMMARY

The SMEs in this study are mainly metalworkers operating within the Gikomba Jua Kali sector, an informal but vital part of Kenya's economy. These businesses, despite their varying sizes and financial constraints, demonstrate considerable experience, resilience, and a strong commitment to sustainability and strategic growth. Although most are small-scale, they remain adaptable and forward-thinking. Several key factors influence how these SMEs respond to business opportunities. First, resource availability—both financial and human—plays a critical role in their decision-making processes. Market dynamics, including shifting customer preferences, also affect how and when new products are introduced. Additionally, cost control is vital as these businesses often face financial limitations, prompting them to adopt cost-effective strategies. The need to remain competitive in a saturated market influences decisions about product differentiation and marketing, while adaptability allows them to adjust operations, expand their workforce when needed, and discontinue underperforming business units.

In response to business opportunities, these SMEs display several notable strategies. For example, 85% of respondents engage in long-term business planning, while 80% emphasize cost reduction as a core part of their strategy. Flexibility in staffing is also evident, with 95% of SMEs willing to hire additional staff when profitable opportunities arise. Most respondents (92%) focus on product differentiation to ensure their offerings stand out in the market. They also take a targeted approach to their customer base, with 85% tailoring their products to meet specific market needs, while 68% actively monitor demand trends before launching new products. Moreover, adaptability in workforce management is a common practice, with 87% of businesses employing casual labor to handle peak demand periods. A notable 96% are open to discontinuing unproductive business ventures in favor of more lucrative opportunities. Collaboration also plays a role, with 84% of SMEs open to merging with competitors to pool resources. Customer feedback is another critical factor, with 81% of respondents designing products based on customer preferences, and 87% using customer complaints to improve product quality.

6. CONCLUSIONS

In conclusion, the study reveals several key insights. Despite operating in an informal and resource-constrained environment, these SMEs demonstrate remarkable resilience, adaptability, and strategic foresight. The factors that dictate their responses to business opportunities include resource availability, market dynamics, cost constraints, competitiveness, and a strong customer focus. The study shows that Gikomba metalworkers employ long-term planning, cost-conscious strategies, and product differentiation to remain competitive in a crowded market. Their readiness to adapt to market shifts, scale operations, and collaborate with competitors highlights their proactive approach to leveraging opportunities. Moreover, their emphasis on customer feedback and market monitoring positions them to respond effectively to changing consumer preferences and demand trends. Ultimately, the ability of these SMEs to navigate both internal and external challenges, while maintaining a focus on growth and sustainability, underscores their crucial role in Kenya's economic landscape. The findings emphasize the importance of supporting SMEs in the informal sector, as they contribute significantly to economic development through innovation, adaptability, and entrepreneurship.

7. RECOMMENDATIONS

From the study findings, one key recommendation is enhancing access to financial resources. SMEs in the Gikomba Jua Kali sector should be supported in accessing affordable credit facilities, which can be facilitated by financial institutions and government bodies through the development of specialized loan products or grants tailored to the needs of small-scale metalworkers. This would enable businesses to invest in new technology, hire skilled workers, and scale operations to seize lucrative opportunities. Another important recommendation is the provision of targeted capacity-building and training programs to improve the adaptability and competitiveness of these metalworkers. Training in financial management, marketing, business planning, and product innovation would enhance SMEs' strategic planning abilities, supporting their long-term sustainability and growth. Additionally, the study further suggests that SMEs should invest in technology and innovation. Metalworkers are encouraged to adopt modern technologies and innovative practices to improve production efficiency and product quality. Partnerships between the government and the private sector could provide financial incentives, such as subsidies or tax breaks, to facilitate technological upgrades, helping SMEs remain competitive in a dynamic business environment.

By implementing these recommendations, SMEs in the Gikomba Jua Kali sector would be better equipped to take advantage of business opportunities, overcome challenges, and contribute to Kenya's economic growth. These initiatives would also improve the sector's sustainability and long-term competitiveness.

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