

The limitations to the expansion strategy of the building materials industry in developing countries with special reference to Kenya.

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Abstract

This research is to investigate the current status of and the possible future strategic trends in the building materials industry in Kenya. It outlines the experience gained by some developing countries in attempting to meet the demands for housing and overcome shortage and supply problems with building materials. Housing construction and its associated infrastructure played strategic role within the national economy of Kenya. The problems arising from the necessity to provide adequate housing are aggravated by the high population growth rate, and a draining of foreign currency importation of materials many of which could be substituted by locally produced products. A literature review on the subject matter has included case studies from Cameroon, Zimbabwe Central America, and also publications from various United Nations Organizations and has identified the significant variables. A research model has been developed with variables categorized under the relevant headings i.e. external factors, inputs) outputs or manufacturing processes and distribution. All variables have been defined and similarly categorized to assess their impact on the limitations to the expansion of the production of building materials.

The questionnaires were designed and personally administered to companies manufacturing building materials in and around the capital city of Nairobi. These were aimed to measure the variables set in the research model to identify the limitations of the expansion strategy of the companies targeted. Out of fifty companies approached, only 17 accepted to be interviewed. The questionnaire survey was conducted and administered personally. Data collected from the 17 manufacturers of building materials were entered manually in the statistical package for social science (SPSS) and were analyzed and evaluated using statistical techniques with the help of statistical computing Minitab and SPSS Packages. The techniques used are the chi-square test and Spearman correlation coefficient and related level of significance. Significant correlation was indicated between actual expansion and the key variables of capital for expansion, plant capacity utilization, loss of production after machine breakdown, and use of computers. Although there are statistical limitations to the data in terms of these correlations, there are useful qualitative elements in the results particularly when compared with the results of the literature review. The major limitations to the expansion strategy for the Building materials Industry in Kenya, identified by the questionnaire survey are;

- 1) Lack of foreign exchange indicated by problems of importation of raw materials and loss of production after machine breakdown due to lack of spare parts.
- 2) Non-availability of locally produced building materials (shortages of building materials).
- 3) Under utilization of plant capacity
- 4) Problems with electricity supply

5) Low quality of locally produced building materials 6) Building Industry not planned overall

7) Problems with locally supplied raw materials / non- availability of raw materials 8) Unreliable locally produced materials

9) Excessive Value Added Tax on building materials

10) High cost of locally produced materials as indicated by materials users

The first six of these have been cited previously in the literature as limitations to expansion

whereas the final four have not previously been indicated as problems.