INFLUENCE OF REGIONAL INTEGRATION ON THE GROWTH OF MEDIUM TEXTILE ENTREPRISES IN NAIROBI

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DECLARATION

This project is my original work and has not been presented for the award of a degree or any other award in any University.

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This research project is submitted for the award of Degree of Master of Business Administration in International Business Management with my approval as University Supervisor.

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DEDICATION

This project is dedicated to my beloved parents, you are my rock.

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ABBREVIATIONS AND ACRONYMS

A.U-	African Union
ACP-EU-	African, Caribbean and Pacific- European Union
AGOA-	African Growth and Opportunity Act
ASEAN-	Association of Southeast Asian Nations
COMESA-	Common Market for Eastern and Southern Africa
E.U-	European Union
EAC-	East African Community
EPZA-	Export Processing Zone Authority
FDI-	Foreign Direct Investment
GDP-	Gross Domestic Product
ICT-	Information Communication Technology
IGAD-	Intergovenmental Authority on Development
NAFTA-	North American Free Trade Agreement
SADC-	Southern African Development Community
SMEs-	Small Medium Enterprises
SPSS-	Statistical Package for Social Science
TFTA-	Tripartite Free Trade Area

ABSTRACT

Over the years, countries have come together to form agreements towards one political, economic, social-cultural and environmental bloc. These agreements are aimed at facilitating the flow of products, funds, energy, people and ideas across national boundaries. Kenya is a member of several regional blocs and such integrations have enabled the country enjoy cooperation in trade, investments, domestic regulation, transport, ICT and energy infrastructure through a common physical and institutional infrastructure. As a result, local businesses have thrived because of increased trade amongst members of the regional bloc, foreign direct investment capital, increased innovativeness as well as increased free trade amongst countries worldwide. The objective of this study was to determine how regional integration has influenced the growth of medium textile enterprises in Nairobi. A sample size of 51 medium textile enterprises was used and 41 of these medium textile enterprises responded which was an 80% response rate which gave the researcher confidence to continue with analyzing the results from the data collected. Descriptive analysis and inferential statistics were utilized to interpret results and from the findings, regional integration has an influence on the growth of medium textile enterprises. This is explained by the increase in sales, profits, provision of wider markets that in turn increase enterprise market share and expansion of the enterprise business activities in neighboring countries. Clearing of goods at border points, selling and buying of goods from neighboring countries have also been made easier by regional integration thus regional integration has a positive and significant effect on trade activities. Great benefits in enterprise performance was attributed to regional integration making it easier for businesses to move goods across borders, reduced tariffs and barriers to trade as well as provision of wider markets in the regional blocs. Further research is recommended on knowledge and technological transfer in business enterprises in the context of regional integration as it was not a popular aspect in business from the findings. Regional integration is essential to business growth and as such, governments together with other relevant stakeholders should support it and ensure all if not most enterprises participate in the integration so as to enjoy the benefits that come with regional integration.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Countries world over have been coming together to form regional blocs towards a unified political, economic, socio-cultural and environmental mandate over the years. Regional integration is described as the stages through which nations' free trade; establishing a unified market for products, people and capital. Regional integration enables firms to grow as it gives these firms access to wider markets in neighboring countries and beyond, these firms take advantage of economies of scale as they produce more at less per unit cost.

There are several theories of international business which support regional integration like comparative advantage theory proposed by David Ricardo in 1817 which stated that less efficient countries with comparative advantage in producing a specific product could trade with a more efficient country for a product, it is not efficient in producing, thus both benefit from trading. The Heckscher-Ohlin theory propagated by Eli Heckscher and Bertil Ohlin stated that a country will only import products whose factors of production are minimal in the country and export products that use their abundant and cheap resources. Stephen Hymer's theory of Multinational Companies, sort to explain the rationale behind Foreign Direct Investment (FDI) and why firms become internationalized (Mann, 2015).

An increase in regional trade amongst countries has led to an increase in new business opportunities. As a result, entrepreneurs take risks to capitalize on the opportunities creating an upsurge of small and medium enterprises (SMEs). According to Ngulu (2014), these enterprises account for 90% of businesses in most nations globally. There has been a significant decline in the textile industry over the years and trade agreements such as AGOA between Kenya and the US have been sort to revamp the sector as textile exports to the US increase; as such this study is motivated to look into the influence of regional integration on the growth of medium sized textile enterprises in Nairobi.

In Kenya, SMEs drive sustainable economic development due to their role in generation of employment, growth of business skills, exports, as well as investments (Rintaugu, 2013). Nairobi being East Africa's business hub, most textile enterprises have been set up in the capital as there is availability of capital, labor, accessible transportation and technological resources. It is under this backdrop that this study will seek to find out the influence of regional integration on the growth of medium textile enterprises in Nairobi.

1.1.1 Regional Integration

Regional integration in international business is conceptualized by international trade theories which advocates ways to accelerate gains from trade and examine the pattern of international trade. Developed on the comparative advantage theory, the Ricardian model states that countries produce products which they have comparative advantage over.

The Heckscher-Ohlin model based on factors of production, notes that nations export products which use domestic abundant factors of production. The Gravity model of trade gives an empirical explanation of international trade. The key factors that direct the order of international trade being country economic sizes and distance between states (Mann, 2015).

Regional integration is the process where neighboring countries reduce barriers and liberalize trade through shared agreements, so as to manage shared resources and promote trade. Once countries enter into a regional agreement, systems and institutions not in existence in individual countries are set up in order to assure the aims of the integration are accomplished. International business is defined as the exchange of not only physical goods but also of services, funds, technology and workforce across national borders. The objective of a regional integration agreement can be political, economic, social, cultural or environmental. The economic aspect of regional integration is the most common objective of regional agreements which also conceptualizes regional integration in international business.

Regional economic integration is essential to the growth of business enterprises in the world, mostly in developing countries as integration offers opportunities for firms to participate in global markets. A regional trading bloc comprises of states within a physical geographical area that shield themselves from imports from non-members which ultimately shapes global trade.

One of the effects of integration is the increase of economic activity as well as income generation, the other effect is a trade diversion on the non-member states where trade activities are in favor of the participating countries. As such, the formation of a regional trading bloc is not only important to the signatories but also non-members as both parties are affected.

1.1.2 Organizational Growth

Most organizations strive to grow despite their size and seek growth in order to cushion business expenses. Organizations benefit from growth with advantages from economies of scale, increased endurance, ability to endure market fluctuations and increased profits. Organizations use many parameters to measure growth such as net profit, sales, revenue, and physical expansion, number of employees, or an increase in market share. However, growth is ultimately measured by how the firm performs relative to the goals it set for itself.

There are several growth models that depict possible growth directions of a company and these involve; licensing, joint venture, new product development, outside financing and venturing into new markets. Organizations have access to new markets and investors under regional integration. The companies participating in regional integration have access to wider markets as barriers of trade are reduced across national borders (Badinger, 2001).

Factors critical for organizational growth involve; effective management, dedicated employees, productiveness, sense of purpose, direction and motivation. An organization with the right leadership is able to retain performing employees who contribute towards firm growth. A leadership with a clear vision takes essential decisions concerning organizational growth and development of its employees.

1.1.3 Regional Integration within the Eastern Africa Region

Regional integration allows nations to capitalize on the advantages geographical proximity presents to enlarged markets, decreased production fees per unit which advances more production, and in moving higher in the value chain; enjoying trade with most advanced exporters in the world. After independence, most African states joined to form regional organizations to steer post-independence development.

Throughout the years, countries have integrated into regional blocs so as to promote national interests and economic development through increased regional integration. East Africa's regional integration is dominated by the EAC regional bloc. EAC is a regional intergovernmental organization mandated to deepen and widen political, economic and social cooperation among its six member countries; Rwanda, Uganda, Kenya, Tanzania, South Sudan and Burundi.

The EAC is comprised of a common market treaty and customs union. The customs union eliminated internal tariffs and some barriers to trade as well as established a standardized external tariff on imports from non-member states.

The common market liberalizes the movement of capital, labor and products. The regional bloc is working on a common political and economic federation for the future.
The bloc has a gross domestic product of 41 billion dollars and a population of 120 million people (Rintaugu, 2013), which presents great opportunities for business and investments.

1.1.4 Regional Integration Within the Kenyan Context

Kenya gained her independence from colonial rule in 1963 and joined other recently liberated African countries in forming the A.U. Kenya's membership to other regional blocs has grown over the years. In Eastern Africa, Kenya is the regional center for commerce and investment and the country seeks to achieve its domestic developmental goals through a comprehensive analysis of its global competitiveness. Regional integration is key to Kenya's foreign policy and is achieved through various regional arrangements such as COMESA, EAC, AU, IGAD and many more.

According to Boiwo (2015), Kenya's scores are relatively high based on four dimensions, that is; regional interconnections and infrastructure, ease in the movement of people, trade integration and productive integration,. On the ease in the movement of people; Kenya is ranked first in the EAC, fourth in COMESA and second in IGAD. On trade integration; Kenya is first in the EAC, fourth in COMESA and second in IGAD.
On productive integration; the country is ranked first in the EAC, second in COMESA and first in IGAD. On interconnectedness and infrastructure; Kenya is ranked first in the EAC, sixth in COMESA and third in IGAD.

Kenya has been an essential party in the negotiations forming the Tripartite Free Trade Area (TFTA) which was officially agreed upon in 2015. The TFTA is a positive development for Kenya as it visualizes a free trade area consisting of three existing regional blocs. This tripartite agreement creates a single free trade agreement consisting of twenty six countries across Southern and Eastern Africa, approximately accounting for 58% of the continent's GDP or 1.2 trillion U.S dollars. The benefits of regional integration are many and it exposes businesses and entrepreneurs in Africa to new ways of doing things, new ideas, new technologies, enhanced allocation of resources, wider markets and the ability to source for funds and investments.

1.1.5 Nature of Medium Sized Enterprises in Different Contexts

Medium enterprises drive the economy in many countries as they propel innovativeness and create jobs for a majority of the population. Medium enterprises have financial structures that are reviewed by professionals within the company, who ensure the structure is effective and source for availability of alternative or additional funding. Medium enterprises around the world have sited financing opportunities as being limited, posing a challenge in their growth. However, medium enterprises still have finance options at their disposal like taking loans and overdrafts from banks, cash flow finance and venture capital.

In Europe, medium enterprises comprise of fewer than 250 employees with a turnover of less than 50 Million Euros. Additional features of medium enterprises include; several business units, managed by middle managers, specialists and nature of work is formal.
In most Asian countries, medium sized enterprise have less than 300 employees however in China the number of employees vary from one industry to the other.

In the US, medium sized companies have 100-500 employees. Since finance is a challenge, the US government gives incentives and more favorable tax treatments to these enterprises so as to boost their activities (Pangestu, 2015). According to Rintaugu (2013), the classification of enterprises in the East African region is based on the investment put forth, the turnover of the business and the total number of workforce in the business. In Kenya, medium enterprises have an annual yield of between USD 5 Million - 800 Million and employ between 50-99 people.

1.1.6 Medium Sized Textile Enterprises in Nairobi

In Kenya, the textile industry constitutes of firms varying in size and technological might supplying both domestic and international markets. The Kenyan textile and apparel industry makes up 12% of business in the manufacturing sector. The textile and apparel sector is made up of stages of production, manufacturing and trade which include; fabric and apparel manufacture and trade, yarn and thread production, cotton growing and ginning.

In the 1980s, the textile sector was the leading manufacturing activity in terms of employment and size, employing over 200,000 farming households. The mass importation of used clothing from developed countries in the mid-1980s until 1990s attributed to the sector's decline. The textile sector is however on its way to recovery with market opportunities presented by the African Growth and Opportunity Act (AGOA) and increased government support (EPZA, 2005).

Kenyan apparel and textile exports to the United States (U.S) has expanded remarkably as well as investments in the sector. Investment in the sector between year 2002-2003 rose from Ksh. 1.2 billion to Ksh. 9.7 billion respectively, an increase of 41%. Jobs generated also increased from 26,000 to 37,000 in the same years. The Kenya Vision 2030 identified the textile and clothing sector as the driver of Kenyan industrialization (Lokuno, 2016).

The textile sector has attracted entrepreneurs in the country and as such there are a number of medium textile enterprises in Nairobi. These enterprises take advantage of the increased government support in the industry as well as the various trade agreements the government embraces such as AGOA which present market opportunities for export. Some of the medium textile enterprises operating in Nairobi include; Apex Apparel EPZ Ltd, Crown Fashions Ltd, Riziki Manufacturers Ltd, Fine Spinners Ltd and Sunflag Textile and Knitwear Mills Ltd.

1.2 Research Problem

Regional integration fosters growth of businesses as it opens up opportunities for wider markets within the integration and beyond due to liberalization of trade; it eases the movement of labor and capital across borders.

This integration allows for technological sharing amongst countries and a wider market presented by regional integration makes the region attractive to investors and this allows for growth of businesses.

Kenya is a member of several regional trading blocs and has steadily become a leader in regional integration as can be seen with the EAC. Kenya is a regional central point for commerce and investment and as such investors and multinational companies set up base in Nairobi, Kenya's capital. These conditions have enhanced the rise of various enterprises in Nairobi more so in the textile sector. The textile sector has been marked as a priority sector by the government as it has the ability to create employment opportunities within a short period of time.

Foxley (2010), case studies on middle income countries mainly in Eastern Europe, Latin America and East Asia and their experiences in regional trade looked at the individual country experiences with regional integration but not in a particular industrial sector. Keane and Velde (2008), conducted case studies in Cambodia, Bangladesh, Mauritius and Madagascar on the role of the textile industries in the expansion and development plans in developing countries and concluded that the textile and clothing industry is essential for both short term and long term sustainable economic development but did not look at how the textile industry can take advantage of regional trade opportunities.

Empirical studies on the factors affecting business performance in the garment industry in Thailand conducted by Nimlaor et al.,(2014), found that firm performance has greatly affected business operations such as firm strategy. Mackenzie (2016) on the effects of regional integration (EAC) on the rate of employment or unemployment in the manufacturing sector in Kenya, employed annual time series data from 1980-2014. Rintaugu (2013), on the influence of the EAC integration on medium enterprises in Kenya employed qualitative research design and previous literature was analyzed.

These studies did not look at the influence of regional integration on the growth of medium textile enterprises in Nairobi, and there is no study to the knowledge of the researcher which presented a gap in knowledge which this study sought to bridge. As a result, this research study sought to answer the following question: How has regional integration influenced growth of medium textile enterprises in Nairobi?

1.3 Research Objective

The objective of this study was to determine the influence of regional integration on the growth of medium textile enterprises in Nairobi.

1.4 Value of the Study

Over the years, regional integration has been of great significance not only to governments in need of advancing national interests but also to business owners investing in various countries across the globe. Policies adopted in such agreements affect businesses in these regions.

The findings of this research provide an explanation of how regional integration has influenced the growth of medium textile enterprises in Nairobi. This study adds merit to the existing discipline as it sought to find the link between regional integration and organizational growth.

This study compliments the comparative advantage theory that which espouses that nations export products which are deemed to possess comparative advantage over other nations as opposed to those products they produce less efficiently. Research shows that regional integration has boosted trade within the EAC member countries. In the textile industry especially, where trade occurs across all three sectors of the industry, that is, manufacturing, wholesaling and retailing. This sentiment is also espoused in the Heckscher-Ohlin theory where countries export products whose factors of production are in abundant supply in the domestic market.

This study is beneficial to medium textile enterprises in Nairobi as it highlighted the influence regional integration has on these enterprises. The medium textile enterprises will take advantage of the opportunities presented by the EAC and other trade agreements. Through this research, the enterprises will be able to know which cross border trade activities have been made easier with integration, which neighboring country trades most in textile, influence of regional integration on growth and performance of the enterprises. Individual entrepreneurs benefit from this study since businesses are influenced by the activities driven through regional integration. Entrepreneurs will identify business opportunities and challenges presented by regional integration with the research findings, which directly affects their businesses.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Literature review explores books and other literary works relevant to a particular area of study. It provides a description and a crucial evaluation of the literature in relation to the research problem under investigation. The review describes relationships between studies, identifies need for further research and helps the researcher locate their own research within the context of existing literature.

Integrative approach reviews, criticize and synthesize literature on a topic in a coherent way such that new views in research are formed. Theoretical review examines the theories that have accrued in regard to a concept and helps establish the theories that already exist, relationships between them, new hypotheses to be tested and the extent existing theories have been tested.

This chapter will review the theoretical foundation of the study, the determinants of regional integration as well as look at regional integration as a basis of trade. Lastly, the chapter will review previous literature on the study by various scholars under empirical studies and knowledge gaps.

2.2 Theoretical Foundation

Early theories of regional integration can be tracked back to the 1950s where this phenomenon was explained by classical theories developed to explain European integration. Essential discussions within regional integration theories was between inter-governmentalism and neo-functionalism.

2.2.1 Neo-Functionalism Theory

Neo-functionalism ideology was propagated by Ernest Hass in 1958 and was a reflection of European integration. The theory established background orders and political procedures that interceded between the form of authority and functionality. Neo-functionalism reinvents the Functionalist theory in the context of regional institutions. Functionalism views integration as an obvious result of development, state driven, while neo-functionalists view created institutions as those that drive integration further.

According to Obydenkova and Fellow (2008), neo-functionalism theory proposed that integration in various areas would largely be as a result of increasing progress in other areas. This cemented the idea that regional integration is a phenomenon that culminates via moderate unification of specific sectorial areas whose effects in turn cross over to other sectors. Forces behind the integration process being positive spill-over effects, technocratic buildup and transfer of domestic alliances.

The theory was however criticized by proposers of the Inter-governmentalism theory on the spill-over effect which observed that the theory focused too much on the internal structure of integration. Inter-governmentalism proposes that neo-functionalism should take into account the international context of integration as this aspect is ignored and was also criticized for not giving a general theory of regional integration in all settings.

2.2.2 Inter-Governmentalism Theory

Inter-governmentalism theory approached regional integration from the angle of nation states. The theory argued that states are the main actors of international relations driven by their own interests and their main priority is survival and accumulating power; based on realism. This theory was first proposed in the 1960s by Stanley Hoffman. It provided some background concepts of the Eurasian regionalism, the essence of national politics, and the notion of states as rational actors chasing their national interests and survival as actors with a strategic motive towards integration.

Inter-governmentalism was birthed as a critique of neo-functionalism. Hoffmann held that integration might function well in economic integration. Inter-governmentalism theory authorizes nations to work jointly in specific areas while maintaining their sovereignty. The theory explained times of total change in the European Union; when the interests of member states align and have shared mutual goals and times of slower integration, when the governments' interests differ and cannot agree (Santos-Paulino, 2015).

Based on their interests and power, countries go on as rational actors seeking domestic objectives and preferences. The theory identified the presence of a leader, powerful states deemed to have the most power in decision making, for instance, Kenya playing lead in the EAC. The theory gives a series of concerted choice through which opposing interests are accustomed. Inter-governmentalism theory is the most relevant to this study as todays regional integration is motivated by individual states national interests, to maximize on the agreement for economic and political development.

2.3 Determinants of Regional Integration

Determinants of regional integration are the underlying factors that motivate countries to come together and integrate into a bloc, making it attractive. Determinants of regional integration include; economic, geographical and political determinants. Economic determinants of regional integration are economic factors that define integration in a particular regional bloc. Economic determinants include but not limited to; economic size of a country, bilateral trade flows and development perspectives.

Geographical determinants of regional integration are geographical factors that influence integration in a particular regional bloc, factors such as seaports. Geographical adjacency to markets such as Central America and Eastern Europe integrate easily as these integrations give them the advantage of becoming extensions of larger established markets. Small countries located far from world markets use regional institutions to help them integrate into global markets (Nimlaor, 2014).

Politics have been a determinant towards the formation of regional blocs in various regions such as in NAFTA, Europe, the ASEAN free trade area and closer to home SADC, which was founded to call for an end to the apartheid regime in South Africa. Regional stability is one of the political motivations towards regional integration. Decisions made by countries in regards to the principles to be followed when seeking relations with other countries is guided by internal political economy within country borders which help to determine a country's external trade policy as well.

2.4 Regional Integration as a Basis of Trade

Trade is an essential component of regional integration. Regional integration facilitates more than half of today's international trade. According to Mann (2015), 65.3% of the total value of exports from EU member countries are due to intra-regional trade while 62.8% of imports also represents intra-regional trade in the region. This phenomenon is replicated by NAFTA with 48.6% of the total value of their exports being intra-regional trade.

Enormous gains in trade are achieved from regional integration; firms in neighboring countries produce final goods at a low price by building international supply chains. Regional integration and global integration are complimentary as regional integration is a means to achieving greater world integration. Gains of regional integration would be small minus global integration and without regional integration the benefits of global integration may be unattained by countries which cannot compete on a global scale by themselves.

Regional integration makes movement of goods across borders easier, opening bigger markets for individual countries. Regional integration also leads to increase in revenue generated in a country of origin and also provides cheaper products for the importing country. Integration also provides economies of scale as industries produce more goods for the increased demand from the expanded markets.

2.5 Empirical Studies and Knowledge Gaps

Yaozhong (2016) case study on promoting the participation of SMEs in the global textile and apparel value chains in APEC member countries concluded that their success is attributed to the industry's deep integration to global value chains. The studies recommended for similar replication in developing countries. Santos-Paulino (2015), empirical study concluded that regional integration contributes to achieving development outcomes, but did not look at sector specific development. Mann (2015), empirical analysis on the impact of the European integration on the economic growth of the Central Eastern Europe countries confirmed that there was a substantial growth in trade cooperation within the countries in the EU but did not take a sector specific approach in the studies.

Naveh et al., (2012), conducted a cross-sectional study using a time-series analysis between the years 1995-2009 on regional economic cooperation and its influence on economic growth and economic welfare in Russia, Armenia, Azerbaijan, Turkmenistan and Iran. This study found that increased trade among these countries and participation in integration had long-term economic integration effects evident from each country's economic growth indexes.

Ochieng and Jonyo (2015) case study on, opportunities and challenges for small business enterprises in Kenya presented by regional integration in East Africa, concluded that regional integration provides a great opportunity for SMEs in Kenya in accessing regional markets. Kaugi (2014) cross-sectional descriptive study on the strategic implications of the East African regional integration to SMEs in Kisumu county, established that constructive strategic implications of the integration allows for economic and socio-economic benefits to its members and has a bearing on the success and survival of the SMEs.

The study recommended for further studies to be done to draw industry specific observations. According to a descriptive survey study conducted by Ngulu (2014), on examining the combative nature of the Kenyan textile industry at global markets under the AGOA; the competitiveness of the Kenyan textile industry has enhanced under AGOA but study did not look at influence of regional integration on the growth of medium textile enterprises.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is an orderly means of unraveling a question, a discipline studying how research will be done. It is basically the process which researchers describe, explain and predict a phenomenon. A research methodology allows one to critically evaluate a study's overall validity and reliability. A research methodology restates the research problem, establishes the overall approach to be taken by the study and determines how data will be generated.

The method applied in research is the general blueprint that outlines the mode in which the study will be carried out and outlines the techniques to be utilized. Research methods can be defined as the modes used for conducting research. The first group of methods look at how data will be gathered, the second are statistical methods used for showing relations linking the data and the unknown while the last category of methods assess the precision of the outcome derived (Naveh et al., 2012).

Two main questions are answered in research methodology: How facts will be gathered and how it will be analyzed? The sections covered in this chapter make up the research methodology and looked at the research design, the population of the study, the sample size and the sample frame used in the research study. This section looked at the data collection method utilized and how the information collected was analyzed.

3.2 Research Design

The overall layout specifying the different areas of a study in a coherent and logical way is known as research design. A research design should be logical, clearly defined and exhaustive and not just provide a way of choosing methods and techniques of analysis. It ensures the information gathered helps in responding the research question. A research design is important as it produces essential and correct conclusions.

There are four kinds of research designs, which include, quantitative research design, descriptive research design, correlational research design, quasi-experimental and experimental research design. Quantitative research design focuses on finding out the number of people who think, act or feel in a certain manner. In this type of research design each respondent is quizzed on the same questions. This makes certain that the data sample is examined objectively.

This study employed cross-sectional research design. This can be used to describe characteristics that exist in a community especially one that is not homogenous. These studies are used to explain what is happening at the present time. Cross-sectional research design allowed the researcher to select participants based on the population of study which are involved in different business activities within the textile industry in Nairobi.

Once the participants were selected they were measured for outcome and exposure concurrently. This design was useful as the research was designed to identify characteristics of regional integration and the influence the phenomenon has on the growth of textile enterprises in Nairobi. The researcher aimed at getting actual, current and detailed information about the objective of study and this enabled the researcher identify relevant trends and draw accurate conclusions in relation to the study objective.

3.3 Population of the Study

A representative set of individual cases with some common observable characteristics is known as a population. A population is the whole category or group on which data about a phenomenon is to be obtained. The research question or objective of the study carves out the population to be studied. A study population is described and observations are made out of a section of the entire population known as the sample. Medium textile enterprises in Nairobi was the target population of this study.

The description of the population and binding characteristics of the population under study are usually the same. Population in research can be divided into two that is, accessible and target population. The whole group of people or objects which researchers are interested in generalizing their study findings on is known as target population. Theoretical population is also another name for target population. Population which a researcher can apply their conclusions on is referred to as accessible population.

The medium textile enterprises in Nairobi are 170 in number according to the MOIED (2018). These enterprises deal in a number of activities in the textile and clothing value chain, and activities include; cotton ginning, weaving, finishing, garment and accessories manufacturing, wholesale and retail. A representation of the target population was sought and information gathered from the selected population which was a representation of the theoretical population of the study.

3.4 Sample Size

A category of individuals or objects that are picked from an entire population of study for measurement is called a sample. The sample chosen should be characteristic of the population under study to make certain that the findings can be generalized from the sample chosen in the research to the population of study (Sterbova, 2008). In situations where the population is dense and widely dispersed, a sample is crucial since the researchers may be incapable of testing all subjects in a given population. The sample must mirror the population.

This study used stratified random sampling method and systematic random sampling method. The use of stratified random sampling ensured all categories represented by the medium textile enterprises in Nairobi were considered. These categories are manufacturers, wholesalers and retailers.

The list of the 170 medium textile enterprises in Nairobi was utilized to pick an indicative sample of the population using systematic random sampling procedure, as the population was evenly sampled. 10%-30% of the population gives adequate representation of the total population of study and as such a sample size of 51 enterprises constituted the sample that was measured in this study which was 30% of the population studied.

3.5 Sample Frame

A set of details used to identify a sample population for statistical study is referred to as a sample frame. A sample frame is good when it includes all units in a study's target population, excludes all units not needed in the study and when the units in the sample frame have a unique identifier. A good sample frame should also be accurate, updated and complete. The quality of a sample frame on the other hand may be assessed in terms of how well it closely matches the population of study because problems with the sample frame can seriously undermine the integrity of a sample.

An ideal sample frame has various qualities like; all elements having a numerical identifier and are rational, units can be traced, the sample frame is organized logically and systematically, has additional information about the units. In addition, data needs to be up to date, all characteristics of the population of interest are available in the frame, these elements occur only once in the frame and elements from outside the population of interest are not in the frame.

This study's sample frame included medium textile enterprises in Nairobi in all three categories of manufacturers, wholesalers and retailers in the fabric to fashion value chain in the textile industry as illustrated on Table 3.1.

Table 3.1: Sample Frame

Medium Textile Enterprises in Nairobi	**Target Population**	**Sample**
Manufacturers	11	6
Wholesalers	40	20
Retailers	119	25
Total	**170**	**51**

Source: MOIED, (2018)

3.6 Data Collection

The process of collecting and quantifying data on variables of study in an orderly way that enables one to solve stated research problems or questions, evaluate assumptions and outcomes is known as data collection. This is an essential part of research and much emphasis is attached to providing correct and truthful gathering of data. Data collection allowed the researcher to record quality evidence that allowed the evaluation to lead to the observation of strong and reliable answers to the question asked in the study.

Proper collection of data is important so that the integrity of the research is upheld. The choice of correct instruments for data collection and clear instructions for their use reduced the chances of errors happening. To ensure data collected was defined, correct and decisions based on arguments valid, a formal data collection process was essential and had to be engaged in the study.

Self-administered research questionnaires were utilized to collect first hand data, same as one attached as appendix I. The questionnaires consisted of closed questions, items were scored based on a Likert scale and the questionnaire was divided into 3 sections. Section I and II focused on capturing general information about respondents and the business enterprise respectively. It captured facts regarding the managers' experience in the industry and on the enterprise, information on the business activity, years of presence in the industry and size of the enterprise were captured.

Section III aimed at capturing information on the variables under study and the influence regional integration has had on growth of the enterprise based on their cross border business activities. Respondents were managers in the 51 medium textile enterprises sampled and were asked to show by a tick the level to which they concurred with the statement given. The questionnaires were dropped and picked at a later date from respondents.

3.7 Data Analysis

The process of systematically applying statistical and logical technique to describe and evaluate data is referred to as data analysis. Analysis of data brings organization and form to the data gathered in the study. This section makes sense of the data collected and looks for patterns and relationships in the study variables so that general discoveries can be made.

Inferential statistics was utilized to analyze data collected in this research study. Regression analysis was utilized to ascertain if the independent variable predicts the dependent variable; these results were presented in form of tables and frequencies of responses provided in the first two sections of the questionnaire. To test significance and the influence of regional integration on the growth of medium textile enterprises in Nairobi, regression analysis was carried out using the information contained in section III of the questionnaire.

This study employed the simple linear regression method since the study has only 1 independent variable which is, regional integration. Linear regression model established a connection between response variable (Y) and the predictor variable (X) using a straight line. This was based on the simple linear regression framework below:

$Y=\beta_0 + \beta_1 X + \boldsymbol{U_i}$. Where: Y= Growth as the response variable; X= Regional Integration as the predictor variable; β= Determines the connection between the predictor variable X and the response variable Y; and U_i = Represents the distributed error.

The predictor variable X is also known as the independent variable while the response variable Y is also known as the dependent variable. Regression coefficients are slope β_1 and the intercept β_0 of the line $Y=\beta_0 + \beta_1 X$. The slope β_1 can be interpreted as the change in the mean value of Y for a unit change in X. This study used simple linear regression to examine data collected as there is only one independent variable.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

Chapter four presents the data analysis, discusses and outlines the research findings based on the study's objective. This research study's objective was to determine how regional integration has influenced the growth of medium textile enterprises in Nairobi. This chapter provides an evaluation of results collected through questionnaires and discusses the findings.

Fifty one questionnaires were distributed, out of which 41 were returned back. A response rate of 80% was given with the questionnaires returned and the researcher deemed this adequate for further analysis. The response rate were as shown in Table 4.1

Table 4.1 Response Rate

Textile Enterprise Activity	**Questionnaires**	**Response**	**Response rate**
Manufacturers	6	4	67%
Wholesalers	20	17	85%
Retailers	25	20	80%
Total	51	41	80%

Source: Research Data (2019)

All the activities involved in the textile enterprises in Nairobi were well represented in the sample and the data collected. Therefore, the findings deemed representative of the population of study.

4.2 Respondents Demographics

The demographics from the respondents refers to the description of the person providing data in relation to the textile enterprise. The aspects considered were the respondents' gender, age, position in the enterprise as well as the duration in years the respondents have worked in the textile industry. This was aimed at gauging the respondent's suitability and ability to provide data regarding the entity under study as presented in Table 4.2, Table 4.3 and Table 4.4.

4.2.1 Gender of Respondents

On gender, the respondents indicated as follows and findings are as in Table 4.2.

Table 4.2 Gender of Respondents

Gender	**Response**	**Response Rate**
Male	22	54%
Female	19	46%
Total	41	100%

Source: Research Data (2019)

Table 4.2 shows, 54% of managers who responded were male while 46% of the managers who responded were female. The findings showed that a majority of the managers in textile enterprises are male although the difference is not significant enough to influence the results of the study towards any gender.

4.2.2 Respondents Age

On respondents' age, the respondents indicated as below and findings presented in Table 4.3.

Table 4.3 Respondents Age

Age	**Response**	**Response Rate**
18-25 years	0	0%
26- 35 years	4	10%
36- 45 years	21	51%
46- 55 years	13	32%
Over 55 years	3	7%
Total	41	100%

Source: Research Data (2019)

As shown on Table 4.3, most of the respondents fall between the ages of 36-45 years with a representation of 51%, followed by 32% of respondents falling between the ages of 46-55 years and 10% of the respondents were in the 26-35 age bracket.

7% of those who responded were over 55 years of age. Table above indicates that a majority of managers in medium textile enterprises in Nairobi fall between 36-55 years age brackets.

4.2.3 Respondents Experience in the Textile Industry

On the period in years respondents had worked in the textile industry, the findings were as in Table 4.4.

Table 4.4 Respondents Years of Experience in the Textile Industry

Years Worked in the Textile Industry	**Response**	**Response Rate**
0- 5 Years	3	7.3%
6- 10 Years	5	12.2%
11- 15 Years	7	17.1%
16- 20 Years	10	24.4%
Over 21 Years	16	39.0%
Total	41	100%

Source: Research Data (2019)

Findings presented on Table 4.4 showed that most of the respondents had worked in the textile industry for more than a decade.

All the respondents of the study were managers in the various medium textile enterprises they worked for, thus, the responses provided had the benefit of good command, responsibility and understanding of the enterprise as well as the specific issues that were under study.

4.3 Enterprise Profile

The profile of the enterprise gives the outline of the organization in terms of the business activity carried out, period which the enterprise has been in existence/ operational, the size of the enterprise through finding out the number of employees in the enterprise as well as the average annual sales turnover of the enterprise. These gave an assurance that the responding enterprise is relevant to the variables the researcher intended to study. These also ensured that the data collected was from medium textile enterprises in Nairobi, which was the target population for the study.

4.3.1 Enterprise Business Activity

Activities in the textile industry are vast and are divided into various categories mainly manufacturers, wholesalers and retailers. The sample strata were designed along the basis of the categories in which the enterprises operate. The enterprises were carefully chosen to enable collection of representative and informative data in all three categories in which the enterprises operate.

Table 4.5 Enterprise Business Activity

Business Activity Category	Response	Response Rate
Manufacturers	4	10%
Wholesalers	17	41%
Retailers	20	49%
Total	41	100%

Source: Research Data (2019)

Table 4.5 shows a larger proportion, 49%, of the respondent medium textile enterprises operate as retailers in Nairobi, 41% of respondents as wholesalers and 10% of respondents as manufacturers. This gave the researcher confidence that the data collected was cross-sectional and was representative of the different categories in which the medium textile enterprises in Nairobi operate in. This minimized the risk of obtaining skewed data that would not be representative of the medium textile enterprises in Nairobi under study. The data was therefore collected from medium textile enterprises in all three categories and would be reliable to support decisions across the board.

4.3.2 Duration of Medium Textile Enterprise Existence

The age the medium textile enterprise has been in operation was deemed to give greater insight and comparative perspectives/views of the phenomena under investigation, and findings were as shown in Table 4.6.

Table 4.6 Duration of Medium Textile Enterprise Existence

Age of Enterprise	**Response**	**Response Rate**
0- 5 Years	9	22%
6- 10 Years	11	27%
11- 15 Years	14	34%
Over 16 Years	7	17%
Total	41	100%

Source: Research Data (2019)

A majority of the respondent enterprises, 78%, have been in business for more than six years from the above findings. Much emphasis has been put on regional integration over the last two decades, an aspect that this study sought to establish its influence on growth of medium textile enterprises in Nairobi.

4.3.3 Size of the enterprise

The two main criteria for the classification of medium enterprises in Kenya is along the basis of the number of employees working in an enterprise and the level of annual sales turnover of the business enterprise. The data collected from the respondent enterprises on these two criteria is as detailed in Table 4.7 and Table 4.8 respectively.

Table 4.7 Number of Employees in the Enterprise

Number of Employees	Response	Response Rate
1-25 Employees	0	0%
26- 50 Employees	0	0%
51- 75 Employees	6	15%
76- 100 Employees	35	85%
Over 100 Employees	0	0%
Total	41	100%

Source: Research Data (2019)

The data collected from the respondents, indicated that the enterprises fall within the criteria set for medium enterprises and all of the respondent enterprises have between 50-100 employees.

Table 4.8 Annual Sales Turnover

Annual Sales Turnover	Response	Response Rate
5M- 100M	3	7%
101M- 300M	6	15%
301M- 400M	11	27%
Above 400M	21	51%
Total	41	100%

Source: Research Data (2019)

From the data collected on annual sales turnover from the respondent enterprises as shown in Table 4.8, majority of the enterprises had an annual sales turnover of above 100M. This is in line with the threshold given to determine if an enterprise is a medium sized enterprise. The findings on Table 4.7 and Table 4.8 show that all the respondent enterprises are indeed medium enterprises falling within the two threshold of number of employees and annual sales turnover levels required for an enterprise to be categorized as a medium enterprise. Further giving the researcher confidence that the research findings will be representative of the population of study.

4.4 Regional Integration and the Enterprise

The respondents also provided information on their enterprises' involvement in regional integration. This section established whether an enterprise engaged in trade with other countries, the countries the enterprises' trade with most and frequency of trade. It also looked at ease of cross border trade due to regional integration, increase of sales volume due to regional integration and how regional integration has influenced growth and performance of the enterprises.' This information provided the researcher with much needed insight on the influence of regional integration on the growth of medium textile enterprises in Nairobi.

4.4.1 Cross Border Trade

The objective of this section was to establish the enterprises' engagement in trade with other countries across the border as well as the frequency at which this exchange happens. The data collected showed that all respondent enterprises engaged in trade with other countries. This gave the researcher confidence that the data collected would be relevant to the variables under study. The data collected is shown in Table 4.9 and Table 4.10.

Table 4.9 Country the Enterprise Trades with most

Country	Response	Response Rate
Uganda	16	39%
Tanzania	13	32%
Burundi	0	0%
Rwanda	9	22%
South Sudan	3	7%
Total	41	100%

Source: Research Data (2019)

Table 4.9 shows a majority of the respondent enterprises 39% traded most with Uganda, followed by Tanzania with 32%, Rwanda 22%, and South Sudan 7%. None of the respondents traded with Burundi.

This section also looked at how often the enterprises' participate in cross border trade and the response was as shown in Table 4.10. A majority of the respondents, 54%, engaged in cross border trade on a weekly basis while 41% of the respondents engaged in cross border trade on a monthly basis while 5% of the respondents sell to/buy from neighboring countries in a quarterly basis. This further gave the researcher confidence that the data collected would be relevant to the variables under study.

Table 4.10 Frequency of Trade

Frequency	Response	Response Rate
Daily	0	0%
Weekly	22	54%
Monthly	17	41%
Quarterly	2	5%
Total	41	100%

Source: Research Data (2019)

4.4.2 Influence of Regional Integration on Trade Activities

Cross border trade is characterized by various business pursuits such as selling and buying of goods and services across national borders and the process of clearing these goods at the border points between the various countries involved. This section looked at the influence regional integration has had on the ease or otherwise of performing trade activities across national borders. The results from the respondents were as presented in Table 4.11.

Table 4.11 Influence of Regional Integration on Trade Activities

			Much Easier 1	Slightly Easier 2	No Change 3	Slightly Difficult 4	Very Difficult 5
1	Buying from neighboring country	Response	23	11	6	1	0
		Response Rate	56%	27%	15%	2%	0%
		Cumulative	56%	83%	98%	100%	
2	Selling to neighboring country	Response	25	5	7	4	0
		Response Rate	61%	12%	17%	10%	0%
		Cumulative	61%	73%	90%	100%	
3	Clearing exports from Kenya at neighboring countries borders	Response	15	12	1	10	3
		Response Rate	38%	29%	2%	24%	7%
		Cumulative	38%	67%	69%	93%	7%
4	Clearing goods	Response	19	6	8	7	1

	from neighboring countries into Kenya at the borders	Response Rate	46%	15%	20%	17%	2%
		Cumulative	46%	61%	81%	98%	100%

Source: Research Data (2019)

A majority of respondents 56%, indicated that regional integration had made it much easier for the enterprises to buy from neighboring countries. 27% of respondents stipulated that regional integration made it slightly easier for enterprises to buy from neighboring countries. 15% of respondents indicated that there was no change in the influence regional integration had on buying from neighboring countries while 2% of the respondents indicated that regional integration had made it slightly difficult for enterprises to buy from neighboring countries. A large number of respondents, 83% indicated that regional integration made buying from neighboring countries easier.

On the influence regional integration has had on the ease or otherwise of selling to neighboring countries; 61% of the respondents stipulated that regional integration made it much easier to sell to neighboring countries. 12% of the respondents indicated that regional integration made selling to neighboring countries slightly easier, 17% of the respondents chose no change and 10% of the respondents stipulated that regional integration had made it slightly difficult to sell to neighboring countries.

A majority of respondents, 38% indicated that regional integration had made it much easier for the enterprises to clear exports from Kenya at the borders of neighboring counties while 29% of respondents indicated that regional integration made it slightly easier for enterprises to clear exports from Kenya at the borders of neighboring countries.

24% of the respondents indicated that regional integration had made clearing of exports from Kenya at the borders of neighboring counties slightly difficult while 7% of the respondents indicated that this had been made very difficult. 2% of the respondents indicated that regional integration had no change in clearing of exports from Kenya at the borders of neighboring counties.

On the influence of regional integration on clearing of goods from neighboring countries into Kenya at the borders, 46% of the respondents indicated that this was much easier, 15% of the respondents indicated that this was slightly easier, 20% of the respondents indicated no change, 17% of the respondents indicated that this had been made slightly difficult while 2% of the respondents indicated that this had been made very difficult. A majority of respondents indicated that regional integration had made clearing of goods from neighboring countries into Kenya at the borders easier with a cumulative of 61%.

4.4.2.1 Regression Results on Regional Integration and Trade Activities

Simple linear regression was conducted to determine the influence of regional integration on trade activities. Table 4.12 gives the findings of the Model Summary.

Table 4.12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.552[a]	.305	.287	3.47144

a. Predictors: (Constant), Regional Integration

From Table 4.12, the R (the coefficient of correlation) is 0.552; this infers that regional integration has far reaching effect on trade activities.

The value of R^2 (the coefficient of determination) is 0.305; which suggests that 30.5% variation in trade activities is explained by variation in regional integration. The implication of this finding is that apart from regional integration, there are other factors explaining trade activities which ensuing studies should focus on when they are carried out.

An Analysis of Variance (ANOVA) was conducted at 5% level of significance. This was done in order to establish the value of F calculated that would help in establishing the overall substance of the regression model. The findings are reported in Table 4.13.

Table 4.13: Analysis of Variance

	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Regression	206.258	1	206.258	17.116	.000[b]
Residual	469.986	39	12.051		
Total	**676.244**	**40**			

a. Dependent Variable: Trade Activities

b. Predictors: (Constant), Regional Integration

From the findings in Table 4.13, the value of F calculated (F calculated) is 17.116 while F critical (at degrees of freedom 1, 39) is 4.091. Because the value of F calculated is more than F critical, therefore it can be inferred that the overall regression model is considerable.

The beta coefficients of the regression model as well as the p-values that indicate significance are shown in Table 4.14.

Table 4.14: Regression Coefficients

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	23.114	5.201		4.444	.000
Regional Integration	.792	.191	.552	4.137	.000

a. Dependent Variable: Trade Activities

From Table 4.14, the following equation is formulated;

Y=23.114

+0.792X_1…………………………………………………………………………….. (i)

Where Y=Trade Activities and X_1=Regional Integration

Thus, when all the variables are held constant, trade activities would be at 23.114. At 5% level of significance, regional integration (β=0.729, $p<0.05$) has positive and significant effect on trade activities.

4.4.3 Influence of Regional Integration on the Growth of the Enterprise

The growth of an enterprise is determined by a couple of factors which include net volume of sales, profits realized, number of employees, and market share among others. This section was keen on determining the influence regional integration has had on the growth of the enterprise based on increased sales, increased profits, enterprise expansion through operations in neighboring countries and increased market share. Results from the respondents were as presented in Table 4.15.

Table 4.15 Influence of Regional Integration on the Growth of the Enterprise

			Strongly Agree 1	Agree 2	Not sure 3	Disagree 4	Strongly Disagree 5
1	Increased sales	Response	28	13	0	0	0
		Response Rate	68%	32%	0%	0%	0%
		Cumulative	68%	100%			
2	Increased profits	Response	31	8	2	0	0
		Response Rate	75%	20%	5%	0%	0%

		Cumulative	75%	95%	100%		
3	Increased market share through provision of wider markets	Response	27	10	4	0	0
		Response Rate	66%	24%	10%	0%	0%
		Cumulative	66%	90%	100%		
4	Expansion of the enterprise through increased operations in neighboring countries	Response	20	10	6	3	2
		Response Rate	49%	24%	15%	7%	5%
		Cumulative	49%	73%	88%	95%	100%

Source: Research Data (2019)

The findings presented on Table 4.15 show that a majority of respondents 68%, strongly agreed that regional integration had influenced growth of the enterprise based on an increase in enterprise sales. 32% of respondents agreed that there has been an increase in sales, all respondents indicated that regional integration had influenced growth of the enterprise based on an increase in sales.

The respondents were also asked to indicate their level of agreement on the influence of regional integration on the growth of the enterprise based on increased profits and majority of the respondents, 75% strongly agreed that regional integration had influenced the growth of the enterprise based on increased profits. 20% of the respondents agreed to this while only 5% of them were not sure. A majority of respondents agreed that regional integration had influenced the growth of the enterprise based on increased enterprise profits.

In addition, the respondents were also requested to show their level of agreement on the influence of regional integration on the growth of the enterprise based on increased market share through provision of wider markets. A majority of respondents 66%, strongly agreed that regional integration had influenced growth of the enterprise based on an increase in market share of the enterprise through provision of wider markets. 24% of respondents agreed with this and 10% of respondents were unsure. Cumulatively 90% of those who responded agreed that regional integration had influenced growth of the enterprise based on an increase in market share of the enterprise through provision of wider markets.

On their level of agreement on the influence of regional integration on the growth of the enterprise based on enterprise expansion through operations in neighboring countries; 49% of respondents strongly agreed that regional integration had influenced growth of the enterprise due to its expansion through increased operations in neighboring countries. 24% agreed, 15% were unsure, 7% disagreed with this and 5% of the respondents strongly disagreed.

4.4.3.1 Regression Results on Regional Integration and Growth of the Enterprise

Simple linear regression analysis was carried out to determine the influence of regional integration on growth of the enterprises. The model summary shown in Table 4.16 presents the findings.

Table 4.16: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795[a]	.632	.622	2.68108

a. Predictors: (Constant), Regional Integration

Table 4.16 indicates the value of R square as 0.632; this infers that 63.2% change in growth of enterprises is explained by changes in regional integration. This has an implication that apart from regional integration, there are other factors with an influence on growth of enterprises which future research ought to be conducted to establish.

The findings on the Analysis of Variance are shown in Table 4.17.

Table 4.17: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	481.271	1	481.271	66.953	.000[b]
Residual	280.339	39	7.188		
Total	**761.610**	**40**			

a. Dependent Variable: Growth of Enterprises

b. Predictors: (Constant), Regional Integration

Table 4.17 indicates the values of F calculated as 66.953 with $p<0.05$; which suggests that the overall regression model was significant. Results of the regression beta coefficients with the p-values are as presented in Table 4.18.

Table 4.18: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	.589	4.017		.147	.884
Regional Integration	1.210	.148	.795	8.182	.000

a. Dependent Variable: Growth of Enterprises

From the findings in Table 4.18, the following equation is formulated;

$Y=.589+1.210X_1$………………………………………………………………….. (ii)

Where Y=Growth of Enterprises X_1=Regional Integration

Therefore; holding all other factors constant, growth of enterprises would be at 0.589. At 5% level of significance, regional integration ($\beta=1.210$, $p<0.05$) has postive and significant effect on growth of enterprises.

4.5 Discussion

Governments provide a conducive environment for businesses to operate in their countries as well as ensure the citizens are protected from unscrupulous enterprises. The inter-governmentalism theory provides some background understanding of regionalism, and states that nations are driven by their national interests when pursuing regional integration with the ultimate goal of survival and accumulating power. States pursue integration so as to accomplish a common goal more easily together and when these interests differ, theses states experience a slower integration (Santos-Paulino, 2015). Process of integration is rooted on its aim to reduce and ultimately remove barriers to trade.

This is aimed at promoting businesses, increase investments and economic growth, which can only be achieved if the actual benefit is felt and acknowledged at the level of the individual business enterprise. Regional integration policies create a win- lose situation for those who participate in the integration and those that don't respectively. The relationship between regional integration and growth of individual enterprises is not easily measured and as such can be identified by the influence regional integration policies have on the enterprises in question.

From the results of the study, regional integration influences the growth of medium textile enterprises in Nairobi, based on the various aspects studied. The aspects identified in this study are the ease at which enterprises engage in cross border trade activities such as buying and selling from/to neighboring countries and clearing of goods at national borders.

The study also identified other aspects of company growth as influenced by regional integration which were increased sales, profits, market share and enterprise expansion. The other aspect was the benefit enjoyed by these enterprises based on the policies adopted by integration such as ease of movement of goods within EAC member states, provision of wider markets, reduced tariffs and barriers to trade on member countries.

Study findings saw most of the respondents agree that regional integration had made cross border trade easier based on the fact that a majority of the respondents stated that buying from other countries had been made much easier with regional integration. This was also the case with selling of goods from and to other countries. Clearing of goods from and to Kenya at neighboring countries had been made easier with regional integration. This can be attributed to the fact that the EAC Secretariat identifies trade liberalization and development as a key component of its regional integration strategy (EAC, 2018); especially so through the reduction of tariffs and other barriers to trade.

A majority of respondents indicated that regional integration influenced growth based on the fact that there has been a growth in the volume of sales and profit as a result of regional integration. The respondents also indicated if regional integration had influenced growth based on expansion of the enterprise due to operations in EAC countries and increased market share; and most of the respondents agreed that regional integration had spurred growth in the enterprises based on the aspects studied.

On the aspects of ease of movement of goods across national borders, provision of wider markets, reduced tariffs and barriers to trade on member countries, a majority of respondents noted that there was great benefit to the performance of their enterprises based on the above aspects which is as a result of regional integration. A perspective Phiri (2007) identified in his study that regional integration can foster cross border value chains, free trade and enlarge the market.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section puts concisely the major findings of the study. It presents the findings as detailed in the preceding chapter and the conclusions derived there from. The researcher sought to identify the influence regional integration has on the growth of medium textile enterprises in Nairobi County. This chapter outlines the aspects of regional integration that influence growth in medium textile enterprises.

This chapter also outlines proposals for policy making and operation along the basis of the research findings which can be adopted by relevant authorities and medium textile enterprises in Nairobi County as well as give direction for further studies. Limitations that affected the study are also outlined, together with recommendations for further research in similar and related fields in the continuance of this research study.

5.2 Summary of Findings

This research project evaluated the influence regional integration has on the growth of medium textile enterprises in Nairobi. The study found that regional integration has eased cross border trade. The ease at which these enterprises engage in buying goods from neighboring countries and selling goods to neighboring countries has spurred growth in the enterprises studied.

Corresponding border clearance process of goods purchased now cost less in taxes and levies as well as the turnaround time in human and goods clearance has reduced significantly. Despite the benefits regional integration has had on exportation of goods by medium textile enterprises in Nairobi to some neighboring countries has not been tapped into. This can be explained by resulting customer loyalty to products from their own countries as well as national trade policies or barriers to trade that make it difficult for medium textile enterprises in Kenya to penetrate such markets.

This research study established that regional integration had influenced the growth of medium textile enterprises in Nairobi. Most enterprises had experienced an increase in sales due to regional integration as aspect that can be attributed to the provision of wider markets into the neighboring countries. An increase in sales in these enterprises bears more profits for the businesses as production of goods is done in large scale which reduces the cost per unit price of the goods produced. Regional integration has also allowed these enterprises grow their market share in the region with the countries these enterprises export to. The study also showed that expansion of the enterprises through increased operations in neighboring countries had spurred growth of medium textile enterprises in Nairobi, an aspect brought forth by regional integration and policies adopted by member countries that ease cross border trade activities.

The study findings showed that regional integration has been of great benefit to the growth of medium textile enterprises in Nairobi as these enterprises have been provided with wider markets, which means increase opportunities for these enterprises to export to new markets and increase their customer base.

Integration has also made it easier for enterprises to move goods across national border with ease due to reduced taxes and levies as well as reduced red tape in the process of clearance at the borders. The reduction of tariffs and barriers to trade and ease in knowledge and technological transfer has also made it easier for medium textile enterprises in Nairobi to grow as cross border trade is made efficient.

5.3 Conclusion

From the research findings, various aspects or business activities of cross border trade has been made easier with regional integration. The process of buying from and selling to neighboring countries has been made efficient with the reduction of taxes and barriers to trade. This brings more business to these enterprises and the process of clearance at the border is also made easy with regional integration.

The ease of cross border trade influences growth of medium textile enterprise as more profits are realized due to reduction in costs of production as well as exportation and importation of cheaper inputs and products used in producing textile products. The findings also indicated an increase in sales, influences growth in medium textile enterprises in Nairobi. Regional integration provides these enterprises with wider markets for selling their products as well as increased opportunities for the enterprises to identify niche markets to tap into and satisfy a need in the regional market.

Expansion of these enterprises into regional markets through operations in neighboring countries allows these enterprises increase their market base and they gain first-hand knowledge on how to deal with regional markets as some open up subsidiaries, which enables an enterprise to grow. Based on the study findings, regional integration has made movement of goods within EAC member states much easier which allows enterprises to perform cross border trade activities with ease. Making it easier for knowledge and technological transfer in the region, providing growth opportunities for enterprises involved in intra-regional trade which eventually opens doors to global trade.

5.4 Recommendations for Policy and Practice

Research findings confirm the immense influence regional integration has on the growth of medium textile enterprises. The aspect of regional integration identified in the study have a great significance in influencing growth of business enterprises in the region more so medium textile enterprises in Nairobi which was the target population. The study has established that the integration process is beneficial for business. This study thus recommends that member states in the integration continue to make the integration process more efficient and easier for entrepreneurs to do business freely in the region. This can be done by ensuring integration initiatives towards free trade and a unified economic union materializes so as to give greater gains to the investors in this sector.

Managers of medium textile enterprises need to design strategies to address buyer loyalty in neighboring countries so as to tap into the markets that are yet to be exposed to Kenyan products. This can be done through massive campaigns on this product as well as coming up with market penetration strategies to ease the product into the market; preferably campaigns which relate to that particular local economy so as to avoid the product passing as too foreign.

In the face of growing competition from imported products from regional markets, local enterprises should adopt to strategies that give them a competitive edge. Innovations, product differentiation and price cuts are some of the strategies that can be employed. The government also needs to facilitate local enterprises access the regional markets easily through Kenyan commercial attachés in these countries to enable entrepreneurs satisfy demand for their products in parts of the region that is untapped.

5.5 Limitations of the Study

There was a limitation in getting accurate information from the respondents and this presented a major challenge. For instance, most of the respondents were not willing to provide accurate annual sales turnover figures to counter this, the researcher also incorporated questions on increase in profitability and increase in sales.

The textile sector in Kenya is vast and consists of not only medium enterprises but also large and small enterprises spread across the country. There are also foreign subsidiaries operating in Kenya attracted by the AGOA agreement between the US and Kenya. As a result, the findings interpretations and conclusions of this study will not be representative of the total population in the textile industry in Kenya and as such the research findings have been limited to medium textile enterprises.

The study was carried out under certain circumstances, some of which took great determination to overcome. Time was a constraint in this study process. Some respondents took too long to finish with the questionnaires and hand them over, while some did not return the questionnaires at all. A more inclusive research would have been possible in a longer time frame of two to three years to reach a broader sample and measure multiple variables.

5.6 Suggestions for Further Research

Benefits accruing from regional integration in knowledge and technological transfer has not been explored as it should. A lot can be gained from knowledge and technological transfer through regional integration initiatives and policies formulated around this area to ensure enterprises in the region capitalize on this, therefore, further research is recommended on knowledge and technological transfer in the context of regional integration.

The research study focused on medium textile enterprises and the findings are likely to be largely dissimilar for small and large entities and firms in the textile industry. The researcher recommends for further research so as to achieve specific segment results to determine how each is influenced by regional integration.

The research was confined to Nairobi which largely has unique characteristics and trade trends within the region. It would be prudent to carry out similar studies in various counties in the country to understand how growth of enterprises in these counties is influenced by regional integration. Finally, with time and a larger budget, a more inclusive research may be undertaken to include a more representative sample, collect more data from more variables and draw conclusive results.

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Appendix I: Questionnaire

Dear Sir/ Madam,

You are hereby requested to kindly fill the below questionnaire. Information collected will be treated with utmost confidentiality and will only be used for the purpose of this study.

Thank you.

Section A: Respondent Demographics

Please put a tick where appropriate.

1) Gender: Male { } Female { }
2) Age:

   (a) 18-25 Years { } (b) 26-35 Years { }

   (c) 36-45 Years { } (d) 46-55 Years { } (e) 55 Years and above { }

3) How many years have you worked in the textile industry?

   (a) 0-5 Years { } (b) 6-10 Years { }

   c) 11-15 Years { } (d) 16-20 Years { } (e) 20 Years and above { }

Section B: Enterprise Profile

1) What is the textile enterprise main business activity?

   (a) Manufacture { } (b) Wholesale { } (c) Retail { }

2) How old is this enterprise?

   (a) 0-5 Years { } (b) 6-10 Years { }

   c) 11-15 Years { } (d) 16 Years and above { }

3) How many employees are employed in this enterprise?

   (a) 1- 25 Employees { } (b) 26- 50 Employees { }

   c) 51- 75 Employees { } d) 76- 100 Employees { }

   e) 100 Employees and above { }

4) What is the annual sales turnover of the enterprise?

(a) Ksh. 5– 100 Million { } (b) Ksh. 101M - 300 Million { }

c) Ksh. 301M – 400 Million { } (d) Above Ksh. 400 Million { }

Section C: Regional Integration and the Enterprise

1) Does the enterprise engage in trade with other countries?

Yes { } No { }

2) Which country does the enterprise trade with most?

(a) Uganda { } (d) Rwanda { }

(b) Tanzania { } (e) South Sudan { }

(c) Burundi { }

3) How often does the enterprise sell to/buy from a neighboring country?

(a) Daily { } (b) Weekly { } (c) Monthly { }

(d) Quarterly { }

4) Please indicate the influence regional integration has had on performing the below activities.

		Much easier 1	Slightly easier 2	No change 3	Slightly difficult 4	Very difficult 5
1	Buying from neighboring countries					
2	Selling to neighboring countries					
3	Clearing exports from Kenya at neighboring countries borders					
4	Clearing goods from neighboring countries into Kenya at the					

	borders					

5) Please indicate your level of agreement on the influence of regional integration on the growth of the enterprise based on the below factors.

		Strongly agree 1	Agree 2	Not sure 3	Disagree 4	Strongly disagree 5
1	Increased sales					
2	Increased profits					
3	Increased market share through provision of wider markets					
4	Expansion of the enterprise through increased operations in neighboring countries					

Thank you for your participation.

Appendix II: List of Medium Textile Enterprises Sampled

Manufacturers

1. Garment Label Manufacturers
2. Riziki Manufacturers Limited
3. Storm Apparel Manufacturers Limited
4. Silver Star Manufacturers Limited
5. Specialized Towel Manufacturers Limited
6. Uzuri Manufacturers Limited

Wholesalers

1. Bahati Wholesalers
2. Kamyn Industries Limited
3. Falcon Apparel Exporters Limited
4. School Outfitters
5. East Africa Garment Factory Limited
6. Union Apparels Kenya Limited
7. Safiri Textile Limited
8. Spinners and Spinners Limited
9. Amit Wholesalers
10. Crown Fashions Limited
11. Sunflag Textile and Knitwear Mills Ltd
12. Sethi Fabric Limited
13. Summit Textile (EA) Ltd
14. Specialized Towel Manufacturers Limited
15. Midco Textiles (EA) Limited
16. Express Clothing Wholesalers
17. Fineline Industries Limited
18. Quick Wholesalers
19. Emke Garments (K) Limited
20. Winven Investment Limited

Retailers

1. Safi Textiles Limited
2. Golden Light Limited
3. Nelco Enterprises
4. Binti Apparels Limited
5. Spiegel Interiors Limited
6. United Textile Industries Limited
7. Hong Kong Garments (K) Limited
8. Supra Textile Limited
9. Kawa Garments Limited
10. Palak Fabrics Limited
11. Apparels Trading Company Limited
12. Jaydees Knitting Factory Limited
13. Teleworld Industries Limited
14. Nairobi Drappers (K) Limited
15. Suntan Limited
16. Kisura Limited
17. Key Link Distributors
18. Sumark Drappers Limited
19. Ismana Designs Limited
20. Zawadi Apparels Limited
21. Polo Industries Limited
22. Tex Care Africa Limited
23. Triaco Fine Textile Products
24. Hercules Mills Limited
25. Stitch Masters Limited