ESTABLISHING THE EFFECTS OF INDIAN MANUFACTURED PRODUCTS ON THE TEXTILE AND APPAREL INDUSTRY IN KENYA

PRESENTED

BY

HARRIET MWELU MUTISYA

A RESEARCH PROPOSAL SUBMITED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF A DEGREE IN MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

MARCH, 2012

DECLARATION

This Research project is my original work and has not been submitted for a degree in any other University.

Signed Date.... J.f.TT.M.r.. .1 Irt.

HARRIET MWELU MUTISYA

D61/75196/2009

This research project has been submitted for examination with my approval as the University Supervisor.

Signed Date 15-11-2012

DR JOHN YABS

I

DEPARTMENT OF BUSINESS ADMINISTRATION,

SCHOOL OF BUSINESS,

UNIVERSITY OF NAIROBI, KENYA.

ACKNOWLEDGEMENTS

I would like to thank Dr. Yabs, my project supervisor for providing the opportunity to work on this intriguing project. I would like to thank Mr. Mududa for his constructive criticism during project evaluation, which helped me to make necessary improvements.

Thanks are due to my friends who have made each day at University of Nairobi a new experience for me. I would specially like to thanks my group members. I would like to thank Marcella Shiluli for being my bench mate and listening all my future ideas. I cannot forget Lewis without whom I would have ever been able to complete by degree. I am, thankful to Charity for being my partner throughout my stay. I always cherished the company of Munene.

My thanks and appreciations also go to my colleagues in the procurement department in developing the project and willingly helping me out with their abilities. I would like to express my special gratitude and thanks to the textile and apparel companies based in Nairobi and its surroundings for giving me such attention and time.

Last but not the least; I would like to thank my family. The constant inspiration and guidance kept me focused and motivated. I am grateful to my dad for giving me the life I ever dreamed. I can't express my gratitude for my mom in words, whose unconditional love has been my greatest strength. The constant love and support of my Fiance and sisters is sincerely acknowledged. Finally, my greatest regards to the Almighty for bestowing upon me the courage to face the complexities of life and complete this project successfully.

DEDICATION

I dedicate this research report affectionately to the following:

My Fiance Teddy

My Niece, Nicole

My parents, Mr. and Mrs. Mutisya

My sisters, Caroline, Maureen, Winfred, Lisa and Cynthia and Brother Martin.

LIST OF TABLES

Table 4. 1: Respondents' Length of Service in their Current Positions 29

Table 4. 2: Company's Core Business 31

Table 4.3: Factors Contributing to the Company's Success 33

Table 4.4: Changes in the Textiles and Apparel Industry 34

Table 4. 5: Decline in Profits 35

Table 4. 6: India-Kenya Bi-lateral Trade and Company Objectives 38

Table 4.7: Strategies Adopted by Firms 39

LIST OF FIGURES

Figure 4. 1: Company's Length of Operation in Kenya 30

Figure 4.2: Company's Annual Turnover in Sales in Kenya Shillings 32

Figure 4. 3: Loss of Market Share 35

Figure 4. 4: High Employee Turnover 36

Figure 4.5: Increase in Operating Costs 37

This study attempted to explore the effect of India's manufactured products on the textile and apparel industries based in Nairobi and its surroundings, Kenya. The target population of study was all textiles and apparel manufacturing industries that are members of Kenya Association of manufacturers KAM and operate within Nairobi and its surroundings. This study used a purposive sample of 38 respondents. Questionnaires were used for data collection. Quantitative and Qualitative analysis techniques were applied. From the findings, the study reveals a number of conclusions. Most of the textiles and apparel manufacturing industries have been in operation for mote than 10 years. A majority of them are engaged in fabric and apparel manufacturing and record an annual turnover of over 100 million Kenya shillings. Product innovation; market development; improvement in technology; aggressive marketing; and changes in customer needs have contributed to the success of the companies to a great extent. Globalization/regionalization, technological advancement, and improved customer awareness impacted on companies to a great extent. Companies' loss of market share and decline in profits has been affected to a very extent by the Kenya-India bilateral trade agreement. Moreover, the companies have adopted moderately important strategies like market penetration, market development, and product development in order to remain competitive in the textiles and apparel industry. The study recommends that: textiles and apparel industries should also ensure that cotton production becomes a priority in their development policies in Kenya; and the GoK to intensively and expansively focus its policies extensively on investment in the textiles and apparel industry as well as the so much neglected cotton industry.

TABLE OF CONTENTS

DECLARATION ... ii

ACKNOWLEDGEMENT ... iii

DEDICATION ... iv

LIST OF TABLES ... v

LIST OF FIGURES ... vi

ABSTARCT ... vii

LIST OF ABBREVIATIONS ... xi

CHAPTER ONE ... 1

INTRODUCTION ... 1

1.1 Background of the study ... 1

1.1.1 Theories of International Business ... 2

1.1.2 India-Kenya Trade Agreement ... 3

1.1.3 Indian Manufactured Products ... 4

1.1.4 Indian Textile and Apparel Industry ... 5

1.1.5 Kenyan Textile and Apparels Industry ... 5

1.2 Research Problem ... 7

1.3 Research Objectives ... 9

1.4 Value of the Study ... 10

CHAPTER TWO ... 11

LITERATURE REVIEW ... 11

2.1 Introduction ... 11

2.2 Theory of Comparative Advantage 11
2.3 Applicability of Ricardian Theory in Real World 13
2.4 Indian Economic History and its Impact to Africa 14
2.4.1 Key sectors of Growth in India 17
2.4.2 Benefits and Challenges Accrued from the Kenya-India Trade 18
2.4.3 Competitive Position of India's Textile and Apparel Iindustry 19
2.4.4 Growth Opportunities in the Industry 21
2.5 Empirical Evidence 21
CHAPTER THREE 24
RESEARCH METHODOLOGY 24
3.1 Introduction 24
3.2 Research Design 24
3.3 Study Population 25
3.4 Sampling Design 25
3.5 Data collection 26
3.6 Reliability and Validity 26
3.7 Data Analysis 27
CHAPETER FOUR 28
DATA ANALYSIS, RESULTS AND DISCUSSION 28
4.1 Introduction 28
4.2 Background Information 28
4.2.1 The Response Rate 28
4.2.2 Respondents' Length of Service in Current Position 29
4.2.3 Company's Length of Operation in Kenya 30
4.2.4 Company's Core Business 30

4.2.5 Company's Annual Turnover in Sales 31
4.3 Factors Contributing to the Company's Success 32
4.4 Changes in the Textiles and Apparel Industry 33
4.5 India-Kenya Bi-lateral Trade 34
4.5.1 Loss of Market Share 34
4.5.2 Decline in Profits 35
4.5.3 High Employee Turnover 36
4.5.4 Increase in Operating Costs 36
4.6 India-Kenya Bi-lateral Trade and Company Objectives 37
4.7 Strategies Adopted by Firms 38
CHAPTER FIVE 40
SUMMARY, CONCLUSIONS AND RECOMMANDATIONS 40
5.1 Introduction 40
5.2 Summary of the Study 40
5.3 Conclusions 42
5.4 Recommendations 42
REFERENCES 44
APPENDICES 48
APPENDIX I: LETTER OF INTRODUCTION: 48
APPENDIX II: QUESTIONNAIRE 49
APPENDIX III: LIST OF TEXTILES AND APPAREL INDUSTRIES 52

LIST OF ABBREVIATIONS

AGOA	African Growth and Opportunity Act
ATC	Agreement on Textiles and Clothes
CCIC	Central Cottage Industries Corporation of India
EPZ	Export Processing Zones
EPZA	Export Processing Zones Association
ERS	Economic Recovery Strategy for Wealth and Employment Creation
EU	European Union
EUCC	European Union the Cotonou Convention
GDP	Gross Domestic product
GoK	Government of Kenya
HHEC	Handicrafts and Handlooms Export Corporation of India
IPRS	Interim Poverty Reduction Strategy
ISI	Import Substitution Industrialization
KAM	Kenya Association of Manufactures
NCTD	National Centre for Textiles Design
RATES	Regional Agricultural Trade Expansion Support Program

ROO	Rule of Origin
SAP	Structural Adjustment Policies
SHC	Second hand Clothes
SME	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
SSA	Sub-Saharan Africa
UNIDO	United Nations Industrial Development Organization
US	United States

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Suvillan (2007) defines international business as a term used to collectively describe all commercial transactions which may include private, governmental, sales, investments, logistics, and transportation that take place between two or more regions, countries and nations beyond their political boundary. Usually, private companies undertake such transactions for profit; governments undertake them for profit and for political reasons. According to the times of India (2010), the growth in the international business sector in India was more than 7% annually. It also cited that there could be scope for more improvement if only the relations with the neighboring countries were stabilized. The mind-blowing performance of the stock market in India had gathered all the more attention in comparison to the other international bourses. India definitely stands as an opportune place to explore business possibilities, with its high-skilled manpower and budding middle class segment.

The following sectors have potential for international business in India: Information Technology; telecommunication; pharmaceuticals; and biotechnology research and development; banking; financial institutions and insurance and pensions, capital market, chemicals; electronics hardware; hydrocarbons; agriculture and food processing; retailing; logistics; manufacturing and power; and non-conventional energy. Sectors like health, education, housing, resource conservation, water resources, environment, rural development, small and medium enterprises (SME), and urban development are still not tapped properly and thus the huge scope should be exploited. Historically, international business between Africa and Asia are not new (Harsh, 2004). For centuries, there was considerable migration and commerce among societies on opposite sides of the Indian Ocean. For centuries there was

considerable migration and commerce among societies on opposite sides of Indian Ocean (Harsh, 2004).

1.1.1 Theories of International Business

Theories of international business can be linked to specific time periods and events. Mercantilism for example was linked to the development of the nation states of England and Europe during the sixteenth to the end of the eighteenth century. It developed and declined gradually timing varied in different places and with the several features of the system. In some of its aspects it is well described as the economic counterpart of the political nationalism of the twentieth century. The Mercentelist believed that the government ought to undertake actively to guide activities of its citizens into those lines that were conducive to national well being (Langran & Schnitzer, 2007). They recommended a series of regulations concerning the terms in which goods might be imported from abroad and exported. They believed that a country well being depended on exports exceeding imports thus they had a policy of discouraging imports. However mercantilism is still seen in the current century where nations fight for economic survival in a world that is beset by a prolonged recession. Government regulation on trade has increased and takes the form of encouraging domestic industry by means of subsidies and tariffs and controlling imports.

The industrial revolution changed national attitudes of mercantilism to laissez-faire. Scientific breakthroughs, inventions and the factory system encouraged specialization and concentration of production. This forced movement from protectionism and self sufficient to the doctrine of free trade that was supported by classical economic theory, a school of thought that developed in the nineteenth century and was expounded in its early form by David Hume and Adam Smith and later by David Ricardo and John Smart Mill.

International trade was part of classical theory which stressed the fundamental advantages of specialization and freedom of trade. There was a major problem however, considered by classical economist on how growth in the wealth of nations could best be facilitated. The question was what line of police was more conducive to the increase of wealth of nations? The answer was that both individual countries should be left free to pursue their own advantage and wealth would be maximized, hence, the theory of absolute and comparative advantage. The twentieth century has witnessed rapid changes in international business where multinational corporations have contributed to internalization of production and in the process their investment decisions can be viewed in terms of world allocation of resources and maximizing world's welfare. International production surpassed foreign trade as the main vehicle for international relations in terms of size, rate of growth and future growth potential.

1.1.2 India-Kenya Trade Agreement

An India-Kenya Trade Agreement was signed in 1981, under which both countries accorded most favored nation status to each other. Bilateral trade between the two sides has grown from Sh50 billion in the year 2005-06 to Shl20 billion in 2009-10, a growth of 145 per cent in the last four years according to the Kenya's Ministry for Trade report (2010). India offers development assistance to Kenya in the form of loans and credit. Bilateral trade grew at 28% in 2008 and was over US$ 1.5 billion in 2009-10. Today India is Kenya's sixth largest trading partner. Main Indian exports to Kenya include pharmaceuticals, steel products, machinery, yarn, vehicles and power transmission equipment. Main Kenyan exports to India include soda ash, vegetables, tea, leather and metal including scrap.

As Kenya is a major exporter of agricultural and horticultural products, there is scope for cooperation in setting up agro-processing industries in Kenya. Other promising sectors for cooperation include drug and pharmaceuticals and infrastructure development sectors like roads,

rail privatization, and telecom including equipment and accessories, energy including generation and distribution, expansion of Kenya pipeline, expansion of airports (Ministry for Trade report, 2010). Moreover, as Kenya's tea industry is one of the world's largest, there is enormous scope for exports of tea machinery to Kenya.

1.1.3 Indian Manufactured Products.

A report released by United Nations Industrial Development Organization, (UNIDO, 2010) stated that India has secured a place among the world's 10 largest manufacturing countries as the share of major industrialized economies in global factory output fell significantly in the last decade. Efficient use of energy, helped by enhanced labour productivity and increase in exports of manufactured goods, helped it secure its position among the top 10 industrial producers. Even though the country had only 1.8 per cent share in the world manufacturing between 2000 and 2010, India occupies the 9th position among the global leading manufacturing countries. Its competitiveness of manufactured goods in the global markets has significantly improved, and the higher output growth rates have allowed the Indian industry to improve major performance indicators such as labour productivity.

According to Lallemand (2010), India is the eleventh largest economy in the world and its pace of growth has been picking up since it has adopted economic reforms and started to shake off extensive regulation, protectionism and public ownership. The competitiveness of Asian merchandise is a mixed blessing for Africa, however. When cheap Asian textiles or rice flood African markets, local producers are often hurt by reduced sales of their own goods. They argue that trade liberalization has exposed them to unfair foreign competition and urge their governments to impose higher duties on such imports to help protect African producers.

African exporters also complain that some Asian countries subsidize their agricultural production giving them a competitive edge in world markets that Africans generally do not

enjoy. As well, they criticize the persistence of tariffs and other trade barriers that hamper the sale of African commodities in Asian markets. For Africa to realize meaningful and sustainable economic growth there is need for increased market access for African products into Japan and other Asian countries. The typical Indian firm, tends to be in the private sector, varies in size, enters African markets by acquiring established businesses, engages in vertical integration facilitates indeed, sometimes encourages the integration of management and workers into the African socioeconomic network through informal ethnic networks or by participating in local political activities, and engages in large local sales with private entities rather than solely government agencies (Broadman, 2011).

1.1.4 Indian Textile and Apparel Industry

Traditionally, Iijdia is a textile -producing country with textiles in general, and cotton in particular, being major industries for the country (Khurana, 2010). India is among the world's top producers of yarns and fabrics, and the export quality of its products is ever increasing. Textile Industry is one of the largest and oldest industries in India. Textile Industry in India is a self-reliant and independent industry and has great diversification and versatility. The industry strength has been attributed to its independent nature and being self-reliant, it has also got a lager and potential domestic and international market coupled with abundant raw material availability that helps industry to control costs and reduces the lead-time across the operation. Availability of low cost and skilled manpower provides competitive advantage to industry, with its major contribution being the large varieties of cotton fibre and has a fast growing synthetic fibre industry with a promising export potential.

1.1.5 Kenyan Textile and Apparels Industry

Cloth and clothing production, trade, and consumption are currently undergoing dramatic upheavals in Kenya. Domestic production of traditional textiles for local consumption and

which was once the backbone of post-independence manufacturing strategies ceased by 2001. Significant changes in the global regulatory environment affecting Kenya, including preferential trade arrangements with the European Union the Cotonou Convention (EUCC) of 2000 and the United States the African Growth and Opportunity Act (AGOA), passed by the U.S. Congress in 2000), have resulted in tremendous growth in nascent export apparel production just prior to the upcoming end of the Multifiber Agreement in 2005.

The increasing importation of secondhand clothing, banned in Kenya until the 1990s, has likewise profoundly affected production, trade, and apparel consumption. Nevertheless, the textile industry ranks first among Kenya's manufacturing sectors in terms of both size and employment (RATES, 2003). Gains experienced by the sector in the post-AGOA environment include a tripling of Kenyan textile exports from USD $45 million in 2001 to USD $150 million in 2003 and the creation of more than 150,000 jobs in textiles in Kenya since 2001 (Flint, 2004).

These South-South linkages in the production, trade, and consumption of textiles and apparel in Kenya, particularly as Kenya links to India, China, and the Arabian Peninsula, are indicative of the current structure of the global textiles and apparel industry. Occurring beneath Western-dominated analyses of the global production and trade in cloth and clothing, these geographies are illustrative of long-standing and profound engagements with processes of globalization throughout the Indian Ocean littoral. Many African countries, including Kenya, rely on the import of Asian textiles for apparel production following the collapse of the cotton sector after market liberalization permitted second hand clothing imports (Kelley, 2003). In Kenya, a view of the current ownership and management of textile mills and apparel manufacturing indicates a majority Indian investment (RATES, 2003). India is currently lobbying East African nations, particularly Kenya, to form partnerships under AGOA by which India would provide manufacturers in Kenya with the raw materials for textile production.

According to the Republic of Kenya report (2010), industrial development, including the textile and apparel industries in Kenya is promoted in the IPRS and ERS by the following strategies: promoting an economy of macroeconomic stability; strengthening institutions of governance through capacity building and the rule of law; rehabilitating and expanding physical infrastructures and investment in human capital; and promoting a favourable environment for private investment through the elimination of all requirements for the Trade Licensing Act, which constrained, controlled, and imposed extra costs on businesses without adding value to production.

As a result of these strategies, the Kenyan economy experienced significant growth, especially at the Export Processing Zones (EPZs). For instance, Kenya's economic growth rate in real GDP increased from 1.2% in 2002 (EPZA, 2005) to 7.1% in 2007(EPZA, 2008). Between 2000 and 2006, investment in the textiles and apparel industry at the EPZs increased from Kshs. 1,200 billion to Kshs. 10,317 billion. Further, garment manufacturing remains the dominant sector in the EPZ, constituting about 41 percent of the firms within the zone. In 2004, the garment manufacturing enterprises in the zone contributed 92 percent of local employment, about 74 percent of total sales and 63 percent of local resource utilization (EPZA, 2005).

1.2 Research Problem

The textiles and apparel industry occupy a prominent economic position, in terms of trade, employment and foreign investment, in the economic development of Kenya (Frimpong, 2011). However, the combination of international pressures arising from globalization as well as international commercial policies, including tariff and non tariff barrier reduction on the one hand, and national policies on the other, have brought enormous challenges to the contribution of the industry to economic development. During the colonial period, Kenya played dual economic roles in the international economy. First, it served as markets for natural resource extraction. Second, it served as destinations for value-added manufactured goods imported

from Europe and Asia. After independence, the Government of Kenya (GoK) adopted protective tariff barriers and import substitution industrialization (ISI) as strategies for promoting the industrialization, modernization and transformation of economic activities from excessive dependence on natural resource extraction (Frimpong, 2011).

The textile and clothing industry in Kenya faces significant crises (Omolo, 2006). This emanates from continued deterioration in the purchasing powers of the majority of the population, thereby reducing effective demand for textile products, cheap imports, and the elimination of quotas as a result of the expiry of the Agreement on Textiles and Clothes (ATC), exposing the country to stiff competition on third markets from more established manufacturing economies such as China. Consequently, a number of firm closures and lay offs have been reported in the country's textile industry. Preliminary reports indicate that up to 12,000 jobs have been lost due to factory closures as well as reduced operations (Omolo, 2006).

India has registered triumphant success from its bilateral relationship with Africa, one that has granted lucrative access to Africa's vast resources while cultivating influence with Africa's political elite. Where Robert Mugabe's asserts that Africa has turned east, where the sun rises, and given its back to the west, where the sun sets. According to Sidhharth (2007), India's trade with Africa was estimated at $16.3 billion during April-January 2006-07 with exports rising 53 % to $ 6.6 billion while imports during the period almost doubled to $ 9.7 billion. Many products today from other countries are preferred by customers because of their higher standards of quality or lower prices but are similar to those manufactured in Kenya. Over the last decade, India and China have established themselves as increasingly influential players across Africa. Subsequently, many recent studies have examined the impact on sub-Saharan Africa (SSA) of Chinese and Indian ascendance with the goal of formulating strategies for poor countries to maximize the benefits and minimize the costs of engagement (Evans et al. 2006; Goldstein 2006; Kaplinsky et al. 2006; Broadman 2007).

Kaplinsky et al (2006) stated that India's export to Africa had 182 % increment from 0.95 billion dollar in 1997 to 2.7 billion dollar in 2005. Manufacturing goods (40 %) was however not a predominant sector in 2005 as it was in 1997 it is more diversified into chemical products, machinery/ transport equipment, food and livestock etc. Unlike import situation in the same period, every single sector has observed positive growth; however their trade-deficit has kept looming. According to Mwega (2006), rapid economic growth in India and China is bidding up its demand for land-based primary products, in which Africa has a comparative advantage. India's imports predominantly comprise primary commodities, mainly oil and metal products, to a large extent driven by their industrial expansions. Moreover, the labour supply combined with skill training raise the industrial productivity and India and China have benefited enormously by this while Africa has not.

From the studies cited above it emerges that factors affecting the manufacturing sector in Kenya with regards to the imports of manufactured goods from India has not been adequately addressed although many firms experience various difficulties and achievements. However, India's engagement with Africa has been analyzed in quite limited way and almost negligible at policy level. This study therefore sought to establish the effects of India's manufactured products on the Kenyan textile and apparel industry as well as identifying the challenges that come along with the use of these goods and the responses to change by the participants in the industry.

1.3 Research Objectives

The broad objective of this study was to establish the effect of India's manufactured products on the textile and apparel industries based in Kenya. The study was guided by the following specific objectives:

i) To establish factors that has contributed to the success of textile and apparel industries around Nairobi.

ii) To establish the effect of the Kenya-India bilateral trade on the textile and apparel industries around Nairobi.

iii) To evaluate the strategies adopted by textile and apparel industries around Nairobi in efforts to remain competitive.

1.4 Value of the Study

The research would benefit the Government of Kenya. The Ministry of Trade will be informed of the influence of India's fast growing economy on Kenya's economic development. The study will also form a basis for the government to do a comprehensive analysis on the other sectors of the economy. ,

The study has a theoretical significance. Its results will be used by academicians and researchers as launching pad for further studies related to the other Asian economies and various industries in the African markets.

Manufacturers and businessmen on the need to take the most appropriate measures in trade such as rationalizing operations, downsizing, relocating or increasing their markets towards the Asian economies, retrenching increasing capacity and increasing trade relations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section describes the concept of comparative advantage of a nation and its impact on international trade. It gives a brief history on India's economic growth and development. It also shows the different sectors of India's economy with an emphasis to the manufacturing sector and its contribution towards growth of African Economies and its impact on the Kenyan industries.

2.2 Theory of Comparative Advantage

Comparative advantage is an economic law that demonstrates the ways in which protectionism or mercantilism, at the time it was written is unnecessary in free trade (Matsuyama, 2000). Popularized by David Ricardo, comparative advantage argues that free trade works even if one partner in a deal holds absolute advantage in all areas of production - that is, one partner makes products cheaper, better and faster than its trading partner. The primary fear for nations entering free trade is that they will be out-produced by a country with an absolute advantage in several areas, which would lead to imports, but no exports. Comparative advantage stipulates that countries should specialize in a certain class of products for export, but import the rest - even if the country holds an absolute advantage in all products. Comparative advantage urges nations to engage in true free trade and to specialize in areas where they have the highest comparative advantage, instead of looking to bolster weak industries from foreign competition by imposing protective tariffs that otherwise stifle the production that leads to overall gains in wealth.

The key word is comparative, meaning relative and not necessarily absolute. There are gains from trade whenever the relative price ratios of two goods differ under international exchange for what would be under conditions of no trade. In addition, the theory of comparative advantage demonstrates that countries jointly benefit from trade (under the assumption of both goods). With the theory of absolute advantage, Ricardo's theory of comparative advantage does not answer why production cost differ within each country and also no consideration is given to the possibility of producing the same goods with different combinations of factors (Ricardo, 1817). For example, India, which is relatively well endowed with labor compared to Switzerland, ought to concentrate on producing labor-intensive goods; Switzerland with relatively more capital than labor, should specialize in capital-intensive products.

Matsuyama (2000) suggested that David Ricardo in his theory stated that other things being equal a country tends to specialize in and exports those commodities in the production of which it has maximum comparative cost advantage or minimum comparative disadvantage. Similarly the country's imports will be of goods having relatively less comparative cost advantage or greater disadvantage. Ricardo explains his theory with the assumptions that there are two countries and two commodities where there is a perfect competition both in commodity and factor market and the cost of production is expressed in terms of labour i.e. value of a commodity is measured in terms of labour hours/days required to produce it. Commodities are also exchanged on the basis of labour content of each good. He also assumes that Labour is the only factor of production other than natural resources and it is homogeneous i.e. identical in efficiency, in a particular country and is perfectly mobile within a country but perfectly immobile between countries. There is free trade of goods between countries is not hindered by any restrictions.

Further, according to the Ricardian theory, nations might properly import goods that it could itself make with a lower expenditure of labor as long as its relative efficiency in making other exportable goods was even greater (Blaug, 1968). That a country should not produce all of the goods it can make cheaper but only those it can make cheapest. Even if a country is inefficient it should not cease all production simply because its labour cost are more expensive, it should drop only those lines in which its performance is most expensive. However, it's logical for nations to concentrate on producing the goods or services which they are more efficient and export the surplus then use the forex to purchase other goods that other countries can produce more cheaply. A country would also produce if the product favors the resource that is abundant in its country. Comparative advantage may therefore be due to such factors as advanced technology, well trained labour force, superior managerial skills, abundance of raw materials and other natural resources, modern and efficient plans, favourable climatic conditions among others (Blaug, 1968).

2.3 Applicability of Ricardian Theory in Real World

Comparative cost theory in spite of all limitations has remained as a basic principle of international trade. Today when the world is moving towards greater liberalization and globalization each country specializes in production of goods and services on the basis of comparative cost advantage and enters into international trade. Taussig (1927) and others attempted to prove the practical importance and acceptability of comparative cost theory. It is argued that, the two commodities two countries model can be extended to all the commodities and all the countries. Each country then will specializes in the production of those commodities in which it enjoys comparative advantage and export them to others and import the required goods from others where they are available at a lower price than at home. The theory which was explained in terms of labour can also be expressed in terms of money as it is possible to express

the total cost in terms of money. Specialization would take place on the basis of comparative advantage in terms of money cost. The assumption of constant returns to scale and no change in technology can also be relaxed. With changes in technology and production being subject to laws of returns, specialization will still take place on the basis of cost advantage under increasing and decreasing cost.

The doctrine of comparative advantage in spite of its limitations has remained as the basic principle of international trade. Today when the world is moving towards greater liberalization and globalization, each country specializes in the production of goods and services on the basis of comparative cost advantage and enters in to international trade. Each country attempts to lower its cost of production of internationally traded goods to get an advantage in the global market. Therefore, it could be argued that Ricardian explanation of the basis of international trade is valid and applicable to the real world.

2.4 Indian Economic History and its Impact to Africa

Indian economic history is all about the development of the economy from ancient times to the present. The economic history of India can be traced back to the time of ancient Indus Valley civilization. Humans learned how to settle at one place instead of being nomads. Due to the fertile lands, they learnt how to cultivate and do farming (Majumdar et al. 1978). Slowly they made farming tools, domesticated animals, invented the plough, etc. With the discovery of metals, tools were made out of metals like copper, bronze, tin, etc. The Indus Valley Civilization had a flourishing economy with the introduction of agriculture. Sooner, they found out trade routes and developed trade links with Middle East countries. The main economic activity of people during the Vedic Age was agriculture (Pruthi, 2004). With time, they started to go towards urbanization and many urban centres started to develop in the north of India. This boosted economic growth and India started to have trade relations with the Roman Empire and

South East Asia. With further developments in agriculture, small industries like textile, crafts and food processing started to develop. Many other small employees and workers came into light like barbers, carpenters, doctors, goldsmiths, weavers, etc. By this time, coins came into use and were used for purchasing materials. In the villages, barter system was widely prevalent. As time went by, caste system came into existence and the profession of a person was decided by the caste in which he was born. This was much prevalent during the rule of Indian kings and princes. This formed a hierarchy in the society which became stronger by the day.

The period of 30 years from 1950 to 1980 was the phase of socialist experimentation, in which the Indian version of socialism was developed. In this phase the economy averaged a rate of growth of 3.5% per annum and average income, measured by per capita GDP, grew at 1.3% per annum. With World Wars bracketing it and the great depression in between, the Indian economy grew atl .5% per annum during 1900 to 1913 which was less than half the rate during phase I of the post-independence period. This phase was characterized by a conscious effort to increase the role of the state in the economy. This was perhaps a reflection of what Chakravarty (1987) calls a profoundly interventionist economic philosophy prevailing at the time among Nehru and other intellectuals. He states that given similar perceptions of the reasons for India's structural backwardness, which he presents, even a more pragmatically inclined politician could well have opted for the same set of arrangements for promoting economic development.

There was an inherent assumption that market failure was a serious underlying problem, that the private sector could not be trusted and that the public sector would produce economic and socially superior outcomes. The expansion of the State's role took place through multiple channels including nationalization of selected production activities, increased public investment in infrastructure and other production activities, and legislative measures to control and direct private activity and economic agents. Though the mix of measures used varied over the phase,

the concept of modern regulation as against bureaucratic control was solely missing throughout the first phase of economic growth. The policies were driven more by immediate crisis and political expediency than by economic logic. A less secure leadership struggling to establish itself was much more inclined to use economic policy as a political tool for besting its rivals. As Dhar (1990) points out, this period saw incoherence in the policies of the government. Socialistic legislation was presented as a policy for improving the lot of the poor while its main outcome was the suppression of market responses through quantitative controls implemented by an increasingly self-serving politico-bureaucratic system.

Bhagwati (1993) analyzed the failure of strategies adopted for Indian development prior to the nineties' reforms. He argued that the extensive controls and the inward-looking policies, which hobbled private sector efficiency, along with the substantial and inefficient public sector were the three broad factors that stifled Indian growth in the seventies and, to a lesser extent, in the eighties. He states that the weak growth performance reflects, not a disappointing savings performance, but rather a disappointing productivity performance. The next phase was characterized by market experimentation. The second phase of economic growth started at the beginning of the eighties. The high growth rates during 1994 to 1997 led to widespread speculation and assertion that India had entered a new phase of growth and development with enactment of radical new economic policy framework in 1992. There was no break-point in 1991 or 1992 and therefore the phase that started in 1980-81 continues till today. The 1994-1996 periods is however found to be a growth spurt that could not be sustained.

During the period 1980to 2003 economic growth averaged 5.7% per annum. This rate is 1.2 percentage points higher than that during the first phase of development. It is 2.8 percentage points higher than that in the sub-phase IB. Economic growth during this phase. Patel (2002) describes a failed attempt by economists to ensure political stability and a strong and united

leadership for the troubled period after 1965. The fact that India's growth rate did not rise significantly, despite an impressive savings performance, and the implications thereof for future growth strategies has been much analyzed and debated such as by Chakravarty (1984), Bhagwati and Srinivasan (1984).

2.4.1 Key sectors of Growth in India

Agriculture and allied sectors like forestry, logging and fishing accounted for 18.6% of the GDP in 2005, employing 60% of the total workforce and despite a steady decline of its share in the GDP, is still the largest economic sector and plays a significant role in the overall socio-economic development of India (Vyas & Suijit, 2006). Yields per unit area of all crops have grown since 1950, due to the special emphasis placed on agriculture in the five-year plans and steady improvements in irrigation, technology, application of modern agricultural practices and provision of agricultural credit and subsidies since the revolution. India ranks second worldwide in farm output.

The manufacturing sector together with mining, quarrying, electricity and gas account for 27.6% of the GDP and employ 17% of the total workforce (World Bank, 2010). Economic reforms introduced after 1991 brought foreign competition, led to privatization of certain public sector industries, opened up sectors hitherto reserved for the public sector and led to an expansion in the production of fast-moving consumer goods. In recent years, Indian cities have continued to liberalize hence India is fourteenth in the world in factory output. India also is ranked fifteenth in services output industry employing English-speaking workers on the supply side and on the demand side, this has increased demand from foreign consumers interested in India's service exports or those looking to outsource their operations. India's IT industry, despite contributing significantly to its balance of payments, accounts for only about 1% of the total GDP or l/50th of the total services (Gordon & Gupta, 2003). Since liberalization, the

government has approved significant banking reforms. While some of these relate to nationalized banks like encouraging mergers, reducing government interference and increasing profitability and competitiveness, other reforms have opened up the banking and insurance sectors to private and foreign players.

2.4.2 Benefits and Challenges Accrued from the Kenya-India Trade

According to the Economic Survey of India (2007), India is Kenya's sixth largest trading partner and its trade with Kenya stood at $1,530 billion in 2010, comprising exports worth $1,452 billion and imports worth $78.93 million. Indian companies have invested $134.31 million in Kenya between April 2005 and October 2009, while investment inflows from Kenya to India were $15.85 million during April 2000 to July 2010. Kenya stands to gain through increased exports of both primary and manufactured products as well as services that have diversified Africa's exports.

There is also an impact of the Asian drivers on the commodity prices that have improved terms of trade with favourable effects on Kenyan producers of traditional exports (Mwenga, 2007). Consumers are benefiting from low-priced final imports and producers through low-priced intermediate and capital imports, of course undermining domestic suppliers. A major benefit to the Kenyan economy is also increased FDI flows to Kenya, particularly in infrastructure with potential for Kenyan economic growth and increased development assistance. There is exploitation of the increased migration of Indians to Africa, while exploiting the potential of exporting labour to India and Learning from the Indians the lessons on how to manage gradual economic as well as the political transformations.

According to the Ministry of Textiles India (2010), Technology Up gradation Fund Scheme which is meant for modernization of the textile industry and E-marketing platforms also have been developed by the Central Cottage Industries Corporation of India (CCIC), and the

Handicrafts and Handlooms Export Corporation of India (HHEC). The website has had 80,000 hits so far. 1,150 contemporary designs with technical details and regional language interface have been hosted for free download on the website of National Centre for Textiles Design (NCTD). (http://www.designdiary.nic.in). 1,000 contemporary and innovative handicrafts designs are hosted on the website: (www.handicraftdesignbank.com) these have become very helpful to the Kenyan industry to keep it up to date with modern technology and designs. Kenya also benefits from the Indian School of Textiles and Business which provides professional education, including research and consultancy, covering the entire spectrum of textiles. Despite the global slowdown, share of textile and clothing exports in total merchandise exports increased to 12.36% from 11.03% in 2009. In a Look East Policy, new markets have been tapped to promote exports, and the emphasis of this policy is to trade with African countries.

2.4.3 Competitive Position of India's Textile and Apparel Iindustry

According to Nakkeeran & Pugalendhi (2010), India's share of global exports of textiles and apparel increased from 1.8 percent in 1980 to 3.3 percent in 1998. However, India's export growth was lower than that of most Asian countries during that period the following are competitive strengths of the Indian textile and apparel industry. India has a large fibre base, and ranks as the world's third-leading producer of cotton, accounting for 15 per cent of the world's cotton crop. India produces a wide variety of cotton, providing operational flexibility for domestic textile producers. In the manmade fibre sector, India is the world's fifth-largest producer of polyester fibres and filament yarns and the third-largest producer of cellulosic fibres and filament yarns.

India is the world's second-largest textile producer after China and is diversified and capable of producing a wide variety of textiles (Nakkeeran & Pugalendhi, 2010). The spinning segment is fairly modernized and competitive, accounting for about 20 per cent of world cotton yarn exports in addition, India's textile and apparel industry benefits from a large pool of skilled

workers and competent technical and managerial personnel. There are however several competitive weaknesses that have impeded the growth of India's textile and apparel industry like the Policies of the Government of India favouring small firms have resulted in the establishment of a large number of small independent units in the spinning, weaving, and processing sectors. These policies have provided competitive advantages for the small independent units over the generally larger composite mills, discouraged investments in new manufacturing technologies, and limited large-scale manufacturing and the attendant benefits of economies of scale.

Due to these policies the small units have significantly lower production costs than the composite mills, use low levels of technology, and produce mostly low value-added goods of low quality that are less competitive globally. India's textile industry depends heavily on domestically produced cotton. Almost two-thirds of domestic cotton production is rain fed, which results in wide weather-related fluctuations in cotton production. Moreover, the contamination level of Indian cotton is among the highest in the world, the cotton ginning quality is poor, contributing to defective textile products. The competitiveness of India's apparel sector is adversely impacted by an inadequate domestic supply of quality fabrics. Fabric imports are subject to high duty rates and other domestic taxes that increase the cost of imported fabrics. Another major weakness of the Indian apparel sector is a lack of product specialization which, along with a limited fabric base, has limited India's apparel production and exports to low value-added goods. India also has high energy and capital costs, multiple taxation, and low productivity, all of which add to production costs. As a result, textile and apparel products from India are less competitive than those of China and other developing countries in the international market.

2.4.4 Growth Opportunities in the Industry

India, with a population of more thanl billion people, has a huge domestic market. Based on purchasing power parity, India is the fourth-largest economy in the world, has the third-largest GDP in the continent of Asia, and is the second-largest economy among emerging nations. India is also one of the fastest growing economies of the world. Although the disposable income of the majority of the Indian population is low, as the Indian economy grows, more consumers will have greater discretionary income for clothing and also other purchases after they have met their basic needs.

According to U.S international trade commission paper (2006), India's huge domestic market offers the prospect of significant growth opportunities in domestic textiles and apparel consumption. This is expected to result in increased trade and foreign investment, especially in
t
certain product sectors, the major growth areas for trade and foreign investment in India will be technical textiles (e.g., fabrics used in aerospace, marine, medical, civil engineering, and other industrial applications), home textiles, and apparel. These sectors are identified as having the greatest growth.

2.5 Empirical Evidence

Cloth and clothing were among the primary historical commodities linking Africa with an increasingly globalizing economy and gradually altering the subjectivities of the population, creating consumers. The nineteenth and early twentieth century presence of colonial administrations and missionaries prompted a profound shift in the clothing worn in communities throughout the continent - particularly in areas where the predominant coverage came from skin, hides, and backcloth (Comaroff and Comaroff 1997). Both voluntary and forced migration brought men, in particular, together in urban and other concentrated settlements where new

clothing and the wearing of western fashions, became increasingly the norm, particularly in Southern and East Africa (Hansen 2000).

Studies have been carried out on the effects of second hand clothes on the textile and clothing companies in Zimbabwe and Zambia. While players in the market frequently blame SHC for the decline in their fortunes, the authors of studies on the sector are somewhat more circumspect in their conclusions. Hansen (1995, 1999, and 2000) and Field (2000) suggest that the decline of textile and clothing companies in Zimbabwe and Zambia has been primarily due to structural adjustment policies (SAPs). Field notes that in Zimbabwe, once manufacturers had primarily blamed the SHC trade for de-industrializing their industry, they finally conceded that the trade was not the most important negative factor operating to their detriment. The problems of the textile and clothing industry essentially lie with the macro-economic impact of ESAP, combined with'a devastating drought.

Existing studies overwhelmingly show that restrictive Rule of Origin (ROO) limit garment trade. Mattoo et al. (2002) suggest that the benefits to Africa from AGOA would have been approximately five times greater without the restrictive ROO. Augier et al. (2004) use a sectoral cross-section model to focus on the impact of rules of origin for textiles and apparel. Their results indicate that lack of cumulation of rules of origin in textiles may reduce trade between noncumulating countries by up to 73% in 1995 and 81% in 1999.

Portugal-Perez (2007) explores the differences between the European Union (EU) and United States (US) trade preferences to African economies. Although similar in the extent of preferences for apparel these agreements differ in the ROO. The main finding is that relaxing ROO by allowing the use of fabric from any origin increased significantly exports of apparel by about 300% for the top seven beneficiaries of AGOA's third country fabric provision, and broadens the range of apparel exported by these countries.

Furthermore, since liberalization of the Kenyan economy in 1990, the influx of textile goods into the country has led to notable reduction in the capacity utilization of the local textile mills to about 50 per cent. Omolo (2006) stated that the textile and clothing industry has made a major contribution to employment creation and poverty reduction in Kenya. It has the capacity to create both direct and indirect employment opportunities. Though there is lack of accurate data on the actual level of employment created by all the units within the sub-sector, estimates show that the industry has created over 50,000 direct jobs and 150,000 indirect jobs.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology of the study. It describes the research design, sampling design, target population, data collection procedures, analysis management and the ethical considerations in the study.

3.2 Research Design

Research design refers to the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in the procedure (Kothari, 2006). In fact the research design is the conceptual structure within which research is conducted; it constitutes the blue print for the collection, measurement and analysis of data (Kothari, 2006). The function of research design is to provide for the collection of relevant evidence with minimal expenditure of effort, time and money.

A descriptive design was adopted for this study. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way (Shuttleworth, 2008). This design refers to a set of methods and procedures that describe variables. It involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data. Descriptive studies portray the variables by answering who, what, and how questions (Babbie, 2008). This design was deemed appropriate is because it would show an in depth investigation on how the Indian manufactured products have influenced economic growth and also its influence on the various industries in Nairobi.

3.3 Study Population

According to Mugenda (2008) a study population consists of the set of all elements in the universe of interest. As such it comprises the entire groups of individuals, objects, items, cases, articles, or things with common attributes or characteristics existing in space at a particular point of time (Majumdar 2005). The population in this study consisted of all textiles and apparel manufacturing industries that are members of Kenya Association of manufacturers KAM and operate within Nairobi and its surroundings (Appendix II).The current figure is 38 members according to KAM directory (2011).

3.4 Sampling Design

A sample is a sub-set or part of the target population. Sampling is a process of selecting subjects or cases to be included in the study of the Representative of the target population (Mugenda and Mugenda, 2003). The accuracy of the generalizations of research findings depends largely on the degree to which the sample, the accessible population and the target population are similar in respect of salient characteristics (Mugenda 2008). The basic idea of sampling is to ensure that the same conclusions can be drawn about the entire population. The respondents for this study consisted of senior managers in: marketing, production and supplies. Purposive sampling technique was used to obtain the study sample. Purposive sampling was used owing to the information that they have by virtue of their positions in their textiles and apparel manufacturing companies in regard to this study. From the 38 textiles and apparel manufacturing companies, the researcher selected one respondent from each company. Therefore, a sample of 38 respondents consisting of one respondent from each company was used for this study.

3.5 Data collection

The study used primary data. The tool used in primary data collection was a Likert scale questionnaire containing both open ended and closed ended questions. Creswell (1994) noted that, data collection methods for primary data include: structured and semi-structure questionnaires, mailed questionnaires, structured and semi-structured interviews (personal and telephone interviews), observation and focus group discussions. Questionnaires are the most commonly used methods when respondents can be reached and are willing to co-operate. These methods can reach a large number of subjects who are able to read and write independently. In this study, the questionnaire were administered through drop and pick later method and will focus on middle to top management of the companies who are involved in the running and decision making of their organizations and are familiar with formulating strategic responses to various issues in their companies.

3.6 Reliability and Validity

Mugenda and Mugenda (2003) asserted that, the accuracy of data to be collected largely depended on the data collection instruments in terms of validity and reliability. Validity as noted by Robinson (2002) is the degree to which result obtained from the analysis of the data actually represents the phenomenon under study. Validity was ensured by having objective questions included in the questionnaire. Reliability on the other hand refers to a measure of the degree to which research instruments yield consistent results (Mugenda & Mugenda, 2003). In this study, reliability was ensured by pre-testing the questionnaire with a selected sample of three middle level managers from three insurance companies. The managers involved in the pilot study were excluded from the main study to avoid possibility of bias in the study.

3.7 Data Analysis

In order to analyze collected data Miller (1991) observed that, a researcher needs to have the following information about the statistical data analysis tools namely: descriptive, inferential and test statistics. The author observed that, descriptive statistics are used to describe data collected from a sample. The mean, median, percentages and standard deviation are the most commonly used descriptive statistics. The author further observed that, inferential statistics are used to make inferences from sample statistics to population parameters. These tools help the researcher to generalize the findings from the sample to the target population.

The researcher guided the research assistant through the process of data coding and editing, while a computer programmer carried out the data entry and the initial analysis. Descriptive statistic for all quantitative findings namely: mean, standard deviation, percentages proportions and five-point Likert scale were used. The final analysis was done using the computer software known as statistical package for social sciences (SPSS V.17).

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data obtained from the respondents, the analysis and findings. The aim of this study was to establish the effect of India's manufactured products on the textile and apparel industries based in Kenya. The objectives were: to establish factors that has contributed to the success of textile and apparel industries around Nairobi; to establish the effect of the Kenya-India bilateral trade on the textile and apparel industries around Nairobi: and to evaluate the strategies adopted by textile and apparel industries around Nairobi in efforts to remain competitive. This therefore was a survey study of the textiles and apparel industries in and around Nairobi.

The researcher used a questionnaire for an in-depth data gathering. The data obtained was later transcribed, cleaned, organized and presented according to the themes of the study as well as those emerging. The data was further analyzed and findings recorded for use in drawing conclusions and recommendations.

4.2 Background Information

The researcher aimed at establishing the factors have contributed to the success of textile and apparel industries in Nairobi, the bilateral trade between Kenya and India and the strategies adopted by these companies to remain competitive.

4.2.1 The Response Rate

The researcher targeted a sample of 38 respondents who senior managers in: marketing, production and supplies from all the 38 textiles and apparel industries in and around Nairobi out

of which 26 responses were obtained. This represented a 68.42% response rate. According to Babbie (2008) any response of 50% and above is adequate for analysis thus 68.42% is even better.

4.2.2 Respondents' Length of Service in Current Position

The researcher sought to know the number of years that the respondents had served in their current positions in their respective textiles and apparel industries. The majority of the respondents 38.5% (10) have worked in their current positions at their respective textile and apparel industries for a period of between 1 to 5 years while 34.6% (9) have done the same for a period of between 5 to 10 years. Further, 6 respondents representing 23.1% (9) have worked for more than 10 years in their current positions while only 3.8 1% (1) has been working in his/her current position for less than 1 year.

Table 4.1 and Figure 4.1 below show the number of years the respondents have worked in their current positions in their respective textile and apparel industries. The study established that majority of the respondents have worked in their current positions for more than 5 years and therefore well placed to understand the effect of Indian manufactured products in the textiles and apparel industry in Kenya.

Table 4. 1: Respondents' Length of Service in their Current Positions

Number of Years	Frequency	Percent	Cumulative Percent
Less than 1 year	1	3.8	3.8
Between 1 to 5 years	10	38.5	42.3
Between 5 to 10 years	9	34.6	76.9
More than 10 years	6	23.1	100.0
Total	**26**	**100.0**	

4.2.3 Company's Length of Operation in Kenya

The researcher wanted to know for how long the various textiles and apparel industries had been operating in Kenya. The majority of the respondents 73.1% (19) indicated that their industries had been operational in Kenya for more than 10 years. The rest of the respondents 26.9% (7) indicated that their industries had been operational in Kenya for a period of between 5 to 10 years. These findings show that most textiles and apparel industries have been in operation long enough to experience the impact and effect of Indian manufactured products on the textiles and apparel industry in Kenya. Table 4.2 and Figure 4.2 below present a summary of findings on the number of years that the industries have been operating in Kenya.

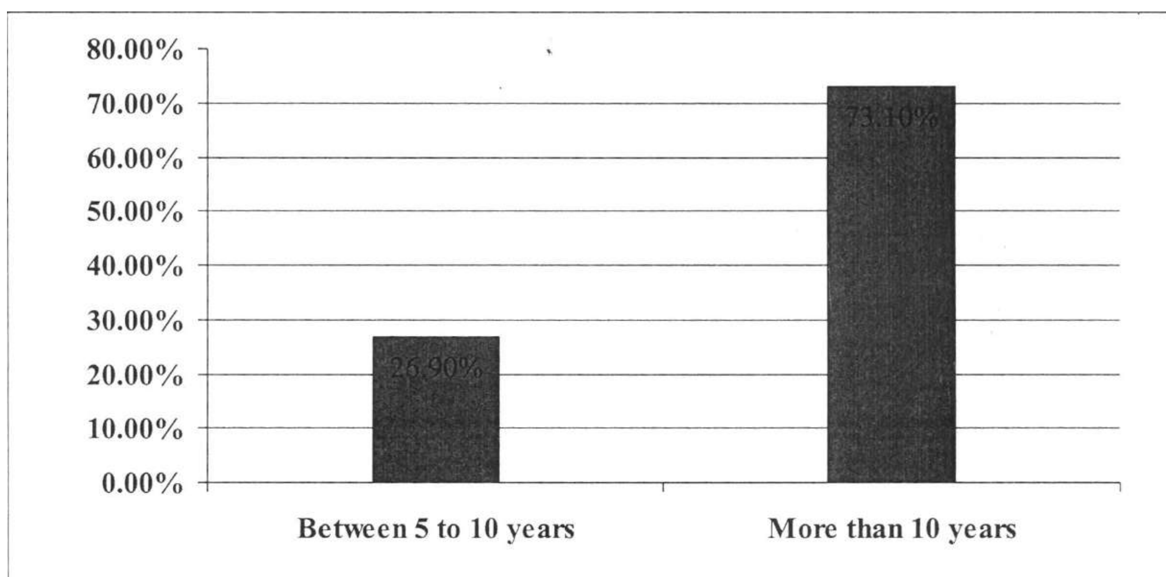

Figure 4. 1: Company's Length of Operation in Kenya

4.2.4 Company's Core Business

The section sought to assess the core business of various industries under study. This helped the researcher to remain within the scope of the study which was only interested in textiles and apparel industries in and around Nairobi. The majority of the respondents 80.8% (21) indicated

that their industries' core business was fabric and apparel manufacturing while 19.2% (5) were involved in yarn and thread production. These findings therefore show that most of the textile and apparel industries are engaged in textiles and apparel production as their core business. Table 4.3 and Figure 4.3 below present a summary of the findings on the core businesses of the various textiles and apparel companies under study.

Table 4. 2: Company's Core Business

Core Business	Frequency	Percent	Cumulative Percent
Yarn and thread production	5	19.2	19.2
Fabric and apparel manufacturing	21	80.8	100.0
Total	**26**	**100.0**	

4.2.5 Company's Annual Turnover in Sales

In order to capture business performance, the respondents were asked to indicate the annual turnover of their companies in temis of textile and apparel sales in Kenya shillings. The majority of the respondents 50% (13) indicated that their companies' annual turnover was between 100 million and 500 million, 23.1% (6) indicated an annual turnover of between 500 million to 1,000 million. Further, 15.4% (4) respondents indicated that their companies recorded an annual turnover exceeding 1,000 million while only 3 respondents representing 11.5% of the respondents indicated that the companies' annual turnover was below 100 million. A summary of the above findings are as shown in Table 4.4 and Figure 4.4 below. The analysis indicate that most of the textiles and apparel industries (88.5%) record and annual turnover exceeding 100 million.

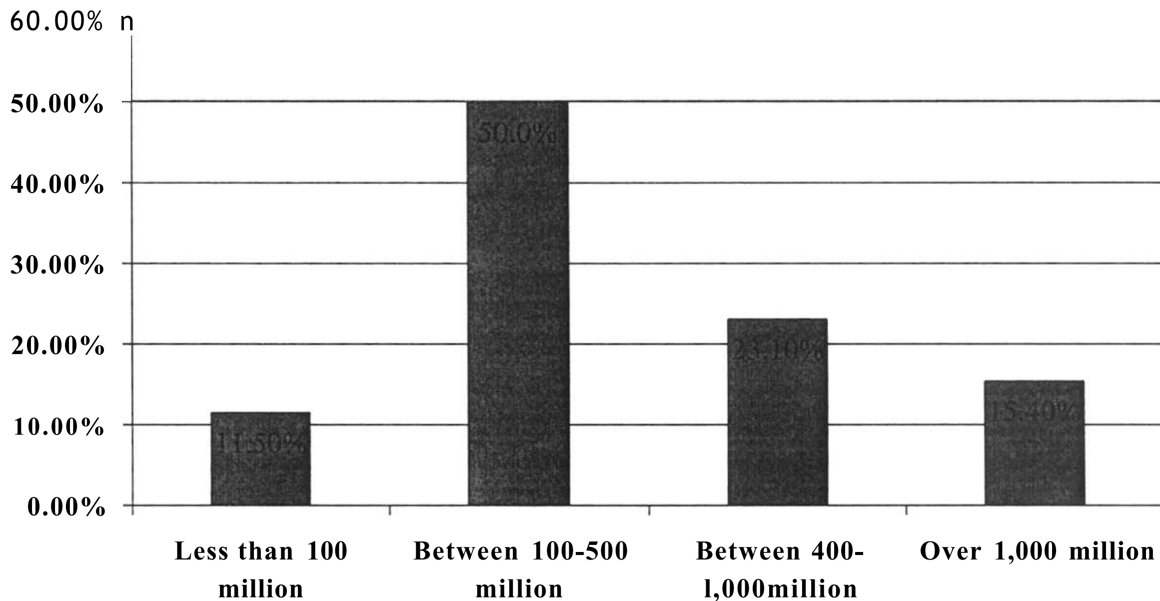

Figure 4.2: Company's Annual Turnover in Sales in Kenya Shillings

4.3 Factors Contributing to the Company's Success

The researcher also further sought to know to what extent that various factors had contributed to the success of the textiles and apparel industries under study for the past 5 years. The listed factors included: product innovation; market development; improvement in technology; government policies and regulation; aggressive marketing; and changes in customer needs. A Likert scale running from 1 to 5 was utilized where 1 represented least extent, 2 represented less extent, 3 represented moderate extent, 4 represented great extent and 5 represents very great extent.

The respondents indicated that all but one of the factors contributed to the success of the companies to a great extent. These factors included product innovation; market development; improvement in technology; aggressive marketing (all at a mean score of 4.0769); and changes in customer needs at a mean score of 4.0000. The respondents indicated that government policies and regulations contributed to the companies' success to a moderate extent at a mean

score of 3.5385. Standard deviation less than 1 was generally considered as small and indicates that there was high level of consensus around the mean. Standard deviation greater than 1 showed huge variations in respondent ratings indicating that there was not much congregation of responses around the mean. The results are summarized in Table 4.5.

Table 4.3: Factors Contributing to the Company's Success

Factors	N	Min.	Max.	Mean	Std. Dev.
Product innovation	26	3.00	5.00	4.0769	.56022
Market development	26	3.00	5.00	4.0769	.79614
Improvement in technology	26	3.00	5.00	4.0769	.56022
Government policies and regulations	26	2.00	5.00	3.5385	.64689
Aggressive marketing	26	2.00	5.00	4.0769	.89098
Change in customer needs	26	2.00	5.00	4.0000	.80000

4.4 Changes in the Textiles and Apparel Industry

This section sought to assess the extent to which various changes that had taken place in the textiles and apparel manufacturing industry for the last ten years had impacted on the various companies under study with reference to Indian manufacturing companies. The changes included globalization/regionalization; removal of trade barriers across countries; technological advancement; improved customer awareness; government deregulation; privatization; and growth of service chains. A Likert scale running from 1 to 5 was utilized where 1 represented least extent, 2 represented less extent, 3 represented moderate extent, 4 represented great extent and 5 represents very great extent. The results of this section are as shown below in Table 4.6.

The findings show that globalization/regionalization, technological advancement, and improved customer awareness impacted on the textiles and apparel manufacturing companies to a great extent with at means scores of 4.0385, 4.1154, and 4.1923 respectively. On the other hand, were found to have impacted on the textiles and apparel manufacturing companies to a moderate

extent. Standard deviation less than 1 was generally considered as small and indicates that there was high level of consensus around the mean. Standard deviation greater than 1 showed huge variations in respondent ratings indicating that there was not much congregation of responses around the mean.

Table 4.4: Changes in the Textiles and Apparel Industry

Changes	N	Min.	Max.	Mean	Std. Deviation
Globalization/regionalization	26	3.00	5.00	4.0385	.59872
Removal of trade barriers across countries	26	2.00	5.00	3.9231	.79614
Technological advancement	26	3.00	5.00	4.1154	.65280
Improved customer awareness	26	3.00	5.00	4.1923	.80096
Government deregulation	26	1.00	5.00	3.5000	.98995
Privatization	26	2.00	5.00	3.7308	.77757
Growth of service chains	26	2.00	5.00	3.5385	.70602

4.5 India-Kenya Bi-lateral Trade

On a Likert scale running from 1 to 5 where 1 represented least extent, 2 represented less extent, 3 represented moderate extent, 4 represented great extent and 5 represents very great extent, the respondents were asked to indicate the extent to which the companies' loss of market share, decline in profits, high employee turnover, and increase in operating cost had been affected by the India-Kenya bilateral trade. A summary of the results are as discussed below.

4.5.1 Loss of Market Share

Table 4.7 and Figure 4.5 below show the extent to which loss of market share affected the textile and apparel manufacturing companies under study. The findings established that, a majority of the respondents 12 (46.2%) and 9 (34.6%) indicated that the loss of market share affected the companies to a very great extent and to a great extent respectively. To a moderate extent were represented by only 5 (19.2%).

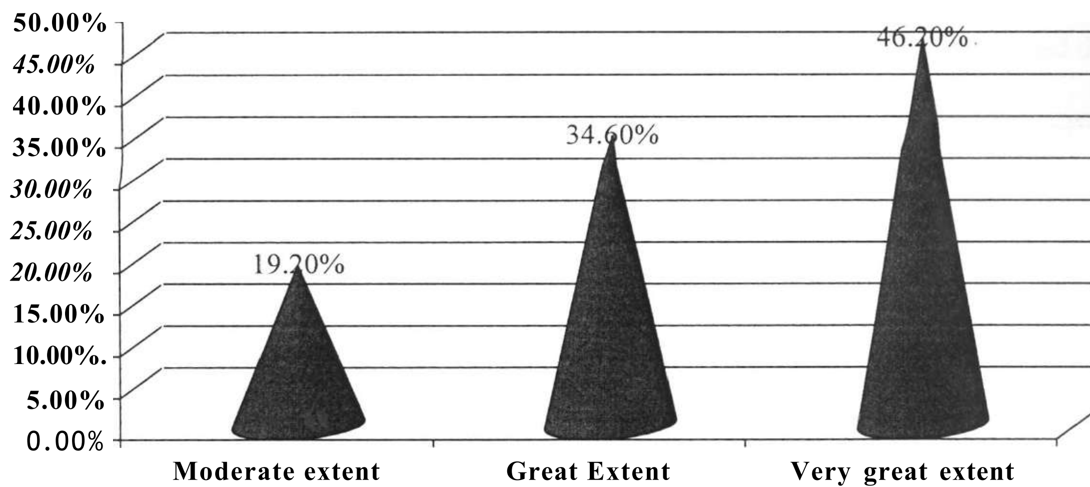

Figure 4. 3: Loss of Market Share

4.5.2 Decline in Profits

The respondents were further asked to indicate the extent to which decline in profits affected the textiles and apparel manufcturing companies and the results were as shown in Table 4.8 and Figure 4.6 below. An analysis of the findings showed that, a majority of the respondents 42.3% (11) and 30.8% (8%) indicated that the decline in profits affected the companies to a very great extent and to a great extent respectively. However, a few respondents 26.9% (7) indicated that a decline in profits affected the companies to a moderate extent.

Table 4. 5: Decline in Profits

Extent	Frequency	Percent	Cumulative Percent
Moderate extent	7	26.9	26.9
Great extent	8	30.8	57.7
Very great extent	11	42.3	100.0
Total	**26**	**100.0**	

4.5.3 High Employee Turnover

The researcher wanted to asses to what extent their companies had been affected by the India-Kenya bilateral trade with reference to high employee turnover. Table 4.9 and Figure 4.7 show a summary of the findings. A majority of the respondents 42.6% (11) and 19.2% (5) indicated that high employee turnover affected the companies to a very great extent and to a great extent respectively. Only 1 respondent representing 3.8% indicated a moderate extent effect.

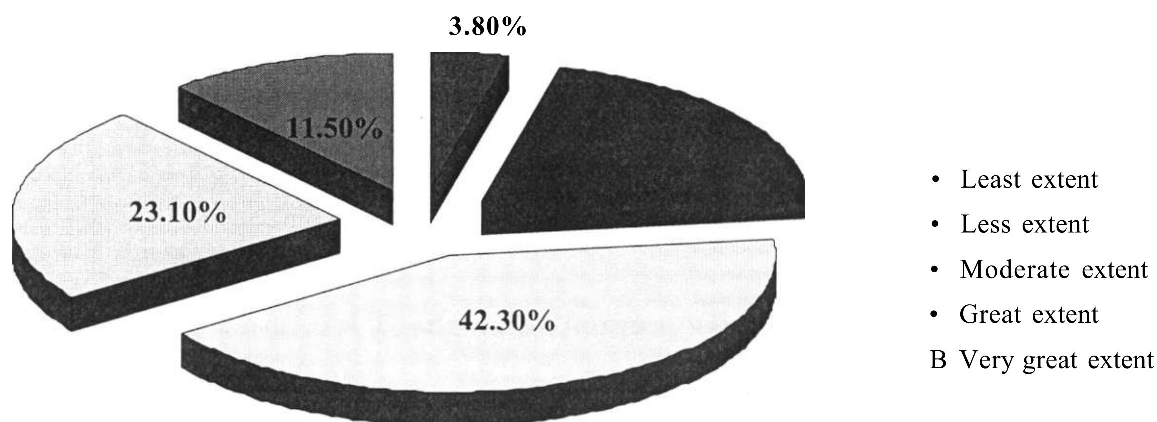

Figure 4. 4: High Employee Turnover

4.5.4 Increase in Operating Costs

Table 4.10 and Figure 4.8 below show the extent to which increase in operating cost has affected the textile and apparel manufacturing companies under study. The findings established that, a majority of the respondents 13 (50.0%) indicated that increase in operating cost affected the companies to a moderate extent. Another 8 (30.8%) respondents indicated that increase in operating cost affected the companies to a great extent while 3 (11.5%) said that increase in operating cost affected the companies to a very great extent respectively. Only 2 (7.7%)

indicated a less extent effect of increase in operating cost on the textiles and apparel manufacturing companies as a result of the India-Kenya bilateral trade.

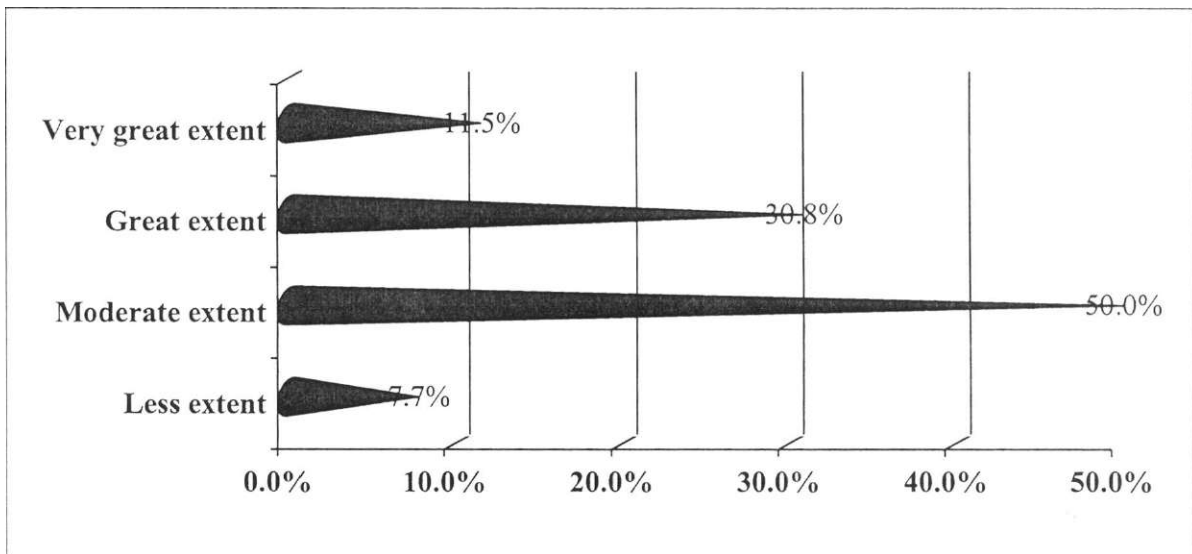

Figure 4. 5: Increase in Operating Costs

4.6 India-Kenya Bi-lateral Trade and Company Objectives

The respondents were asked to rate in a Likert scale of 1-5, where l=Least extent, 2=Less extent, 3=Moderate extent, 4=Great extent, and 5=Very great extent, to what extent a number of company's objectives had been stimulated to change as a result of trade between Kenya and India. These objectives included corporate mission and vision, range of products and services, market segment served, technology, and structure. The respondents indicated that range of products and services had changed to a great extent with a mean score of 4.1923. On the other hand, corporate mission and vision (M=3.6923, SDK).97033), market segment served (M=3.9231, SD=0.68836), technology (M=3.7308, SD=0.91903), and structure (M=3.0385, SD=0.87090) were found to have changed to a moderate extent. Standard deviation less than 1 was generally considered as small and indicates that there was high level of consensus around the mean. Standard deviation greater than 1 showed huge variations in respondent ratings

indicating that there was not much congregation of responses around the mean. These findings are presented in table 4.11.

Table 4. 6: India-Kenya Bi-lateral Trade and Company Objectives

Company's Objectives	N	Min.	Max.	Mean	Std. Deviation
Corporate Mission and Vision	26	2.00	5.00	3.6923	.97033
Range of products and services	26	3.00	5.00	4.1923	.63367
Market segment served	26	3.00	5.00	3.9231	.68836
Technology	26	2.00	5.00	3.7308	.91903
Structure	26	1.00	5.00	3.0385	.87090

4.7 Strategies Adopted by Firms

This section sought to assess the level of importance to which different factors adopted by textiles and apparel manufacturing companies in an effort to remain competitive. Among the changes included: cost of leadership; differentiation; market penetration; market development; product development; diversification; merger and acquisitions. Using a Likert scale running from 1 to 5 where 1 represented least important, 2 represented less important, 3 neither represented nor important, 4 represented moderately important and 5 represented very great important, the respondents were asked to rank these factors in order of importance with respect to their firms. The results of this section are as shown below in Table 4.12.

The findings show that market penetration with a mean score of 4.4231 standard deviation of 0.50383; market development with a mean score of 4.4615 and standard deviation of 0. 64689; and product development with a mean score of 4.3462 standard deviation of 0.68948 were ranked as moderately important factors that the firms have adopted so as to remain competitive in the textiles and apparel industry. However, cost of leadership (M= 3.8077, SD= 0. 80096), differentiation (M= 3.8462, SD= 0. 83390), diversification (M= 3.8077, SD= 0. 84943), merger (M= 3.0769, SD= 0. 97665) and acquisitions (M= 3.2692, SD= 1.00231) were ranked by the

respondents as neither nor important strategies that their firms would adopt in order to remain competitive in the textiles and apparel industry. Standard deviation less than 1 was generally considered as small and indicates that there was high level of consensus around the mean. Standard deviation greater than 1 showed huge variations in respondent ratings indicating that there was not much congregation of responses around the mean.

Table 4. 7: Strategies Adopted by Firms

Factors	N	Min.	Max.	Mean	Std. Deviation
Cost of Leadership	26	3.00	5.00	3.8077	.80096
Differentiation	26	2.00	5.00	3.8462	.83390
Market Penetration	26	4.00	5.00	4.4231	.50383
Market Development	26	3.00	5.00	4.4615	.64689
Product development	26	3.00	5.00	4.3462	.68948
Diversification	26	2.00	5.00	3.8077	.84943
Merger	26	**1.00**	5.00	3.0769	.97665
Acquisition	26	**1.00**	5.00	3.2692	1.00231

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter presents a synthesis of the entire study. It contains a summary of research findings, discussion of the findings in accordance with the objectives, conclusions and recommendations made based on the same.

5.2 Summary of the Findings

The broad objective of this study was to establish the effect of India's manufactured products on the textile and apparel industries based in Nairobi and its surroundings, Kenya. A descriptive research design was employed to attain this objective. The target population of study was all textiles and apparel manufacturing industries that are members of Kenya Association of manufacturers KAM and operate within Nairobi and its surroundings. Primary data from the textiles and apparel manufacturing industries was collected by use of semi-structured questionnaires filled by senior managers in marketing, production and supplies. Descriptive statistics such as frequency distributions, percentages, variations and measures of central tendency were used to summarize basic features of the data in the-study. Inferential statistics were used to infer the sample results to the population. The statistical package for social sciences (SPSS) version 17 was used to perform the analysis of quantitative data.

This study established that most of the textiles and apparel manufacturing industries in Nairobi and its surroundings had been in operation for more than 10 years and that a majority of them, over 80%, are engaged in fabric and apparel manufacturing as their core business with a

majority of the companies, over 85%, recording an annual turnover of over 100 million Kenya shillings. The study further established that, for the previous 5 years, product innovation; market development; improvement in technology; aggressive marketing; and changes in customer needs had contributed to the success of the companies to a great extent at a mean score of at least 4.0000. On the extent to which changes like globalization/regionalization; removal of trade barriers across countries; technological advancement; improved customer awareness; government deregulation; privatization; and growth of service chains had impacted on the textiles and apparel companies, the study established that globalization/regionalization, technological advancement, and improved customer awareness impacted on the textiles and apparel manufacturing companies to a great extent with a mean score of above 4.0000. The researcher also established that removal of trade barriers across countries, government deregulation, privatization, and growth in service chains had impacted on the companies to a moderate extent.

Companies' loss of market share and decline in profits were found to have been affected to a very great extent due to the bilateral trade agreement between Kenya and India. Further, the study established that the firms' high employee turn-over and an increase in operating costs had been affected only to a moderate extent. On the aspect of how company objectives had been stimulated to change due the trade between Kenya and India, corporate mission and vision, market segment served, technology, and structure were found to have been stimulated to change to a moderate extent with a mean score of between 3.0385 and 3.9231 while range of products and services had been stimulated to change to a great extent with a mean score of 4.1923. In order to remain competitive in the textiles and apparel industry, the companies under study were found to adopt market penetration, market development, and product development as moderately important strategies while cost of leadership; differentiation; diversification; merger and acquisitions were found to be neither nor important strategic options.

5.3 Conclusions

From the study, most of the textiles and apparel manufacturing industries in Nairobi and yp4217Xits surroundings have been in operation for more than 10 years, are engaged in fabric and apparel manufacturing as their core business, and have an annual turnover of over 100 million Kenya shillings. Product innovation; market development; improvement in technology; aggressive marketing; and changes in customer needs had contributed to the success of the companies to a great extent for the last 5 years. Globalization/regionalization, technological advancement, and improved customer awareness impacted on the textiles and apparel manufacturing companies to a great extent for the last ten years while removal of trade barriers across countries, government deregulation, privatization, and growth in service chains had impacted on the companies to a moderate extent in the same period.

While companies' loss of market share and decline in profits affect are to a very extent due to the bilateral trade agreement between Kenya and India, their (companies,) high employee turn-over and an increase in operating costs are affected to a moderate extent. Further, from the study, the corporate mission and vision, market segment served, technology, and structure have been stimulated to change to a moderate extent due to the Kenya-India bilateral trade. So as to remain competitive in the textiles and apparel industry, the companies are bound to adopt market penetration, market development, and product development as moderately important strategies while cost of leadership; differentiation; diversification; merger and acquisitions would be neither nor important strategic options.

5.4 Recommendations

None of the firms that responded to the questionnaires is involved in the business of cotton growing and ginning. The study therefore recommends that the textiles and apparel industries should also ensure that cotton production becomes a priority in their development policies in

Kenya. This is because cotton industry has the capacity to promote employment for both cotton farmers and employees in the textiles and apparel industry, as well as production in other industries that use cotton products. Promotion of investment in the cotton industry should therefore be strengthened in the development plans of the textiles and apparel manufacturing companies in Kenya.

The study recommends the GoK to intensively and expansively focus its policies extensively on investment in the textiles and apparel industry as well as the so much neglected cotton industry. This should be coupled with reform measures that should be implemented to realize the full advantage of AGOA by promoting certainty and long term planning of production for textiles and apparel manufactures.

Lastly, suggestions for further studies cannot be overstated. There is the need to direct research activities at assessing the impact and effect of not only Indian manufactured products but also second-hand clothes on the textiles and apparel manufacturing industry in Kenya at large.

REFERENCES

Augier, P., M. Gasiorek and C. Lai-Tong (2004). *'Rules of Origin and the EU-Med partnership: the case of textiles',* World Economy, 27(9), 1449-73.

Babbie, E. R. (2008). *The Basics of Social Research (4 ed.)*: Thomson/Wadsworth.

Bhagwati, J. (1993). *India in Transition: Freeing the Economy,* Clarendon Press.

Bhagwati, J.N. and Srinivasan, T.N. (1984). *Indian Development Strategy: Some Comments,* Economic and Political Weekly, November 24, 1984.

Blaug, M. (1968). *'Ricardo, David': International Encyclopedia of the Social Sciences,* D. L. Sills (ed.), Macmillan and Free Press, 1968, vol. 13.

Broadman, H. G. (2007). *Africa's Silk Road: China and India's New Economic Frontier,* World Bank.

Broadman, H. G. (2011). *The Back-story of China and India's Growing Investment and Trade with Africa: Separating the Wheat from the Chaff* Vale Columbia Center, Columbia University.

Chakravarty, S. (1987). *Development Planning: The Indian Experience,* Clarendon Press.

Creswell, J.W. (1994). *Research Design: Qualitative and Quantitative Approaches.* Thousand Oaks: CA Sage.

Dhar, P. N. (1990). *Constraints on Growth: Reflections on the Indian Experience,* Fourth VT Krishnanmachari Memorial Lecture, 1989, delivered at the Institute of Economic Growth, Oxford University Press.

EPZA (2005): *Kenya's Apparel and Textile Industry 2005,* EPZA Annual Report

EPZA (2008): *Kenya's Apparel and Textile Industry 2008,* EPZA Annual Report

Evans, D. R. Gottschalk, et al. (2006). *"The Impact of Asian Drivers on the Developing World."* IDS bulletin 37(1): 3-11.

Frimpong, A. A. (2011). *The African Growth and Opportunity Act and the Textiles and Apparel Industry in Kenya and South Africa,* Degree of Master of Arts thesis, Department of Political Studies, University of Saskatchewan, Saskatoon, Canada.

Goldstein, A. (2006). *The Rise of China and India: What's in it for Africa?* Organization for Economic Co-operation and Development.

Gordon, J., and Gupta, P. (2003). *Understanding India's Sei-vices Revolution.* Paper prepared for the IMF-NCAER Conference, A Tale of Two Giants: India's and China's Experience with Reform, November 14-16, 2003, New Delhi.

Hansen, K. (1*995) 'Transnational Biographies and Local Meanings: Used Clothing Practices in Lusaka',* Journal of Southern African Studies 21(1): 131-45

Hansen, K. (1999) *'Second-Hand Clothing Encounters in Zambia: Global Discourses, Western Commodities and Local Histories',* Africa 69(3): 343-65

Hansen, K. (2000). *Salaula: The World of Second-Hand Clothing and Zambia, London*: The University of Chicago Press Ltd.

Harsh, E. (2004). *Africa and Asia Forge Stronger Alliances: Expanding Cooperation in Trade, Investment arid Technical Assistance,* Africa Recovery, Vol.18 p.l.

Kaplinsky, R., D. McCormick, et al. (2006). *"The Impact of China on Sub-Saharan Africa."* China Office, UK Department for International Development, Beijing.

Khurana, G. (2010). *Indian Textile Industiy: Higher Standards, Making a Difference for You.* Indian Law Offices, South Extension, New Delhi-110049, India.

Kothari, C.R. (2006). *Research Methodology: Methods & Techniques.* India: New Age International Publishers.

Lallemand, J. (2010). *Special Report Trademarks in India: An Emerging Marketplace at a Critical Moment,* Thomson Compumark, India.

Langran, R. & Schnitzer, M (2007). *Government, Business, and the American Economy* Second Edition, Rowman & Littlefield Publishers

Majumdar, P. K. (2005). *Research Methods in Social Science.* New Delhi: Viva Books Private Limited.

Majumdar, R. C., Raychaudhuri, H. C., & Datta, K. (1978). *An Advanced History of India* (4th Ed.). Delhi: Macmillan.

Matsuyama, K. (2000). *A Ricardian Model with a Continuum of Goods under Non homothetic Preferences: Demand Complementarities, Income Distribution, and North- South Trade,* Journal of Political Economy, 108(6): 1093-1120.

Mattoo, A, D. Roy and A. Subramanian (2002/ *'The Africa Growth and Opportunity Act and its Rules of Origin: Generosity Undermined? '* The World Economy, 26, 829-51

Miller, D.C. (1991). *Handbook of Research Design and Social Measurement.* New Park: CA. Sage.

Ministry of Trade (2010). *Kenya - India Joint Trade Committee Meeting, Nairobi,* 12th to 13th October 2010, Nairobi, Kenya.

Mugenda, A. G. (2008). *Social Science Research: Theory and Principles.* Nairobi, Arts Press.

Mugenda, O. M., & Mugenda, A. G. (2003). *Research Methods: Quantitative and Qualitative Approaches.* Nairobi: Acts Press.

Mwega, F. M. (2007). *China, India and Africa: Prospects and Challenges.* School of Economics, University Of Nairobi, Revised Version of a Paper Presented at the AERC- AFDB International Conference on Accelerating Africa's Development Five Years into the Twenty-First Century, November 22-24, 2006, Tunis, Tunisia.

Nakkeeran, S. and Pugalendhi, S. B. (2010). *Indian Textile Industry: Sea of Potential Opportunities,* Anna University Chennai, Hallamark Business School, Trichy, Tamilnadu, India.

Omolo, J. O. (2006). *'The Textiles and Clothing Industry in Kenya: The Future of the Textile and Clothing Industry in Sub-Saharan Africa,* Bonn: Friedrich-Ebert-Stiftung.

Patel, I.G. (2002). *Glimpses of Indian Economic Policy:* An Insider's View, Oxford University Press.

Policy Brief (2007): *Economic Survey of India, 2007,* Organization for Economic Co-operation and Development.

Portugal-Perez, A. (2007). *'The Costs of Rules of Origin in Apparel: African Preferential Exports to the US and to the EU'* University of Geneva

Pruthi, R. (2004). *Vedic Civilization. Culture and Civilization Series.* New Delhi, IN: Discovery Publishing House.

RATES, (2003), *"Cotton-Textile and Apparel Value Chain Report for Kenya"* April (Regional Agricultural Trade Expansion Support Program (RATES), Nairobi).

Ricardo, D. (1817). *On the Principles of Political Economy and Taxation*, John Murray, London.

Robinson, S. (2002). *Research Methodology.* Washington D.C.: National Academies Press.

Shuttleworth, M. (2008). *Survey Research Design.* Retrieved [Date of Retrieval] from Experiment Resources: http://www.experiment-resources.com/survey-research-design.html.

Sidhharth, (2007). *Focusing on Volumes: Government Plans to Push Trade with Africa. Times of India.* New Delhi, 11th July 2007: 25.

Taussig, F. W. (1927). *International Trade.* New York: Macmillan.

Republic of Kenya (2000). *Interim Poverty Reduction Strategy Paper for the Period 2000-2003,* Nairobi, Kenya.

Vyas, V. S. and Surjit, S. (2006). *Crop Insurance in India- Scope for Improvement.* Economic and Political Weekly November4, 2006.

World Bank (2010). *"Doing Business in India 2009".* World Bank. Retrieved 8 June 2010.

APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

The Respondent,

P.O. Box......,

Dear Sir/Madam,

Re: Request for Research Data

I am a Postgraduate student at the University of Nairobi pursuing a Master of Business Administration (MBA) program. My research project topic is "Establishing the Effects of Indian Manufactured Products on the Textile and Apparel Industry in Kenya".

The attached questionnaires have been designed to help the researcher gather data from the respondent with respect to this purpose. You have been identified as one of the respondents. Kindly facilitate the data collection necessary by answering the questions precisely and accurately as possible. The information sought is purely for academic purposes.

Yours truly,

Student	Supervisor
Harriet Mwelu Mutisya	**Dr. John Yabs**

Email: mweluharriet@gmail.com

Cell phone +254720 179 803

APPENDIX II: QUESTIONNAIRE

1. Name of your company
2. Department
3. Position/ Title held in the company
4. Number of years in the current position
   a) Less than 1 year ( )
   b) Between 1 and 5 years ( )
   c) Between 5 and 10 years ( )
   d) More than 10 years ( )
5. How many years has the company operated in Kenya?
   a) Less than 1 year ( )
   b) Between 1 and 5 years ( )
   c) Between 5 and 10 years ( )
   d) More than 10 years ( )
6. What woiild you define as the core business of your company?
   a) Cotton growing and ginning ( )
   b) Yarn and Thread Production ( )
   c) Fabric and Apparel Manufacturing ( )
7. What is the company annual turnover in terms of textile and apparel sales in Kshs?
   a) Less than 100,000,000 ( )
   b) Between 100,000,000- 500,000,000 ( )
   c) Between 500,000,000- 1,000,000,000 ( )
   d) More than 1,000,000,000 ( )
8. To what extend has the following factors contributed to the company's success in the last 5 years? (Please indicate as appropriate in the relevant box)

Factors	**Least extend**	**Less extend**	**Moderate extend**	**Great extend**	**Very great extend**
a) Product innovation	1	2	3	4	5
b) Market development	1	2	3	4	5
c) Improvement in technology	1	2	3	4	5
d) Government policies and regulations	1	2	3	4	5
e) Aggressive marketing	1	2	3	4	5
f) Changes in customer needs	1	2	3	4	5

9. Listed below are among the changes that have taken place in the textile and apparel manufacturing industry for the last ten years. Please indicate the extent to which the Indian manufacturing companies have impacted on your company.

Changes	Least extend	Less extend	Moderate extend	Great extend	Very great extern
a) Globalization/Regionalization	1	2	3	4	5
b) Removal of trade barriers across countries	1	2	3	4	5
c) Technological advancement	1	2	3	4	5
d) Improved customer awareness	1	2	3	4	5
e) Government deregulation	1	2	3	4	5
f) Privatization	1	2	3	4	5
g) Growth of service chains					

10. As a result of the Bi lateral trade agreement between Kenya and India, to what extend has your organization been affected based on the following parameters?

Parameters	Least extend	Less extend	Moderate extend	Great extend	Very great extend
a) Loss of market share	**1**	2	3	4	5
b) Decline in profits	**1**	2	3	4	5
c) High employee turnover	**1**	2	3	4	5
d) Increase in operating cost	**1**	2	3	4	5

I. To what extend has there been change stimulated by trade between Kenya and India in the following company objectives?

Company Objectives	Least extend	Less extend	Moderate extend	Great extend	Very great extent
a) Corporate Mission/Vision	**1**	2	3	4	5
b) Range of products/services	**1**	2	3	4	5
c) Market segment served	**1**	2	3	4	5
d) Technology	**1**	2	3	4	5
e) Structure	**1**	2	3	4	5
f) Other (specify)					

12. Below are strategy options that firms adopt in order to remain competitive in the Textile and apparel industry. In order of importance, rank them on a scale of 1 to 5 with respect to your firm. (1 = least and 5 = the most important)

Factors	Least important	Less important	Neither nor important	Moderately important	Very important
a) Cost leadership	1	2	3	4	5
b) Differentiation	1	2	3	4	5
c) Market penetration	1	2	3	4	5
d) Market development	1	2	3	4	5
e) Product development	1	2	3	4	5
f) Diversification	1	2	3	4	5
g) Merger	1	2	3	4	5
h) Acquisitions	1	2	3	4	5
i) Other (specify)	1	2	3	4	5

THANK YOU.

APPENDIX III: LIST OF TEXTILES AND APPAREL INDUSTRIES

1. Africa Apparels EPZ LTD
2. Alltex EPZ Ltd
3. Alpha Knits Limited
4. Apex Apparels (EPZ) Ltd
5. Baraka Apparels (EPZ) Ltd
6. Bhupco Textile Mills Limited
7. Blue Plus Limited
8. Bogani Industries Ltd
9. Brother Shirts Factory Ltd
10. Embalishments Ltd
11. Fulchand Manek & Bros Ltd
12. Image Apparels Ltd
13. J.A.R Kenya [EPZ] Ltd
14. Kenya Trading EPZ Ltd
15. Kikoy Co. Ltd
16. Le-Stud Limited
17. Metro Impex Ltd
18. Midco Textiles (EA) Ltd
19. Mirage Fashionwear EPZ Ltd
20. MRC Nairobi (EPZ) Ltd
21. Ngecha Industries Ltd
22. Premier Knitwear Ltd

23. Protex Kenya (EPZ) Ltd
24. Riziki Manufacturers Ltd
25. Rolex Garment EPZ Ltd
26. Silver Star Manufacturers Ltd
27. Spinners & Spinners Ltd
28. Storm Apparel Manufacturers Co. Ltd
29. Straightline Enterprises Ltd
30. Sunflag Textile & Knitwear Mills Ltd
31. Tarpo Industries Limited
32. Teita Estate Ltd
33. Thika Cloth Mills Ltd
34. United Aryan (EPZ) Ltd
35. Upan Wasana (EPZ) Ltd
36. Vajas Manufacturers Limited
37. Yoohan Kenya EPZ Co. Ltd
38. YU-UN Kenya EPZ Company Ltd