

## **Factors that are Important in Vertical Integration Decisions**

### **Abstract:**

The principal objective of this study was to identify the factors that the management of vertically integrated firms considers in making decisions to integrate either backward or forward. In order to meet this objective, the information sought for the study was collected through the use of a questionnaire. The sample consisted of 52 vertically integrated firms. 31 questionnaires were completed and provided the information used in this report. The study found out that the factors that influence a firm's decision to integrate vertically include certainty of demand for the firm's products, availability of adequate manufacturing facilities, investment costs, and the need for high market share. For textile and steel manufacturers, certain factors were important. The factors were: the need for improved co-ordination for a firm's activities, need for synergies, need for greater control over the firm's economic resources, level of competition in the industries and the mining firms, the need to control the firm's economic resources, the need to build new infrastructures, size of business, and the level of competition in the industry are important.