FACTORS AFFECTING GROWTH OF CLOTHING RETAIL COMPANIES IN KENYA: A CASE OF JADE COLLECTIONS

BY

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UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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STUDENT DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ___________________________  Date: ___________________________

Caroline Wanjiku Ndirangu (ID NO. 656325)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________  Date: ___________________________

Fred Newa

Signed: ___________________________  Date: ___________________________

Dean, Chandaria School of Business
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ABSTRACT

This study sought to analyze the factors that influenced the growth of clothing retail companies in Kenya using Jade Collections as the case of the study. The study specifically analyzed the effect of competition, government policy and access to finance on growth on Jade Collections. The study was conducted using Jade Collection branches in Nairobi and Kiambu Counties totaling 4. The study employed a descriptive research design to analyze data collected from 57 Senior managers included in the study using a census sampling technique. Questionnaires were utilized in the study for data collection and integrated closed ended and likert scale questions for ease of quantification of data. Questionnaires were personally administered to the respondents to enhance a high response rate. Data collected was analyzed using SPSS 22 for Pearson’s Chi Square tests and Microsoft Excel for Descriptive statistics of means, frequency distributions and standard deviations.

The study found that competition had a significant association with growth of Jade Collections. Therefore, competition from other retailers and sellers, price competition and wars amongst retailers and low customer loyalty levels influenced growth of Jade Collections in Kenya. On the other hand, the study found that government policy did not significantly influence growth of Jade Collections and other clothing retailers in Kenya. Government policies such as taxes, macroeconomic policies, regulatory framework and government purchase decisions did not support growth of clothing retailers. Nevertheless, the interest rate framework was identified as one of the few government policies that supported growth of clothing retailers. Access to finance significantly influenced growth of clothing retailers in Kenya. Despite Jade collections having a good credit record, there were bottlenecks in ease of access to capital which hampered expansion of Jade Collections into other towns, product diversification, marketing efforts, growth of profits and general marketing strategies of Jade Collections.

This study concludes that competition has a significant effect on growth of clothing retail companies in Kenya. Secondly, government policy did not significantly influence growth of clothing retail companies in Kenya. Finally, there is limited access to capital by clothing retail companies in Kenya. This can be attributed to lack of diversity and specific institutions that focus on financing clothing companies.
The study recommended that there is need for clothing retail companies to craft and execute strategies that enhance their growth e.g. rather than focusing on saturated markets, clothing companies can focus on specific market niches. This calls for analysis of the Porters Competitive Advantage models in the analysis of competitive advantages for clothing companies. Secondly, there is need for review of existing laws and regulations to make the market friendlier for growth of clothing companies. The government should develop an agency to support the clothing retail sector, review taxes and macroeconomic policies that enhance more growth of the industry. Finally, the industry umbrella bodies must collaborate with financial institutions to develop market need responsive products and services for the clothing retail sector.
AKNOWLEDGEMENT

I would like to express my appreciation to all those who have so far supported me and provided me the opportunity to complete this report. It is the first step of a journey of a thousand miles. I look forward to working with the right teams and other supportive and interested parties to make it a success.
DEDICATION

This project is dedicated to my family members. My parents Mr. and Mrs. Ndirangu, my sisters Elizabeth and Ann, my brother Michael and last but not least my adorable son Tyler Kanuri who have really supported me during this busy time. May God accord them good health, joy, peace, long life and above all, His everlasting love.
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>KNBS</td>
<td>Kenya National Bureau of Statistics</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
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<td>SME’s</td>
<td>Small and Medium Enterprises</td>
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<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Companies in diverse sectors of economies around the world continue to face various challenges and factors which inhibit and hinder their growth. In a highly dynamic environment, companies continue to face multiple challenges that hinder their growth and attainment of set strategic objectives and goals for growth and expansion. Some of the factors that hinder the growth of companies around the world include limited access to finances, changes in the political and regulatory framework, fierce competition, dynamism in consumer needs and wants, managerial skills gaps, corporate governance challenges amongst others (Mulinge, 2009; Eden, 2014; Shelley, 2014).

Clothing is one of the basic necessities after food, shelter and education. Consequently, it is commonly assumed that the clothing and apparel industry should constantly grow and expand as the population grows (Abernathy, 2015). Premised on the law of demand and supply, as the population around the world rises, so should the demand for clothing and apparel products. Nevertheless, across the globe, there exists a number of clothing companies and brands continue to face growth and expansion.

The clothing industry, commonly referred to as the apparel industry comprises of manufacturers, makers, suppliers and distributors of fashionable clothing for male and female genders. The industry also comprises the makers of kids wear (Strahle, 2017). Due to expansion in the demand for clothing products, there has been intense competition in the market which has hampered growth of companies within the industry (Strabhe, 2017). Production systems and models in the apparel industry have become constant for a period of time characterized by the use of a bundle system. In this system, work is classified such that an employee specializes in one area or two. Some of the areas that are bundled include cutting of the fabric into parts, stitching the parts and finishing the production process (Abernathy, 2015).

According to a study by Consumer (2018), a retail fashion research consultancy, there has been dynamic changes in the retail shopping experience around the world. The retail
clothing and fashion industry is slowly coming to realization of a change in consumer needs and wants globally. According to the study, there has been predictions of a disruption in the clothing and retail industry across the globe, but contrary to the expectations and predictions, the industry has already been disrupted and the new shopping order and experience is already here (Consumer, 2018).

Lavalle, Lesser, Schockely, Hopkins and Kruschwitz (2011) analyzed changes in the apparel retail industry in Europe and found that, there has been an assumption across the apparel companies that consumers will continue to prefer their products mainly due to two main factors: availability and price. However, contrary to the expectations of the apparel companies, the consumer has changed their tastes and preferences. The consumer has become more price sensitive and focus more on distinct products of higher quality. Therefore, though price and availability still remain a factor influencing consumer demand and purchase decisions, they have been overtaken by the need for quality and differentiated products. Consequently, apparel companies cannot continue to pursue their low cost mass market approach to production.

Around the world, in countries such as the USA, France, Dubai and Italy, apparel firms have had to innovate to grow. Apparel firms in the respective countries have had to become creating in their operations in order to overcome a turbulent business environment which becomes very competitive every day (Johnson, Scholes & Whittington, 2008). To acquire a substantial market, share which leads to revenue growth, profitability and sustainability of operations, textile and apparel companies around the world have had to differentiate their products, make them unique and distinct and embrace modern day marketing and distribution channels. According to Jacqueline and Delagarde (2011) differentiation for apparel companies seeks to match customer needs and wants through the provision of products and services that offer value and benefit to the consumer but different and unique from competitors. Jacqueline and Delarged (2011) noted that, “Differentiation refers to having a unique product but also in the way in which the product is presented on the market. It is not enough for the company to have a beautiful and trendy product.”

In the past decades, Africa has had the distinct attribute of being behind in fashion. Consequently, the apparel and clothing industry lagged in growth and expansion compared to other continents (Heywood, 2011). Nevertheless, the dawn of the 21st century has
heralded a new resurgence in growth and expansion of the clothing and apparel industry in Africa. Countries such as South Africa, Nigeria, Morocco, Egypt and Ghana are leading in the number of clothing and apparel companies. According to Elmuthi (2013) Africa countries have experienced a massive growth and expansion in clothing and apparel companies, primarily driven by the demand for smart, innovative and unique dressing codes for the young population. Furthermore, as the income levels for various economies in the African continent rose, there has been an increase in the demand for bespoke, unique and innovative dressing and clothing (Oza & Hill, 2017).

The African continent has experienced an influx of international apparel and designer fashion brands such as Dolce and Gabana, Calvin Klein and others have made inroads in the African continent through provision of apparel products for the high end market (Oza & Hill, 2017). Africa has risen to see the growth and expansion of African apparel companies such as Woolworths, Deacons, Orange Culture, Saffron etc, and these companies have grown as a result of increased demand for clothing and apparel products in the continent (Elmuthi, 2013). According to Oza and Hill (2017), African countries such as Nigeria, South Africa, Mali and Ghana have developed a demand for high end retail and clothing products mainly due to an increase the middle class, income levels as well as the proliferation of western cultures in the countries. This has led to international apparel companies such as Waikiki setting up base in these countries.

The East African region has also experienced growth and expansion in the apparel industry. A study commissioned by Equity bank and Hivos People (2016) found that the apparel industry has expanded over the last five years. Companies such as Brandh, LC Waikiki, Truworths, Woolworths, and Deacons have established a retail network across the Eastern African region with branches in Uganda, Ethiopia, Tanzania and Rwanda. This has mainly been driven by increase in incomes as well as a demand for distinct brands. Nevertheless, these companies face stiff competition from individuals operating boutiques across the region.

In Kenya, the apparel sector has been in the decline since 1980 due to intense competition from secondhand clothes. Nevertheless, the sector has attracted some of the largest and well-known brands such as Brand Shops, Woolworth, LC Waikiki, and Truworths have set up retail stores across the country. They provide a wide range of imported, quality clothing
at affordable prices. Most of the fashion stores operated by the Kenyan businesspeople mainly offers imported products. Very few stores offer domestic designer’s goods. These outlets are either multi-outlets or single outlets shops operating in Nairobi. Shop-in-shop mainly deals with imported home-textile products and garments. Nevertheless, none of the brands or retail stores have achieved the desired level of success due to intense competition and a harsh regulatory framework characterized low cost, untaxed imports and high taxes for the retail companies (Hivos People, 2016).

Jade collections is a clothing retail company that offers clothing solutions to ladies, gentlemen, boys, girls and babies. The firm which has been in operation since 2004 operates a total of 4 stores spread out in Nairobi (Tom Mboya and Kenyatta Avenue), Thika (uhuru Highway) and Eldoret. It positions itself as the premier clothing store offering variety in quality, uniqueness, affordability and fashionable clothing for the entire family. As at December 2018, Jade Collections had a total of 216 employees working in its 4 stores spread out across Kenya (Jade Collections, 2019).

1.2 Statement of the Problem

There has been various studies seeking to analyze the factors influencing performance of companies around the world. Johnson, Scholes and Whittington, (2008) analyzed the factors influencing the growth of companies in USA and found the regulatory framework, access to finance and stiff competition as the key factors. Kosgei (2015) analyzed the factors influencing performance of SME’s in Kenya and found that competition, limited access to finances and managerial skills were there key contributors. While there had been a number of studies to identify factors that influence growth of companies in Kenya. Very few had sought to analyze the factors influencing growth of apparel companies in Kenya. This is despite the sector experience above average growth rates of 1.2% compared to the 4.7% GDP growth rate in Kenya (KNBS, 2017). In addition, the clothing and textile sector had been identified as a key pillar to driver the attainment of Agenda 4 goals as set out by the national government.

Jade collection has been a leading local private clothing retailer that had experienced growth since 2004 from one store to a total of four stores. The company experienced growth despite trends amongst other clothing retails which had faced challenges such as Deacons,
Mr. Price, Woolworths etc. This therefore raised the question what the key success factors for Jade collections were. Furthermore, unlike foreign clothing retailers that were facing growth challenges, Jade collections seemed to overcome the challenges. What then was Jade Collections doing to overcome the challenges. These two questions indicated research and practice gaps that the study sought to fill. Finally, Jade Collection as well as the other struggling clothing retail companies operated under a similar policy framework, what policy challenges did the firms experience and how did Jade Collection overcome them. These research, practice and policy gaps were the key drivers of the study.

1.3 General Objective

The general objective of the study was to analyze the factors affecting growth of Clothing Retail Companies using Jade Collections as the case.

1.4 Specific Objectives

The specific objectives were:

1.4.1 To examine the effect of competition on growth of Jade Collections.
1.4.2 To investigate the effect of access to finance on growth of Jade Collections.
1.4.3 To analyze the effect of the regulatory framework on growth of Jade Collections.

1.5 Significance of the Study

1.5.1 Management of Jade Collections

Jade Collections top management can draw new and better insights into the factors that affect growth of apparel retail industry in Kenya. The factors discussed in depth highlight the areas where changes need to be made. Recommendations offered at the end of this research are of great benefit to the organization, if adopted.

1.5.2 Other Retail Companies.

All companies must benchmark themselves against other players in their industry so as to assess their performance and be able to make changes in their respective organizations that will help them adapt to the ever-changing environments and stay current with the new
trends. Other apparel retail companies are able to benefit from the vast knowledge on factors affecting their growth outlined in this research paper.

1.5.3 Policy Makers

This study analyzes the effect of the policy framework on growth of Jade Collections. Consequently, this study can inform policy review or policy development to support growth of the apparel retail industry.

1.5.4 Other Researchers

Academically, this research generates fresh knowledge and guidance to future and upcoming researchers who wish to carry out further investigations on the issue by revealing useful strategies, procedures and measuring instruments; this aids them to avoid unnecessary duplication, demonstrate familiarity and form a framework within which future research findings can be interpreted.

1.6 Scope of the Study

The study was conducted in Jade Collections which had 4 branches and a head office. The total workforce of Jade Collections was 216 working in Counties of Nairobi (Tom Mboya, Kenyatta Avenue and Head Office), Kiambu (Thika) and Uasin Gishu (Eldoret Town). However, the sampling frame of the study was formed by employees working in Nairobi and Kiambu counties since geographical locations hindered access to data. In total there were 156 employees working in the branches in Nairobi and Kiambu County. Of the 156 employees, 70 employees were in mid and senior management levels or supervisors and therefore formed the sampling frame of the study. The study was conducted in the location of branches. The study utilized a descriptive research design using a census survey to collect and analyze data. Data for the study was collected in the month of July - August 2019.

1.7 Definition of Terms

1.7.1 Competition

Competition is a contest between individuals, groups, nations, animals, etc. for territory, a niche, or a location of resources (Hanan, 2012).
1.7.2 Government Policy
Policies can be understood as political, management, financial, and administrative mechanisms arranged to reach explicit goals (Robbin, 2013).

1.7.3 Access to Finance
Access to Finance refers to the ease of accessing monetary resources to achieve set goals (Gitman, 2006).

1.7.4 Regulatory Framework
Regulatory framework refers to the existing regulations, policies and laws that guide and govern the execution of mandates (Robbin, 2013).

1.7.5 Apparel
Apparel refers to clothes retailed or sold within a shop or retail store (Oxford Dictionary, 2018).

1.7.6 Firm Growth
Firm growth refers to the expansion of a firm faster than its peers often measured using the financial measure of revenue or sales (Hanan, 2012).

1.8 Chapter Summary
Chapter one informs the background of the study and the major challenges facing the apparel industry and companies in an international, regional and local context. The chapter details the research, policy and practice gaps identified and poses the research questions of the study. In addition, the chapter presents the significance of the study as well as the definition of key terms. Chapter two presents the review of literature from existing studies and scholarly publications in journals and conferences. Chapter three presents the research methodology including the research design, population and sampling design, data collection and analysis methods. Chapter four presents the findings of the study. Chapter five present the summary of findings, discussion, conclusions and recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
Chapter two is a review of existing empirical and theoretical studies on the factors influencing firm growth. Scholarly publications and studies are reviewed and critiqued in this chapter. Finally, the chapter summarizes the key trends in the literature.

2.2 Effect of Competition on Growth of Retail Companies
Firms all around the world undertake various activities, nevertheless, the common denominator amongst the firms is the need to succeed and be successful (Foley & Green, 1989). While success can be measured using different metrics, financial growth is the commonly adopted measure of success amongst firms. This section reviews existing literature on competition and how it affects growth of firms around the world.

2.2.1 Growth of Retail Clothing Companies
Retail clothing companies have experienced growth and declines as is the case for most industries around the world. Nevertheless, the retail clothing companies in Kenya began their growth in the early 1900’s. In the 1980’s companies in the textile and clothing sector were majorly government owned and contributed close to 30% of total economic growth and employment opportunities. There were a total of 20 ginneries, 70 textile mills and less than 10 clothing retail companies (Equity Bank, 2016). The sector especially the cultivation and processing of cotton was a major foreign exchange earner for the country. However, corruption, foreign and local competition brought the sector down to less than 1% of contribution to the National GDP.

Decline of the clothing retail sector in Kenya begun in the 1980’s when the government liberalized the market and allowed importation and sale of second hand clothes. According to a study by Hivos People (2016), the government’s decision to import and facilitate sale of mitumba’s had a negative detrimental effect on the clothing retail sector. Mitumba’s are secondhand clothes sold commonly on the markets and streets. The sale of mitumbas have nowadays been adopted by retail stores and shops.
While the liberalization of the market led to an influx of second hand clothes, it also led to the growth of new retail stores and chains. Clothes retailers and vendors such as Brand shops, Woolworth, LC Waikiki and Truworths are some of the foreign owned retail stores that have established operations in Kenya. Local companies such as Jade Collections, Sir Henrys etc have also grown as a result of liberalization in the market (Hivo’s People, 2016). Nevertheless, majority of the shops and retailers offer their services to the high end market. The clothing retail sector is characterized by few medium and large clothing retailers and dominated by small boutiques that sell imported clothes from china, Turkey and Dubai. The small retailers control majority of the market and pose intense competition for large retailers (Equity, 2016). In addition, second hand clothes dealers and sellers dominate sales in the mass market and lower income market segments.

2.2.2 Competition

Hannan (2012) defined competition as a contest amongst groups, individuals, animals or nations for resources, territory or even niches. Competition can be a driver or obstacle towards organization growth and expansion. According to Hannan (2012) competition allows firms to invest in efficiencies in the business processes and thus acquire a competitive edge. On the other hand, intense competition can lead to failure of some companies especially those without the requisite resources to remain competitive.

The relationship between competition and firm growth is grounded in the resource based theory. According to the resource based theory, a firm utilizes its resources in the form of capital, intellectual property, source of raw materials or any other resource that it has to acquire a competitive advantage in the market (Bickerton, 2012). Premised on the resource based theory then firms seek to acquire resources that help them acquire an advantage over their competitors. This includes markets for its products, innovative products, its human resources, its assets, its intellectual property etc. Competition as a factor influencing growth of firms is a dynamic factor. In a business environment characterized by unpredictability of variables as well as huge number of competitors, the ability to acquire a competitive advantage is the key differentiator between successful and failed firms (Bickerton, 2012).
2.2.3 Effect of competition on Firm Growth

Ibidunni (2015) analyzed the competitive strategies adopted and its effect on performance of selected SME’s in Nigeria. Using a regression analytical model over 100 SME’s in different sectors within Nigeria, Ibidunni (2015) found that high levels of competition, promoted investment in technological innovations as well as dynamism. SME’s are therefore required to innovate and adopt competitive strategies that allow them to acquire a competitive advantage. According to the study by Ibidunni (2015), competition was a key factor that influenced growth and expansion of SME’s in Nigeria. According to the study, SME’s that were more likely to overcome competitive pressures and grow possesses distinct qualities in differentiated product development, product features, customer marketing and communication strategies, sales growth, product customization and product value addition which enhanced growth of SME’s included in the study. Nevertheless, this study concluded competition was a key factor that influenced growth and expansion of SME’s.

McCormick, Kimuyu and Kinyanjui (2013) analyzed the factors that influenced growth of SME’s in Urban Centers in Kenya. Using a desktop literature review research methodology over the period 2001 – 2010, the study found that small businesses market in rural and urban centers in Kenya and other third world countries in Africa, are affected by cheap imports especially in textile where second hand clothes are imported and become substitute products. A good example are the Small business ventures in tailoring sector who face stiff competition from these imported ready - made garments and second hand clothes. A market share like that of tailoring and dressmaking enterprises is drastically reduced by imported clothes despite being relatively and considerably small.

Most small businesses in Kenya operating in both urban and rural areas have similar commodities which can be produced and sold by virtually anyone and everyone. This means that it is far much easier for attracted players to venture into the small business’s arena. The small firms within a marketplace do not possess any out light advantage above the others because they trade in homogeneous products or services. In case one launches a small business in a particular area, very soon if not later he or she discovers some others launched just at their idea. The businesses consequently engage in comparable types of
trade which automatically, gradually precipitates into market shrinkage (Gebretinsae, 2013).

When a company develops a product, the major objective is to make the product a preference in the market. The company must therefore ensure those products demand increases so as to make more sales. The demand therefore will be influenced by price, overall size of the population and the distribution of income. Competition is probably the most dynamic of all the environmental factors. In a free economy, a new organization enters where others exist, therefore causing unpredictability in the market careful monitoring and evaluation of the competition enables marketing management to make informal decision.

Most SME’s in Kenya falls precisely in perfectly competitive market structure. The prices are solemnly determined by the forces of supply and demand which means that all sellers conform to an analogous price level margin. The suppliers simply settle for the price at which the commodity or service is already being offered in the industry. Any firm that is aggressive enough to increase the price is likely to lose market share because the buyer can freely and comfortably switch to the competitor (Lumpkin & Marvel, 2010). One of the chief contributors to small businesses failures is the increased rivalry that they encounter in full gear upon setting up. Small businesses ventures may also miscalculate and underestimate customer loyalty to competitors. Small businesses in Kenya often overestimate product and/or demand and usually falls short of any unique selling proposition or tactic built into their product. They are devoid of differentiation measures in an already competitive market structure leading to poor performance (Bhide, 2009).

The Market and available demand for a commodity or service establishes a market for any business. Suppose the demand is high, the market automatically becomes vibrant and the converse also applies at all times. A fall in demand for a commodity or service could result to shrinking market share. The demand for various commodities or service will affect other products and services depending on the way they relate whether substitute or complimentary. When the products are complimentary then an upsurge in demand for one product will cause an increase in demand for the other whilst in the case of substitutes a rise in demand for one causes a decline in the other commodity in question (Aylin, 2013).
2.3 Effect of Access to Finance on Growth of Retail Companies

2.3.1 Access to Finance

Capital or finance can be defined as the monetary resources that are used to fund the startup, expansion or wealth generation for a firm (Munoz, 2010). According to Ekanem (2010), no firm or business can growth or exist without the requisite resources in form of capital. Consequently, for a firm to achieve its set goals and objectives, it must have capital in its possession. Traditional, capital sources have been identified as loans from banks and financial institutions. Nevertheless, these are very limited sources but the scope has widened and expanded and multiple sources of capital exist the world over (Munoz, 2010). Nevertheless, Accessing and using the right amount of capital for growth and expansion has been a major challenge and problem for organizations worldwide.

Access to finance is a major factor influencing growth of firms around the world. According to Abdulkadir, Umar and Ibrahim (2012) in a study analyzing the relationship between access to finance and firm growth in Asia using a descriptive research design and descriptive statistics for analysis, the deficiency in capital and financial resources, has remained a long standing challenge for enterprises around the world. In addition, the most binding challenge to growth and expansion of firms has been access to the necessary and requisite financial resources. Access to finance as a factor influencing firm growth, is grounded in the poverty alleviation theory.

These propositions are supported by poverty alleviation theory which theorizes that low income individuals or the poor are often unable to start and grow their businesses due to lack of finances. The theory specifically points out the lack of savings to start and grow businesses as a key impediment to the growth of firms and subsequent emancipation from poverty (Babajide, 2012). The theory thus posits that access to finance in the form of micro loans or small loans aids in the growth and starting of new businesses. Babajide (2012) further notes that, the world has experienced a surge in the entrepreneurial spirit and culture which has motivated majority of individuals to engage in starting and managing businesses as a way to increase their incomes or fight poverty. Nevertheless, access to finance has become a major hindrance to growth of businesses around the world. When individuals have access to loans and finance, new businesses will be started while existing ones will
grow. This is partially the reason why there has been a surge in the growth of microfinance companies and institutions around the world.

Since access to finance for firms remains a standout issue for small and medium enterprises around the world, the analysis of this factor has gained immense support and insight by scholars and authors. Majority of the authors have concluded that access to credit and financial resources by SME’s remains the single most significant factor that hinders firm growth and expansion. In addition, the lack of financial access has led to firm stagnation, corporate failure, increased unemployment levels, unequal distribution of income, stunted economic growth and increased poverty (Rajan & Zingales, 2009).

2.3.2 Effect of access to finance on Firm Growth

Abdulkadir, Umar and Ibrahim (2012) analyzed the effect of micro finance loans on youth and entrepreneurial development in Asia using a descriptive research approach and correlation coefficients as the analytical models. The study found that access to micro finance loans enhanced the growth of existing youth firms and business. In addition, it led to the establishment of new businesses around the metropolis. Consequently, the study by Abdulkadir, Umar and Ibrahim (2012) concluded that access to finance was a major hindrance to growth of youth led businesses. Though this study was focused on Youth led business, the findings resonate with the purpose of this study. This study proposes that access to finance is a major hindrance to firm growth in apparel industries as it is for youth led institutions and firms.

Ekpe, Mat and Razak (2010) similarly found that access to finance was a major factor defining firm growth in Nigeria. According to the study, access to finance had a very strong correlation with business growth for Nigerian enterprises. The study by Ekpe, Mat and Razak (2010) focused on women led enterprises and found that access to micro finance loans stimulated economic empowerment of women through the growth of micro and small businesses. Consequently, the study by Ekpe, Mat and Razak concluded that access to finance was a key driver of organization and firm growth. These sentiments were shared by Simba (2013) in a study on the effect of microfinance loans on firm growth in Nigeria. Similar to the findings of Ekpe, Mat and Razak (2010), Simba (2013) noted that women...
led businesses and enterprises that accessed finance from microfinance institutions grew at a faster rate than those that did not access finance.

In the region, various studies have been undertaken to analyze the effect of loans and access to finance on growth of businesses. Awojobi (2011) in the analysis of the factors influencing firm growth amongst SME’s noted that access to finance was one of the key factors that inhibited growth of SME’s. In the conclusions by Awojobi (2011) access to finance was identified as a key factor affecting firms at all levels i.e. micro, small, medium and large corporations. Hermes, Lensink and Meesters (2011), note that in fact access to finance is a major obstacle for firms seeking growth. According to Hemers et al., it is very hard for firms to save their resources for growth due to competing interests. Nevertheless, when a firm accesses external financing in the form of loans, equity or grants, the levels of growth experienced are relatively faster than in firms that did not have access to external financing.

Berhane and Gardebroek (2012) as well as Berhane et al., (2011) analyzed factors that influenced growth of SME’s in Ethiopia. As expected, the two studies found that access to finance was the most intense factor that influenced and hindered growth of SME’s in the region. According to the two sets of scholars, access to loans and finance has played a critical role in enhancing entrepreneurial behavior, improving the managerial efficiency, acquiring modern technologies and equipment’s as well as increasing production for sale into new markets.

Mbithe (2013) analyzed the effect of lack of finance on business growth. The study by Mbithe concluded that lack of finance stifled organization and firm growth and often led to business failure or collapse. Access to finance had a positive influence on the growth of SME’s. Specifically, Mbithe (2013) singles out access to microfinance loans, bank loans and other forms of credit as instrumental in enhancing growth and expansion of firms and organizations. This is supported by the findings of Stanley and Francis (2014) in their analysis of microfinance and organization expansion amongst youth businesses in Machakos County of Kenya. Stanley and Francis (2014) conclude that access to microfinance loans and credit enhanced growth of youth led enterprises and small businesses.
While access to finance has been identified as a key factor influencing growth of firms around the world and in Kenya, Osoro and Muturi (2013) provide a slightly divergent opinion towards the relationship. According to Osoro and Muturi (2013) access to finance is a key driver of firm growth and expansion. In addition, there is need to provide financial training and management skills such as budgeting, cash flow projections, book keeping, accountancy and other financial literacy skills. Access to finance in itself was not a problem but also financial training. Osoro and Muturi (2013) note that there exist multiple sources of finances for SME’s in Kenya and availability is not therefore a problem. However, entrepreneurs are unaware of sources of capital such as equity financing, preference shares, government loans and other development loans that are not necessarily provided by banks and microfinance institutions. Consequently, there is need for entrepreneurs to access financial management and literacy training to explore new and sophisticated sources of financing (Osore & Muturi, 2013).

Hastings, Madrian and Skimmyhorn (2013) support these findings in their study on the factors that characteristics failed SME’s. According to Hastings, Madrian and Skimmyhorn (2013) one of the key factors was financial literacy which had key ramifications of the expansion, growth and stability of firms. The study noted that in addition to access to finance, institutions must be equipped with requisite financial literacy skills to manage, control and monitor financial matters when necessary. According to the study by Hastings, Madrian and Skimmyhorn (2013) financially education SME’s grew and expanded faster than those that had no financial education. In addition, SME’s that did not have financial literacy training were more likely to fail than those that had managers trained on financial literacy.

Wanjohi and Mugure (2010) in a study on the analysis of access to finance and firm growth noted that access to the right amount of financial resources remain a key limitation for small and medium sized firms’ growth in Kenya. Kinyanjui (2012) and Wang, Watkins, Harris & Spicer (2010) added that acquiring the necessary funding for a business has remained to be the most outstanding and prevalent problem that problems continue to face. Even after businesses are started, the process of gathering, amalgamating and collecting the right amount of financial resources has remained to be a major challenge for most organizations (Mirero & Masaviro, 2011).
2.4 Effect of Regulatory Framework on Firm Growth

2.4.1 Regulatory Framework

The government has the overall responsibility of setting laws, rules and regulations that enhance decision making and rationality of outcomes in the business environment. Consequently, the government has absolute authority in regulating conduct of business and competition amongst institutions and firms. Government rules, regulations and laws are often commonly known as the regulatory framework (Hanan, 2011). The social theory posits that the government acts in the best interest of the majority. Consequently, government policy and the regulatory framework is aimed at getting the best out of the institutions and firms for the best interest of the population. Consequently, social good must be achieved by the government through different regulatory frameworks. Frequent changes in the regulatory framework has an adverse effect on business growth and expansion. In an environment where the regulatory framework often changes, businesses will rarely grow due to unpredictability of the environment as well as uncertainty by investors about the security of their investments and returns (Kuratko. 2016).

2.4.2 Effect of the Regulatory Framework on Firm Growth

In an analysis of the government related factors that influence growth of SME’s around the world, Harper (1984) found that the differences in the standards, procedures and regulations on various products and services was a major hindrance. According to the study, government-imposed regulations and standards on product specifications, environment, buildings and logistics are some of the challenges that face growth of small and medium enterprises. Further, the study noted that the domestication of international standards from industrialized and developed countries has remained an inappropriate business environment for growth and expansion of SME’s. Harper (1984) further noted that high levels of taxation inhibited growth of SME’s through increased regulatory costs and acted as a disincentive for growth of small businesses in South Africa. The study concluded that the tax policy existing by then was complicated and incomprehensive for small businesses and SME’s. This consequently, inhibited business and firm growth.

Wanjohi and Mugure (2008) analyzed the key factors that influence growth of SME’s in Nairobi County. Chief among the factors that were identified by the study was the
government regulatory framework, policies, generally referred to in the study as the business environment. According to the study, government policies that were not stable and predictable, as well as grand corruption in the government promoted bureaucracies’ and inefficiencies in the business environment which affected business growth and expansion. Further, the study by Wanjohi and Mugure (2008) noted that other government policies such as high tax rates, high business licenses and other fees attributable to government agencies negatively influenced growth plans for SME’s in the country.

Kinyanjui (2006) conducted a study on the effect of regulatory and government policy on growth of SME’s in Kenya. The study focusing on the regulatory framework noted that the framework acted as a disincentive for firms to the firms. The government regulations and policies have raised the costs of doing business and made business operations unsuitable for SME’s. In addition, the study found that SME’s found the compliance levels and costs to be prohibitively costly and beyond their ability. In addition, the SME’s found the government regulations to be cumbersome and bureaucratic. Consequently, SME’s found it easier and convenient to operate outside the realms of the law and regulatory framework (Kinyanjui, 2006).

Nalo (2006) in a newspaper article therefore concluded that it is the prerogative of the government to review and update its policies to ensure that they did not hurt the enterprises and that the business environment is conducive for business growth and expansion. Some of these includes: licensing, permits and business regulations which hinder growth and expansion of small businesses and enterprises. While government policy regulates the conduct of business, government support refers to aid and help provided by the government to foster growth of businesses. Government support is as important as regulatory framework is. According to Wanjora (2010) the government has the responsibility of providing support for growth and expansion of SME’s. Government support may be in the form of monetary gains such as grants and cheap capital as well as non-monetary support such as subsidies, training and education. In addition, the government can provide a proactive regulatory environment that supports growth of SME’s. All these factors are indicative of a government that supports the growth of businesses. According to Beck (2011), Paulson and Townsend (2012) the government has to provide support for growth of businesses at all times. Some of the innovative government support strategies include
tax subsidies, infrastructural development, government purchase of products and services and training facilities. In addition, the government can support firms through sourcing markets for products and services produced in the country.

The regulatory framework is a key determinant of organization success and growth. Nzenga (2008) analyzed the key factors that influenced growth of insurance companies in Kenya using a sample size of 34 insurance companies over a 3-year period. The study found that the regulatory framework was instrumental in informing and informing growth in the insurance industry. Nzege (2008) found that government regulations on interest rates which influence the cost and access to finance, regulations and laws on insurance and the taxation policy were the key regulatory framework factors that influenced firm growth amongst insurance companies. The regulatory environment was also identified as a key determinant of organizational growth by Kedogo (2018) in the study on factors influencing growth and development of SME’s in Nairobi County. The study conducted using descriptive design on a sample population of 100 SME’s in Nairobi county identified the registration process, taxation and interest rates as key factors that influenced growth and success of SME’s. Government policy revolves around the conduct of business, tax policy, minimum wages, interest rates and environmental laws.

Yaron and Meoli (2017) note that government regulations on asset ownership has a strong influence on business growth. According to Yaron and Meoli (2017) restrictions on asset ownership such as land, forces firms and organizations to scale down on their operations and thus inhibit growth. Furthermore, government policy on assets ownership such as intellectual property and enforcement of contracts are other factors that influence growth of firms. According to Okibo and Makanga (2014) and supported by the findings of Yaron and Meoli (2017) a regulatory framework where intellectual property rights are rarely observed or protected and where contracts enforcement or dispute resolution is not upheld and expedited, investors are hesitant to invest and thus inhibiting growth and expansion of firms. This explains why the regulatory framework is very critical in informing investment decisions for investors.

Other government led efforts that influence expansion of firms is the human resource laws. According to Wijesiri et al. (2017) and Okibo and Makanga (2014) employee related regulations such as the minimum wages, number of leave days and the number of holidays
influence growth of SME’s around the world. According to Wijesiri et al., (2017), minimum wages is one of the key factors that influence growth and expansion of firms around the world. When governments set the minimum wage floors very high, it becomes an expense for the firm which derails its growth plans. Furthermore, Okibo and Makanga (2014) notes that government policies such as taxes, interest rates and wage limits are often expenses for the firm. When they are set very high, then the cost burden for the firm becomes very high and thus limiting the ability of the firm to expand and grow.

These sentiments are supported by the findings of Olu (2009) in the analysis of factors that influence the growth and expansion of firms in Uganda. According to the study government factors such as high license fees, interest rates, minimum wages and tax rates highly influence the ability of the firm to expand due to the increased expense burden imposed on the firm. Furthermore, Olu (2009) notes that some of these factors such as taxes and licensing fees inhibits the ability of the firm ability to acquire assets which deters growth and expansion plans for firms.

2.5 Chapter Summary

This chapter has reviewed the existing theoretical and empirical framework on the factors that influences growth of firms around the world. The reviewed literature shows that there exist extensive studies on the area though the analysis in a local set up remains scarce. Chapter three present the research methodologies adopted in the study. This includes the research design, population and sampling design, data collection and analysis frameworks.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with research methodology and procedures that was used in carrying out the study. It describes the methods that the researcher applied in carrying out the study. It details the research design, target population sampling techniques instruments for data collection and data analysis.

3.2 Research Design

According to Mugenda and Mugenda (2003), research design is the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall program of the research and includes an outline of what the researcher will do from writing of the hypothesis and theoretical operational implications for the final analysis of the data. According to Broadhurst, Holt, and Doherty (2012), the function of a research design is to ensure that the evidence obtained enables us to answer the initial question as unambiguously as possible. This study used a descriptive research design. A descriptive study was carefully designed to ensure complete description of the situation, making sure that there was minimum bias in the collection of data and to reduce errors in interpreting the data collected. Descriptive research design is a scientific method that involves observing and describing behavior of a subject without influencing it in any way. It also contributes to a high acceptance rate, low rejection rate and is less time consuming (Cooper & Schindler, 2014)

3.3 Population and Sampling Design

3.3.1 Population

Robinson (2011) defines target-population as universal set of the study of all members of real ‘or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target population of the study was derived from the staff of Jade Collections Kenya. The total workforce of Jade Collections was 216 working in Counties
of Nairobi (Tom Mboya, Kenyatta Avenue and Head Office), Kiambu (Thika) and Uasin Gishu (Eldoret Town) (Jade Collections, 2019).

Due to data access considerations given the different geographical locations, the study was conducted within the confines of Nairobi and Kiambu counties targeting Top, Middle level managers and supervisors. In total there were 70 employees working in the branches.

**Table 3.1: Population distribution**

<table>
<thead>
<tr>
<th>Category</th>
<th>No</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Middle Management</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>Supervisors</td>
<td>48</td>
<td>69</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>70</td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Jade Collections (2019)

**3.3.2 Sampling Design**

Kothari (2004) defines a sample as a definite plan for obtaining a sample from a given population. Sampling is a procedure by which some elements of the population are selected as representatives of the total population through the use of probability to acquire a representative degree of reliability in the selected area. The researcher used census in which every element of the population was picked. This method was chosen because the population was small.

**3.3.2.1 Sampling Frame**

The sampling frame refers to the independent elements within the population. The sampling frame of the study was 70 drawn from the employees of Jade collections.

**3.3.2.2 Sampling Technique**

This study utilized a census survey. A census survey was justified for use in this study since the population was small. Furthermore, a census survey eliminated the sampling error and was most appropriate for small data sets.
3.3.2.3 Sample Size

The sample size refers to the total number of elements selected for inclusion in a study that were deemed adequate and representative of the population. Since the study was a census survey, the sample size was 70. This was as shown in Table 3.1 above.

3.4 Data Collection Methods

This study utilized primary data collected using a quantitative questionnaire. The questionnaire will also be self-administered. The questionnaire was justified for use in the study since it was convenient, easy to administer and cost effective. The questionnaire of the study utilized closed ended questions and likert scale of 1 – 5. The likert scale used was: 1 – Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree. The use of closed ended and likert scale questions was instrumental in ensuring that quantitative methods were employed in the study. Furthermore, they were scientifically acceptable and used in social sciences research (Kothari, 2004). The questionnaire had four sections; Section A collected data on the respondent’s demographics. Section B collected data on the effect of competition on growth of Jade Collection, Section C collected data on the effect of access to finance and Section D collected data on the effect of government Policy on growth of clothing retail companies in Kenya.

3.5 Research Procedure

Various research procedures were employed to ensure that data collected was reliable and valid. The research procedures included pilot testing, self-administration of the questionnaires and ethical considerations. Pilot testing was undertaken to ensure validity of data collected. After the development of the questionnaire and data collection sheet, a pilot test was conducted to test whether there were any errors and the data collected from the data collection instruments was sufficient for data analysis and addressing the research objectives. Pilot testing was undertaken with 5 respondents. Findings of the pilot study informed refinement of the data collection instruments to ensure valid data is collected.

To ensure a high response self-administration of the questionnaire was done. The researcher administered the questionnaire to the respondents and collected them immediately after completion. Where there was need to drop the questionnaire and collect later, the researcher
followed up through mobile phone calls. Ethical considerations such as authority to collect data, informed consent from the respondents and confidentiality and privacy of data were enhanced through various strategies in the data collection process.

3.6 Data Analysis Methods

Data analysis refers to the running of various statistical test to infer findings and results from the tests. Data collected was inspected for completeness and errors. Errors and gaps identified were edited to ensure completeness in the data. Complete data was coded and keyed into SPSS vs 22 for statistical analysis. Analysis of data was done for descriptive statistics such as means, standard deviations and frequency distributions. These aided in description of trends and patterns in the data. To infer relationships, Pearson’s Chi Square Tests were conducted using SPSS vs 22.

3.7 Chapter Summary

Chapter three presents the research methodology of the study. The study utilized a descriptive research design. The population of the study was 22 Jade Collections employees all of whom were included in the study. Data for the study was collected using questionnaires. Collected data was analyzed using descriptive statistics. Chapter four presents the key findings and results of the study based on data collected and analyzed.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This study sought to analyze the factors that influenced the growth of apparel companies in Kenya using Jade Collections as the case of the study. This chapter presents the findings and results of the study based on the data collected using questionnaires from top managers of Jade Collections on the key factors that faced the growth of Jade Collection (A mid-sized apparel company in Kenya). The study projected to include the 7 senior and 15 Middle level managers plus 48 Supervisors of Jade Collections in Kiambu and Nairobi Counties. Nevertheless, 5 of the managers were included in the Pilot test stage of data collection and were thus excluded from the actual sample size. Sixty-five managers were thus included in the study. A total of 57 of the managers responded representing an 88% response rate.

4.2 Background Information

This section presents the demographic and background information of the respondents of the study.

4.2.1 Gender of Respondents

Gender at Jade collections was almost equal. Fifty-three percent (53%) of the respondents to this study were of the male gender while forty seven percent (47%) were of the female gender. This shows Jades collections is keen on gender equality.

![Gender of Respondents](attachment://gender.png)

Figure 4.1: Gender of Respondents
4.2.2 Age of Respondents

Majority of the respondents in this study were of the ages between 18 – 45 years. This indicates that the age distribution of most employees at Jade collection ranged between 18–45 years. The ages between 18 – 35 years had 42% of respondents, 36 – 45 years had 37%, 46 – 55 years had 16% and above 55 years had 5%. This is as shown in Table 4.1 below.

**Table 4.1: Age of Respondents**

<table>
<thead>
<tr>
<th>No</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-35 yrs</td>
<td>24</td>
<td>42</td>
</tr>
<tr>
<td>36 - 45 yrs</td>
<td>21</td>
<td>37</td>
</tr>
<tr>
<td>46 - 55 yrs</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>Above 55 yrs</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.2.3 Job Related Attributes

Experience of respondents is a key indicator of reliable data due to knowledge of the respondents. According to this study, over 70% of the respondents had worked at Jade Collections for over 2 years indicating their high level of knowledge of the company. Sixteen percent of the respondents had worked at Jade Collections for less than 1 year, 26% had worked for between 2 – 3 years, 42% had worked for between 4 and 8 years and 16% had worked for between 9 – 15 years respectively.

**Table 4.2: Experience of Respondents**

<table>
<thead>
<tr>
<th>No</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 yr</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>2 - 3 yrs</td>
<td>15</td>
<td>26</td>
</tr>
<tr>
<td>4 - 8 yrs</td>
<td>24</td>
<td>42</td>
</tr>
<tr>
<td>9 - 15 yrs</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Secondly, this study sought to find the respective job titles or positions of the respondents. Since some of the data sought could only be accessed by managers, it was imperative that the study utilizes respondents involved in senior managerial positions and who had information relating to factors influencing growth of Jade Collections. Consequently, the study drew 68% of its respondents amongst middle level managers and 32% amongst its top managers.

![Position of Respondents]

**Figure 4.2: Position of Respondents**

### 4.3 Effect of Competition on Growth of Retail Companies

The various factors explored as influencing growth at Jade Collections were analyzed in this study. According to senior managers at Jade Collections, the most intense factor that influenced growth of Jade Collections was access to finance with a mean rating of 2.15 and a standard deviation of 0.059. Competition by related firms was the second most intense factor with a mean rating of 2.82 and a standard deviation of 0.615 while the least intense factor was government policy with a mean of 3.64 and a standard deviation of 0.032. Consequently, measured on the likert scale, access to finance had a high influence of growth of Jade collections, Competition had an average influence and government policy had a low influence on growth of Jade collection in Kenya.
Table 4.3: Factors Influencing Growth of Jade Collections

<table>
<thead>
<tr>
<th>No</th>
<th>Very High</th>
<th>High</th>
<th>Average</th>
<th>Low</th>
<th>Very Low</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition</td>
<td>6</td>
<td>19</td>
<td>17</td>
<td>8</td>
<td>7</td>
<td>2.82</td>
<td>0.615</td>
</tr>
<tr>
<td>Government Policy</td>
<td>10</td>
<td>14</td>
<td>21</td>
<td>9</td>
<td>3</td>
<td>3.64</td>
<td>0.032</td>
</tr>
<tr>
<td>Access to Finance</td>
<td>8</td>
<td>23</td>
<td>10</td>
<td>7</td>
<td>9</td>
<td>2.15</td>
<td>0.059</td>
</tr>
</tbody>
</table>

4.3.1 Effect of Competition on Firm Growth

Competition is a key factor that influences firm growth. This study seeks to identify to what extent competition influenced growth of Jade Collections in Kenya.

4.3.2 Competition from Other Sellers

There are several other players in the market that pose stiff competition to Jade Collections. According to this study, competition from boutiques (small clothes shops) was the most intense with a mean rating of 4.15 and a standard deviation of 0.61. Competition from imported products was the second most intense with a mean rating of 4.06 and a standard deviation of 0.44. Competition from peer companies was third with a mean rating of 4.01 and a standard deviation of 0.11. Competition from second hand clothes had a mean rating of 3.98 while competition from informal traders was 3.15.

Table 4.4: Competition from Other Sellers

<table>
<thead>
<tr>
<th>No</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition from Peer Companies</td>
<td>5</td>
<td>9</td>
<td>10</td>
<td>20</td>
<td>13</td>
<td>4.01</td>
<td>0.11</td>
</tr>
<tr>
<td>Competition from Boutiques</td>
<td>8</td>
<td>6</td>
<td>12</td>
<td>22</td>
<td>9</td>
<td>4.15</td>
<td>0.61</td>
</tr>
<tr>
<td>Competition from Secondhand Clothes</td>
<td>8</td>
<td>8</td>
<td>19</td>
<td>13</td>
<td>9</td>
<td>3.98</td>
<td>0.15</td>
</tr>
<tr>
<td>Competition from imported Products</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>22</td>
<td>14</td>
<td>4.06</td>
<td>0.44</td>
</tr>
<tr>
<td>Competition from Informal Traders</td>
<td>3</td>
<td>5</td>
<td>21</td>
<td>19</td>
<td>9</td>
<td>3.15</td>
<td>0.41</td>
</tr>
</tbody>
</table>

According to these findings, senior managers at Jade collections agreed that competition from peer companies, competition from boutiques, competition from imported products
and second hand clothes were intense factors that influenced growth. Nevertheless, informal traders did not have influence on growth of Jade collections.

4.3.3 Price Competition
Price competition did have an influence on the growth of Jade collections. Seventy-eight percent of the respondents to this study agreed while 28% disagreed that price competition amongst players in the market affected growth of Jade Collections. According to this study, 11% of the respondents strongly agreed, 17% disagree, 50% agreed and 22% strongly agreed respectively.

![Price Competition Chart]

Figure 4.3: Price Competition

4.3.4 Product Competition
Respondents to this study were neutral that there was little differentiation in the industry which increased competition and influenced growth of Jade Collections. This was based on the mean of 3.71 and standard deviation of 0.10. With a mean of 3.09, respondents were neutral that there was lack of customer loyalty which influenced growth of Jade collections in the market. Finally, respondents to this study were neutral that it was easy to start an apparel business in Kenya which increased competition and influenced growth of Jade Collections in Kenya.
Table 4.5: Product Competition

<table>
<thead>
<tr>
<th>No</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little Differentiation</td>
<td>5</td>
<td>15</td>
<td>18</td>
<td>13</td>
<td>6</td>
<td>3.71</td>
<td>0.1</td>
</tr>
<tr>
<td>Lack of Customer Loyalty</td>
<td>8</td>
<td>11</td>
<td>21</td>
<td>10</td>
<td>7</td>
<td>3.09</td>
<td>0.32</td>
</tr>
<tr>
<td>Ease of Starting a business</td>
<td>9</td>
<td>13</td>
<td>24</td>
<td>6</td>
<td>5</td>
<td>3.11</td>
<td>0.16</td>
</tr>
</tbody>
</table>

4.3.5 Chi Square Tests

To analyze the association of growth of Jade Collections and levels of competition, Chi Square tests were undertaken. The Chi Square tests tested the null hypothesis that there exists a significant relationship between competition and growth of Jade Collections. Testing was done at 0.05 significance levels. The study found that there was a significant statistical association between competition and growth of Jade Collections. This was because the Chi square value of 167.874 had a degree of freedom of 6 with a par value of 0 which was significant measured against a test of 0.05 level. The null hypothesis was accepted. Consequently, competition levels influenced growth of Jade Collections in Kenya.

Table 4.6: Chi Square Tests (Competition)

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Assym. Sig (2 Sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi- Square</td>
<td>167.874</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>80.465</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Linear by Linear Association</td>
<td>109.441</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>19</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.4 Effect of Regulatory Framework on Firm Growth

This section seeks to analyze the effect of government policy on growth of firms using Jade collections as the case of the study.
4.4.1 Government Policy and Firm Growth

Government policy influences firm growth in a number of ways. According to senior managers at Jade collections, only the interest rate policies currently existing in Kenya have enhanced the growth of Jade Collections with a mean rating of 4.11 and a standard deviation of 0.22. On the other hand, Managers disagreed that the government has general supported the apparel industry in Kenya stimulating growth of Jade Collections with a mean rating 2.05 and a standard deviation of 0.61. Similarly, managers disagree that the Government of Kenya protects its local companies which enhanced growth of Jade Collections with a mean rating of 2.81 and a standard deviation of 0.15. The managers strongly disagreed that the Government or its Agencies purchased from Jade Collections which stimulated the company’s growth with a mean rating of 1.81 and a standard deviation of 0.32.

Managers at Jade Collections Strongly disagreed with a mean rating of 1.89 and a standard deviation of 0.18 that the Government had established an industry support agency. Managers disagreed that there were knowledge sharing platforms established by the government with a mean rating of 2.61 and a standard deviation of 0.25. Finally, the managers disagreed that the licensing framework for the clothing industry supported growth of Jade Collection with a mean rating of 2.84 and a standard deviation of 0.31.

Overall, managers were neutral that the regulatory framework in Kenya provided for an environment for growth of Jade Collection with a mean rating of 3.18. Similarly, government taxes and tax policies had a mean rating of 3.35 indicating that managers were neutral. With a mean rating of 3.85 managers were neutral that the macroeconomic policies of the government enhanced expansion and growth of Jade Collection. While Ease of access to market was identified as an inhibitor with a mean rating of 3.91. Based on the findings above, this study concluded that the only government policy that stimulated growth of apparel companies in Kenya was the interest rate policy. The regulatory framework, taxes, macro-economic policies, government purchase policy or support frameworks did not support growth of apparel companies.
Table 4.7: Government Policy & Growth of Firms

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
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<td>15</td>
<td>26</td>
<td>9</td>
<td>2</td>
<td>5</td>
<td>2.05</td>
<td>0.61</td>
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<td>19</td>
<td>15</td>
<td>9</td>
<td>3.18</td>
<td>0.22</td>
</tr>
<tr>
<td>Low Taxes</td>
<td>3</td>
<td>10</td>
<td>25</td>
<td>13</td>
<td>6</td>
<td>3.35</td>
<td>0.35</td>
</tr>
<tr>
<td>Macro-Economic Policies</td>
<td>3</td>
<td>6</td>
<td>24</td>
<td>19</td>
<td>5</td>
<td>3.85</td>
<td>0.61</td>
</tr>
<tr>
<td>Government Protection</td>
<td>8</td>
<td>30</td>
<td>15</td>
<td>3</td>
<td>1</td>
<td>2.81</td>
<td>0.15</td>
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<tr>
<td>Interest Rates</td>
<td>3</td>
<td>9</td>
<td>11</td>
<td>18</td>
<td>16</td>
<td>4.11</td>
<td>0.22</td>
</tr>
<tr>
<td>Government Purchases</td>
<td>19</td>
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<td>5</td>
<td>6</td>
<td>6</td>
<td>1.81</td>
<td>0.32</td>
</tr>
<tr>
<td>Ease of Access to Market</td>
<td>3</td>
<td>16</td>
<td>19</td>
<td>16</td>
<td>3</td>
<td>3.91</td>
<td>0.02</td>
</tr>
<tr>
<td>Industry Support Agency</td>
<td>17</td>
<td>25</td>
<td>7</td>
<td>3</td>
<td>5</td>
<td>1.89</td>
<td>0.18</td>
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<tr>
<td>Knowledge Sharing</td>
<td>9</td>
<td>22</td>
<td>18</td>
<td>5</td>
<td>3</td>
<td>2.61</td>
<td>0.25</td>
</tr>
<tr>
<td>Licensing Framework</td>
<td>9</td>
<td>28</td>
<td>16</td>
<td>1</td>
<td>3</td>
<td>2.84</td>
<td>0.31</td>
</tr>
</tbody>
</table>

4.4.2 Chi Square Tests – Government Policy

Pearson’s Chi Square tests were undertaken to analyze the relationship between growth of apparel companies and government policy. The null hypothesis for testing was: There exists a statistically significant relationship between Government policy and growth of Jade Collections. The study found that with a degree of freedom of 10 and P value of 0.1 which was greater than the level of significance of 0.05, there was no significant relationship between government policy and growth of Jade Collections. The null hypothesis was rejected. These findings imply that government policies have failed to stimulate growth of Jade Collections.
Table 4.8: Chi Square Test - Government Policy

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Assymp.</th>
<th>Sig (2 Sided)</th>
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<tr>
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<td>0.1</td>
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<tr>
<td>Likelihood Ratio</td>
<td>105.19</td>
<td>10</td>
<td></td>
<td>0.1</td>
</tr>
<tr>
<td>Linear by Linear Ass.</td>
<td>133.63</td>
<td>1</td>
<td></td>
<td>0.1</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.5 Effect of Access to Finance on Firm Growth

This section presents the findings of the study on the relationship between access to finance and firm growth at Jade Collections Ltd.

4.5.1 Access to Finance

Managers at Jade Collections disagreed that Jade Collection was able to easily access credit in Kenya. The mean rating was 2.86 and a standard deviation of 0.19. Similarly, managers strongly disagreed that there was diversity of financing products in Kenya which supported growth Jade collection with a mean rating of 1.66 and a standard deviation of 0.24. Managers also disagreed that there were specific financing institutions that supported the growth plans of companies such as Jade Collection with a mean rating of 2.61 and a standard deviation of 0.42. Finally, managers were neutral that Jade Collection could access finance in Kenya at low costs with a mean rating of 3.15 and a standard deviation of 0.14.

On the other hand, managers agreed that Jade Collection have a good credit rating which enables it negotiate lower interest rates with a mean rating of 4.18 and a standard deviation of 0.50. These findings imply that Jade Collection and other apparel companies find it very hard to access capital for growth purposes despite having good credit ratings. This could be attributed to lack of specific financing institutions and lack of diversity in financing products available locally.
### Table 4.9: Access to Finance

<table>
<thead>
<tr>
<th>No</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
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</thead>
<tbody>
<tr>
<td>Easy Access to Credit</td>
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<td>28</td>
<td>16</td>
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<td>2.86</td>
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<tr>
<td>Low Cost Credit</td>
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<td>15</td>
<td>9</td>
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<td>0.14</td>
</tr>
<tr>
<td>Diversity of Financing</td>
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<td>5</td>
<td>6</td>
<td>6</td>
<td>1.66</td>
<td>0.24</td>
</tr>
<tr>
<td>Good Credit Rating</td>
<td>3</td>
<td>9</td>
<td>11</td>
<td>18</td>
<td>16</td>
<td>4.18</td>
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<tr>
<td>Niche Lenders</td>
<td>8</td>
<td>15</td>
<td>30</td>
<td>3</td>
<td>1</td>
<td>2.61</td>
<td>0.42</td>
</tr>
</tbody>
</table>

#### 4.5.2 Access to Finance and Firm Growth

This section analysis the influence of access to finance on firm growth. According to the managers at Jade Collections, they agreed that access to finance hindered expansion of Jade collection into other towns in Kenya with a mean rating of 3.91 and a standard deviation of 0.66. Managers strongly agreed that lack of access to finance hampered growth in the number of products sold by Jade Collections with a mean rating of 4.11 and a standard deviation of 0.54.

Access to finance hampered the marketing efforts of Jade Collections with a mean rating of 3.87 and a standard deviation of 0.71 while growth in profits was also hampered by access to finance with a mean rating of 4.18 and a standard deviation of 0.35. Acquisition of new customers was hampered by access to capital and financing for Jade Collections with a mean rating of 4.05 and a standard deviation of 0.21.

Jade collection did not find challenges in attracting and acquiring highly skilled employees to drive growth due to lack of access to capital and finance with a mean rating of 3.19 and a standard deviation of 0.48. Managers at Jade collections disagreed that expansion into territorial boundaries such as East Africa was hindered by lack of capital with a mean rating of 2.19 and a standard deviation of 0.64. According to the managers, access to finance did not hamper the efforts of Jade Collections in increasing customer loyalty levels with a mean rating of 3.19 and a standard deviation of 0.08. The findings above show that access to
finance hindered growth of Jade Collections in product range, number of outlets, marketing efforts and growth in the profits of Jade Collections.

Table 4.10: Influence of Access to Capital on Growth

<table>
<thead>
<tr>
<th>No</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion into New Towns</td>
<td>3</td>
<td>16</td>
<td>19</td>
<td>16</td>
<td>3</td>
<td>3.91</td>
<td>0.66</td>
</tr>
<tr>
<td>Product Expansion</td>
<td>3</td>
<td>9</td>
<td>11</td>
<td>18</td>
<td>16</td>
<td>4.11</td>
<td>0.54</td>
</tr>
<tr>
<td>Marketing Efforts</td>
<td>3</td>
<td>6</td>
<td>24</td>
<td>19</td>
<td>5</td>
<td>3.87</td>
<td>0.71</td>
</tr>
<tr>
<td>Growth of Profits</td>
<td>3</td>
<td>10</td>
<td>10</td>
<td>18</td>
<td>16</td>
<td>4.18</td>
<td>0.35</td>
</tr>
<tr>
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<td>12</td>
<td>19</td>
<td>15</td>
<td>9</td>
<td>3.19</td>
<td>0.48</td>
</tr>
<tr>
<td>New Markets</td>
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<td>23</td>
<td>11</td>
<td>3</td>
<td>5</td>
<td>2.19</td>
<td>0.64</td>
</tr>
<tr>
<td>New Customers</td>
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<td>10</td>
<td>13</td>
<td>16</td>
<td>12</td>
<td>4.05</td>
<td>0.21</td>
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<tr>
<td>Customer Loyalty</td>
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<td>13</td>
<td>18</td>
<td>13</td>
<td>10</td>
<td>3.19</td>
<td>0.08</td>
</tr>
</tbody>
</table>

4.5.3 Chi Square Tests – Access to Finance

Chi Square tests were used to test the null hypothesis: A significant relationship exists between Access to finance and business growth. The hypothesis testing was done at 0.05 significance levels.

Chi Square tests as shown in Table 4.11 show that there was a significant relationship between growth of Jade Collections and access to finance. The P value of 0.00 which was less than the significance levels indicate that statistically, growth of Jade Collections was hampered by access to capital in Kenya. The Chi Square Value was 154.54 with 9 degrees of freedom. The null hypothesis was thus accepted.
### Table 4.11: Chi Square Tests - Access to Finance

<table>
<thead>
<tr>
<th>Test</th>
<th>Value</th>
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<tr>
<td>Likelihood Ratio</td>
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<td>0</td>
</tr>
<tr>
<td>Linear by Linear Association</td>
<td>78.39</td>
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<td>0</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>19</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 4.6 Chapter Summary

This study has presented the findings and results of the study, based on the data collected and analyzed as shown in Chapter three. The study finds that the factors that influenced growth of apparel companies in Kenya were the competition levels and access to finance. Government policy did not significantly influence growth of apparel companies in Kenya. Chapter five below summarizes the findings of this study, provides key discussions of the findings, concludes and provides recommendations for practice and further studies.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Chapter five summarizes the findings of the study based on results presented in the preceding chapter. The chapter also provides key discussions of the findings, conclusions and recommendations of the study.

5.2 Summary

This study sought to analyze the factors that influenced the growth of clothing retail companies in Kenya using Jade Collections as the case of the study. The study specifically analyzed the effect of competition, government policy and access to finance on growth on Jade Collections.

The study was conducted using Jade Collection branches in Nairobi and Kiambu Counties totaling 4. The study employed a descriptive research design to analyze data collected from 57 Senior managers included in the study using a census sampling technique. Questionnaires were utilized in the study for data collection and integrated closed ended and likert scale questions for ease of quantification of data. Questionnaires were personally administered to the respondents to enhance a high response rate. Data collected was analyzed using SPSS vs 22 for Pearson’s Chi Square tests and Microsoft Excel for Descriptive statistics of means, frequency distributions and standard deviations. The study found that competition had a significant association with growth of Jade Collections. Therefore, competition from other retailers and sellers, price competition and wars amongst retailers and low customer loyalty levels influenced growth of Jade Collections in Kenya.

On the other hand, the study found that government policy did not significantly influence growth of Jade Collections and other clothing retailers in Kenya. Government policies such as taxes, macroeconomic policies, regulatory framework and government purchase decisions did not support growth of clothing retailers. Nevertheless, the interest rate framework was identified as one of the few government policies that supported growth of clothing retailers. Access to finance significantly influenced growth of clothing retailers in
Kenya. Despite Jade collections having a good credit record, there were bottlenecks in ease of access to capital which hampered expansion of Jade Collections into other towns, product diversification, marketing efforts, growth of profits and general marketing strategies of Jade Collections.

5.3 Discussion

5.3.1 Effect of Competition on Growth of Retail Companies

Generally, competition can drive or inhibit growth of companies around the world (Hannan, 2012). On one hand, high levels of competition can lead to operational efficiencies since it allows firms to invest in efficiencies in the business processes and thus acquire a competitive edge. On the other hand, intense competition can lead to failure of some companies especially those without the requisite resources to remain competitive.

In the Kenyan clothing retail sector, competition has had a negative effect on growth of clothing retailers. According to this study, competition has hindered growth of clothing retailers especially due to competition from peer companies, boutiques, second hand clothes, imported clothes and informal traders of clothes. These findings are similar to those of McCormick, Kimuyu and Kinyanjui (2013) on the factors that influenced growth of SME’s in Urban Centers in Kenya. Using a desktop literature review research methodology over the period 2001 – 2010, the study found that small businesses market in rural and urban centers in Kenya and other third world countries in Africa, are affected by cheap imports especially in textile where second hand clothes are imported and become substitute products. A good example are the Small business ventures in tailoring sector who face stiff competition from these imported ready - made garments and second hand clothes. A market share like that of tailoring and dressmaking enterprises is drastically reduced by imported clothes despite being relatively and considerably small.

Similar to the findings of this study, Lumpkin and Marvel (2010) found that Most SME’s in Kenya falls precisely in perfectly competitive market structure. The prices are solemnly determined by the forces of supply and demand which means that all sellers conform to an analogous price level margin. The suppliers simply settle for the price at which the commodity or service is already being offered in the industry. Any firm that is aggressive enough to increase the price is likely to lose market share because the buyer can freely and
comfortably switch to the competitor. In this study, price competition adversely affected growth of clothing retailers in the country. Due to intense competition, this study found that competition reduced the levels of customer loyalty in the market which negatively influenced growth plans and levels of the companies. Bhide (2009) in the analysis of factors influencing growth of small companies had similar findings to those of this study. According to Bhide (2009) One of the chief contributors to small businesses failures is the increased rivalry that they encounter in full gear upon setting up. Small businesses ventures may also miscalculate and underestimate customer loyalty to competitors. Small businesses in Kenya often overestimate product and/or demand and usually falls short of any unique selling proposition or tactic built into their product. They are devoid of differentiation measures in an already competitive market structure leading to poor performance. This study found that lack of product diversification, low levels of customer loyalty and ease of entry into the market were some of the factors that increased competition and thus influenced growth of existing companies in the market.

Gebretinsae (2013) similarly argued that small firms within a market place do not possess any out light advantage above the others because they trade in homogeneous products or services. In case one launches a small business in a particular area, very soon if not later he or she discovers some others launched just at their idea. The businesses consequently engage in comparable types of trade which automatically, gradually precipitates into market shrinkage.

5.3.2 Effect of Regulatory Framework on Firm Growth

The government has the overall responsibility of setting laws, rules and regulations that enhance decision making and rationality of outcomes in the business environment. Consequently, the government has absolute authority in regulating conduct of business and competition amongst institutions and firms. Government rules, regulations and laws are often commonly known as the regulatory framework (Hanan, 2011). Government policy and the regulatory framework is aimed at getting the best out of the institutions and firms for the best interest of the population. Consequently, social good must be achieved by the government through different regulatory frameworks (Hanan, 2011).
This study found that the existing Government policy did not significantly influence growth of Jade Collections and other clothing retailers in Kenya. Government policies such as taxes, macroeconomic policies, regulatory framework and government purchase decisions did not support growth of clothing retailers in Kenya. Nevertheless, the interest rate framework was identified as one of the few government policies that supported growth of clothing retailers. These findings resonate with those of Harper (1984) found that the differences in the standards, procedures and regulations on various products and services was a major hindrance. According to the study, government imposed regulations and standards on product specifications, environment, buildings and logistics are some of the challenges that face growth of small and medium enterprises.

Further, the study noted that the domestication of international standards from industrialized and developed countries has remained an inappropriate business environment for growth and expansion of SME’s. Harper (1984) further noted that high levels of taxation inhibited growth of SME’s through increased regulatory costs and acted as a disincentive for growth of small businesses in South Africa. The study concluded that the tax policy existing by then was complicated and incomprehensive for small businesses and SME’s. This consequently, inhibited business and firm growth. Despite the differences in the timings and locations of the study, the findings of this study and those of Harper (1984) have similarities.

Wanjohi and Mugure (2008) had similar findings those of this study in the analysis of the key factors that influenced growth of SME’s in Nairobi County. According to the study, government policies that were not stable and predictable, as well as grand corruption in the government promoted bureaucracies’ and inefficiencies in the business environment which affected business growth and expansion. Further, the study by Wanjohi and Mugure (2008) noted that other government policies such as high tax rates, high business licenses and other fees attributable to government agencies negatively influenced growth plans for SME’s in the country.

The negative influence of government policy on growth of Clothing retailers in Kenya could be explained as captured in the discussions by Kinyanjui (2006). According to Kinyanjui (2006), the regulatory framework acted as a disincentive for firms operating in Kenya. The government regulations and policies have raised the costs of doing business
and made business operations unsuitable for SME’s. In addition, the study found that SME’s found the compliance levels and costs to be prohibitively costly and beyond their ability. In addition, the SME’s found the government regulations to be cumbersome and bureaucratic. Consequently, SME’s found it easier and convenient to operate outside the realms of the law and regulatory framework (Kinyanjui, 2006).

5.3.3 Effect of Access to Finance on Firm Growth

Access to finance has an effect on growth of any firm. Any firm that seeks to grow or expand must the requisite financial resources to bankroll expansion programs and projects. According to this study, access to finance significantly influenced growth of clothing retailers in Kenya. Despite Jade collections having a good credit record, there were bottlenecks in ease of access to capital which hampered expansion of Jade Collections into other towns, product diversification, marketing efforts, growth of profits and general marketing strategies of Jade Collections.

The findings of this study resonate with those of Berhane and Gardebroek (2012) as well as Berhane et al., (2011) in the analysis of the factors that influenced growth of SME’s in Ethiopia. As expected the two studies found that access to finance was the most intense factor that influenced and hindered growth of SME’s in the region. According to the two sets of scholars, access to loans and finance has played a critical role in enhancing entrepreneurial behavior, improving the managerial efficiency, acquiring modern technologies and equipment’s as well as increasing production for sale into new markets. As shown in this study, lack or limited access to finance inhibits growth of companies in the Clothing retail sector. It is therefore paramount for clothing companies to access adequate and low-cost finances to stimulate growth and expansion.

Abdulkadir, Umar and Ibrahim (2012) provides similar findings in the analysis of the effect of micro finance loans on youth and entrepreneurial development. Abdulkadir, Umar and Ibrahim (2012) found that access to micro finance loans enhanced the growth of existing youth firms and business. In addition, it led to the establishment of new businesses around the metropolis. Consequently, the study by Abdulkadir, Umar and Ibrahim concluded that access to finance was a major hindrance to growth of youth led businesses. Though this study was focused on Youth led business, the findings resonate with the purpose of this
study. This study proposes that access to finance is a major hindrance to firm growth in apparel industries as it is for youth led institutions and firms.

Ekpe, Mat and Razak (2010) similarly found that access to finance was a major factor defining firm growth in Nigeria. According to the study, access to finance had a very strong correlation with business growth for Nigerian enterprises. The study by Ekpe, Mat and Razak (2010) focused on women led enterprises and found that access to micro finance loans stimulated economic empowerment of women through the growth of micro and small businesses. Consequently, the study by Ekpe, Mat and Razak concluded that access to finance was a key driver of organization and firm growth. These sentiments were shared by Simba (2013) in a study on the effect of microfinance loans on firm growth in Nigeria. Similar to the findings of Ekpe, Mat and Razak (2010), Simba (2013) noted that women led businesses and enterprises that accessed finance from microfinance institutions grew at a faster rate than those that did not access finance.

Other studies that have similar findings to those of this study include, Awojobi (2011) in the analysis of the factors influencing firm growth amongst SME’s noted that access to finance was one of the key factors that inhibited growth of SME’s. In the conclusions by Awojobi (2011) access to finance was identified as a key factor affecting firms at all levels i.e. micro, small, medium and large corporations. Hermes, Lensink and Meesters (2011), note that in fact access to finance is a major obstacle for firms seeking growth. According to Hemers et al., it is very hard for firms to save their resources for growth due to competing interests. Nevertheless, when a firm accesses external financing in the form of loans, equity or grants, the levels of growth experienced are relatively faster than in firms that did not have access to external financing

5.4 Conclusions

5.4.1 Effect of Competition on Growth of Retail Companies

This study concludes that competition has a significant effect on growth of clothing retail companies in Kenya. Competition from other retailers, competition from imported clothes and competition on price fronts were distinct areas of competition that inhibited growth of clothing retail companies in Kenya. Intense competition therefore affects growth of clothing retail companies in Kenya.
5.4.2 Effect of Regulatory Framework on Firm Growth

The government policy did not significantly influence growth of clothing retail companies in Kenya. This study therefore concludes that the existing regulatory framework other than the interest rate policies and laws in Kenya does not provide for an environment or framework for growth and expansion of clothing retail companies. The regulatory agencies have not set up strategies and structures to support growth of the industry especially through knowledge sharing, protective policies or an agency support framework.

5.4.3 Effect of Access to Finance on Firm Growth

There is limited access to capital by clothing retail companies in Kenya. This can be attributed to lack of diversity and specific institutions that focus on financing clothing companies. Lack of capital and finances has inhibited growth of clothing apparel companies into other towns, strengthen marketing programs, growth of profits, product diversification and customer management.

5.5 Recommendations

5.5.1 Recommendations for Improvements

5.5.1.1 Effect of Competition on Growth of Retail Companies

Intense competition has hindered growth of clothing retail companies in Kenya. To overcome this challenge, there is need for clothing retail companies to craft and execute strategies that enhance their growth e.g. rather than focusing on saturated markets, clothing companies can focus on specific market niches. This calls for analysis of the Porters Competitive Advantage models in the analysis of competitive advantages for clothing companies. Secondly, this study recommends that the government or industry regulators create barriers to entry since ease of entry has intensified the levels of competition in the industry thus inhibiting overall growth.

5.5.1.2 Effect of Regulatory Framework on Firm Growth

The existing government regulatory framework does not provide for a conducive environment for growth and expansion. This therefore calls for review of existing laws and regulations to make the market friendlier for growth of clothing companies. The
government should develop an agency to support the clothing retail sector, review taxes and macroeconomic policies that enhance more growth of the industry.

5.5.1.3 Effect of Access to Finance on Firm Growth

There is need to broaden access to finance for clothing companies. Financial institutions must develop financing products and services that focus on the clothing retail market niches to provide suitable financing products and services. Furthermore, there is need to increase diversity on the number of financing products and services available. The industry umbrella bodies must collaborate with financial institutions to develop market need responsive products and services for the clothing retail sector.

5.5.2 Recommendations for Further Studies

This study recommends further analysis on the government policy towards the clothing retail industry. It is worth noting that respondents in this study indicated that other than the interest rate policy, all other policies did not stimulate growth of clothing retail industries. This therefore calls for analysis of the regulatory policy to identify weaknesses and gaps. This study calls for expansion of the scope of this study to include other players in the industries such as other mid-sized retailers, boutiques and supermarkets with clothing sections to provide a better analysis of the factors that influence growth clothing retail companies.
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Dear Sir/Madam,

REF: REQUEST TO CARRY OUT DATA COLLECTION IN YOUR ORGANIZATION

I am a Masters student at United States International University-Africa pursuing a Master’s degree in Business Administration (MBA) and specializing in Strategic Management. As part of fulfilling the degree program, it is expected that I carry out a research project in line with my studies that will make a significant contribution to both academia and in my area of specialization. My research project is Factors affecting growth of clothing retail companies in Kenya: A Case of Jade Collections.

It is with this reason that I am seeking your assistance in completing the attached questionnaire. Be assured that the information you provide will only be used for this research and will be treated with high confidentiality. Thank you very much and feel free to reach out to me with any questions or clarification.

Sincerely,

Caroline W Ndirangu

Email: Carol.ciku@gmail.com
APPENDIX II: QUESTIONNAIRE

This questionnaire is designed to collect information on the factors influencing growth of apparel companies in Kenya using Jade Collections as the case of the study. Kindly provide answers to all the questions.

SECTION A: Background Information

1. What is your Gender

   Male { }   Female { }

2. What is your age?

   Below 18 Yrs. { }  18 – 35 Years { }  36 – 45 Years { }

   46 – 55 Years { }  Above 55 Years { }

3. How long have you worked in Jade Collection?

   Less than 1 year { }  2 – 3 Years { }  4 – 8 Yrs { }  9 – 15 Years { }  Above 15 Years { }

4. Select your current job level

   Top level Manager { }

   Middle level Manager { }

   Supervisor { }

To what extent do the following factors influence growth of Jade Collection in Kenya

<table>
<thead>
<tr>
<th>Description</th>
<th>Very High</th>
<th>High</th>
<th>Average</th>
<th>Low</th>
<th>Very Low</th>
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</thead>
<tbody>
<tr>
<td>Competition</td>
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<td>Government Policy</td>
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<td>Access to Finance</td>
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**SECTION B: EFFECT OF COMPETITION ON FIRM GROWTH**

Which companies are the key competitors of Jade Collections. Please select to what extent you agree or disagree with the statements below: 1 = Strongly Disagree  2 = Disagree  3 = Neutral  4 = Agree  5 = Strongly Agree

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<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
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<tbody>
<tr>
<td>Competition from Peer companies in the market has affected the growth of Jade Collection Kenya</td>
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<td>Competition from boutiques in Kenya has affected the growth of Jade Collection Kenya</td>
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<td>Competition from second hand clothes has affected growth of Jade Collection in Kenya</td>
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<td>Competition from imported products has affected growth of Jade Collection in Kenya</td>
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<td>Price competition amongst players has affected growth of Jade Collection in Kenya</td>
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<td>Stiff competition in Kenya has hindered expansion plans of Jade Collection Kenya</td>
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<td>There is little differentiation in the clothing products offered by Jade Collection which increases the competition levels</td>
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<td>Jade Collection faces competition from informal clothes trades which inhibits its growth plans</td>
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<td>Lack of customer loyalty has enhanced competition in the market hindering growth of Jade Collection</td>
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<td>The ease of setting up an apparel company in Kenya has enhanced competition in the market hindering growth plans for Jade Collection</td>
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<td>The government has supported the</td>
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<td>apparel industry in Kenya enhancing</td>
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<td>growth of Jade Collection</td>
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<td>The regulatory framework in Kenya</td>
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<td>provides an environment for growth of</td>
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<td>Jade Collection</td>
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<td>Government taxes are low which</td>
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<td>enhances growth of Jade Collection</td>
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<td>The macroeconomic policies of the</td>
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<td>government enhance expansion and</td>
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<td>growth of Jade Collection</td>
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<td>The government of Kenya protects its</td>
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<td>local companies which enhances growth</td>
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<td>of Jade Collection</td>
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<td>Government policy on interest rates in</td>
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<td>Kenya enhances growth of Jade Collection</td>
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<td>The government or government agencies</td>
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<td>purchase from Jade Collection thus</td>
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<td>supporting its growth</td>
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<td>Government policies stimulate demand</td>
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<td>for clothing which supports growth of</td>
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<td>Jade Collection</td>
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<td>Government policies promote advertising</td>
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<td>of Jade Collection products and services</td>
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<td>The government has enhanced ease</td>
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<td>access to the market for Jade Collection</td>
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<td>products</td>
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52
The government of Kenya has established an industry support agency which supports growth of Jade Collection.

The government has provided opportunities for knowledge sharing amongst apparel companies.

The licensing framework for the clothing industry supports growth of Jade Collection.

**SECTION D: EFFECT OF ACCESS TO FINANCE**

Rate the below statements on your level of agreement or disagreement

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
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<tr>
<td>Jade Collection is able to easily access credit in Kenya</td>
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<td>Jade Collection access finances in Kenya at a low cost supporting its growth</td>
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<td>There are a diversity of financing products in Kenya which support growth of Jade Collection</td>
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<td>Jade Collection have a good credit rating which enables it negotiate lower interest rates</td>
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<td>There are specific financing institutions that support the growth plans of companies such as Jade Collection</td>
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<td>Access to finance has hampered efforts to expand into new towns for Jade Collections</td>
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<td>Access to finance has hampered growth in number of products sold by Jade Collections</td>
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<td>Access to finance has hampered marketing efforts for Jade collections thus hindering sales growth</td>
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<td>High interest costs on finance has hampered growth of profits for Jade collection</td>
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<td>Access to finance has hindered acquisition of highly skilled</td>
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<td>employees to drive growth of Jade Collections</td>
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<td>Access to finance has hindered expansion of Jade Collection into new markets e.g. into neighboring countries</td>
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<tr>
<td>Access to finance has hindered efforts of Jade Collections to attract new customers</td>
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<td>Access to finance has hindered efforts of Jade collections to increase customer loyalty.</td>
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APPENDIX III: NACOSTI RESEARCH PERMIT

This is to certify that Ms. Caroline Ndungu of United States International University Africa, has been licensed to conduct research in Kiambu, Nairobi on the topic: FACTORS AFFECTING GROWTH OF RETAIL COMPANIES IN KENYA: A CASE STUDY OF JADE COLLECTIONS for the period ending 21 August 2020.

Ref No: 748390

Date of Issue: 21 August 2019

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Applicant Identification Number

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