

**CHALLENGES AFFECTING THE GROWTH OF FASHION INDUSTRY IN KENYA.  
A CASE STUDY OF SHONA EPZ LIMITED IN KENYA.**

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF MANAGEMENT AND  
LEADERSHIP IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE  
AWARD OF THE AWARD OF THE DIPLOMA IN ENTREPRENEURSHIP OF THE  
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**DECLARATION**

**DECLARATION BY STUDENT**

This project is entirely my own creation and it has not been submitted to any College or University examination.

**SIGNATURE.....**

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

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## **DEDICATION**

This study initiative is in honor of my parents and siblings.

## **ACKNOWLEDGEMENT**

Special thanks to God for providing me with the chance to study, to push myself to my limits, and to believe in myself. Also, special acknowledgement grateful to my supervisor Faith Keitany for leading me through the process and pushing me to provide the finest outcomes possible.

## **ABSTRACT**

This is a study of the rapidly fashion business in Nairobi County, which has developed considerably but is influenced by the following strategic factors: government policy, financial availability, and competitiveness, thus the research. The overall goal of this research was to investigate the constraints impacting the growth of the fashion sector in Kenya, using Shona EPZ Limited as a case study. The study's specific objectives are to determine the impact of government policies on the growth of the Kenyan fashion industry, to determine the impact of financial access on the growth of the Kenyan fashion industry, and to determine the impact of competition on the growth of the Kenyan fashion industry. The study employed a descriptive research approach. The target group consisted of 50 workers of Shona EPZ Limited. For this investigation, a proportionate census approach was adopted. Questionnaires was employed as the major data gathering instrument. Before the questionnaire is evaluated and delivered to the selected sample, a pilot test was done with a few responders. The data acquired in this study was analyzed using descriptive statistics in SPSS for Windows to provide easy summaries in the form of tables and figures, as well as to investigate correlations between replies to various questions. This study's findings showed that majority of the fashion houses do not easily access financial help because of the barriers encountered in accessing the funds from financial organizations. The study showed that there is a substantial relationship between competition and the growth of the fashion business. This study concluded that the policies put in place by government do not favor the fashion business. The study similarly concluded that businesses operating in the fashion industry are aware of the financial funding benefits but the necessities of accessing it are the major barriers deterring them to access funding from financial organizations. The major challenge been the high interests charged, loan securities and credit limits. The study concludes that fashion businesses are fully aware of the imminent competition in the industry as well as their causes and they have resorted to improvement their brand visibility by attending seminars and also promoting their brands on social media platforms. The study recommended an increase in creativity for the fashion businesses to stand out as a brand by creating unique apparel and to patenting their ideas to avoid stealing of their ideas. As for fair competition it recommended for government restrictions on imports to avoid counterfeit smuggled apparel in the country.

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## **ABBREVIATIONS AND ACRONYMS**

**ACTIF** : African Cotton and Textile Industries Federation

**GDP** : Gross Domestic Product

**IEA** : Institute of Economic Affairs

## **OPERATIONAL DEFINATION OF TERMS**

**Fast Fashion** : According to Muthu (2018), fast fashion refers to low-cost clothing that is mass-produced from fashion designs on catwalks during fashion weeks and sold to general buyers.

**Fashion Designer** : A fashion designer, according to Volpintesta (2014), is someone who examines trends and sketches the original garment or accessory design.

**Fashion Houses** : Companies that specialize in the creation and marketing of high-fashion Garments and accessories are referred to as fashion houses. They are distinguished by their affluent clientele and high product prices (Crowley and Reid 2010)

# CHAPTER ONE

## INTRODUCTION TO THE STUDY

### 1.0 Introduction

This chapter discusses the study's background, the problem, the study's objectives, research questions, importance, and scope.

### 1.1 Background of the Study

Since the beginning of time, there has been a notion of fashion, with meanings that have changed throughout time to reflect both man's development and society at large. In general, the idea of fashion has always been intended to fulfill a utilitarian human requirement, namely, weather protection. However, as time went on, fashion began to serve more aesthetic purposes than merely functional ones. Fashion is largely practical, even though it is ornamentation, may be aesthetically pleasing and have an erotic appeal. People can shield themselves from the weather by dressing fashionable. Additionally, Petrov, J. (2019) argue that fashion is useful for research and practicality. Similar to art, fashion may serve as a historical point of reference through clothes, and like architecture, fashion serves primarily practical purpose (Petrov, 2019).

The fashion industry was established in order to develop, promote, produce, and sell clothing, footwear, and accessories. The people produced their own clothing before the fashion industry was established. The industry was created to handle the process for customers as the globe changed. Clothing was frequently mass manufactured in the middle of the nineteenth century; the created items lacked originality, and clients were not required to have their measurements recorded in advance (Kimura, T., & Lin, S. Y. 2022).

When the fashion industry really took off in the 20th century, networks of local tailors gradually transformed into manufacturing companies. In this century, factories developed out of need during World Wars 1 and 2, and the accompanying social and cultural shifts heralded the advent of less rigid and unilateral clothing regulations. Early in the century, according to Palandri, L. (2020), European fashion houses changed how the industry operated and also paved the way for the emergence of designers as judges of taste.

Asia is one of the top continents for the current fashion industry, and this is demonstrated by the fact that Japanese fashion designers frequently compete with their largest clients directly by

constructing flagship stores throughout the globe and selling their goods online. As a result, they compete with the retail outlets for customers by sourcing and developing their own private label collections. Retail retailers always employ current runway trends to create a collection for their own brands.

The fashion sector is developing as usual in quest of profitability. Forever 21 in the US and Canada is one example of how many small and multinational businesses fail on their route to success. With 400 retail locations, forever 21 was a pioneer in the retail sector. 2007's Plunkett the industry continues to identify the next trends and satisfy the requirements and aspirations of consumers by using cutting-edge technology and the most effective timely delivery of goods.

Historically, clothing has emphasized this stereotypical idea of an African "other," but African designers have utilized clothes to challenge this racist undertone by highlighting the cultural component. This demonstrates how the cultural component of traditional African communities may be impacted by fashion. Using own ideals, one will decide whether or not fashion can be utilized to promote development based on how its application will affect these many cultural features in different regions. If fashion had a detrimental influence on cultural values, it would not be useful for progress. Algeria, Morocco, Libya, and the other Sub-Saharan African nations have a lot of potential to be competitive in manufacturing cotton textiles and inputs for clothing, with consequences for how this can influence Africa that are further addressed in a later section (Mwenda, 2018).

The Fiber to Fashion sector has a lengthy and illustrious history in Kenya. With increased downstream projects and facilities for both domestic and international markets, the sector expanded wonderfully. Via direct involvement in the construction of massive integrated textile mills and through the implementation of policies that encouraged private sector investment, the government played a catalytic role (ACTIF Report, 2016). By the 1980s, clothing and textile production in Kenya had surpassed all other manufacturing activities in importance, accounting for roughly 30% of all manufacturing jobs. At that time, cotton agriculture accounted for a large portion of the fiber to fashion value chain, with over 200,000 home farms and significant government expenditures in integrated textile factories, some of which featured cutting-edge foreign technology (ACTIF Report, 2016). It manufactured a large range of textiles, both woven and knitted, of outstanding quality for both internal and export markets, mostly to the surrounding

nations. With a lint production of 39,300 tons, cotton production reached its high in 1984–1985. Sadly, the Kenyan textile and clothing industry began to struggle in the late 1980s, mostly because of: introduction of used apparel, primarily from the US and Europe, in the late 1980s and early 1990s (Mwenda 2018).

Cotton output decreased from its historical peak of 39,300 tons to slightly over 7,000 tons, according to the Cotton-Textile and Apparel Value Chain Report (2015). The area planted to cotton has decreased, from 200,000 to slightly over 45,000 farmers, and the number of farmers has decreased as well. There are now just eight gins, down from 20. Most of them import their cotton from Uganda. From its historical high of 39,300 tons, cotton production fell to slightly over 7,000 tons. The amount of land planted to cotton has also declined, from 200,000 to little over 45,000 farmers (Institute of Economic Affairs (IEA), 2015). Eight ginneries remain, down from 20; the bulk of them import their cotton from Uganda.

### **1.1.1 Profile of Shona EPZ Limited in Kenya**

Shona EPZ Limited manages its manufacturing process with quality awareness and is careful, effective, well-trained, compliant with AQL criteria. The crew has experience producing a variety of sports and leisure attire. Shona's mission is to put the requirements of its clients first and offer high-quality products supported by exceptional service. All clients working with Shona EPZ Ltd. receive only the finest caliber outcomes from our qualified staff. Being enthusiastic about what they do, the company work to empower their clients and satisfy their needs. The goal of Shona is to become a top-tier garment manufacturer serving clients from all over the world. By understanding the demands of the customers, Shona works to continuously develop in order to meet globally recognized quality standards.

### **1.2 Statement of problem**

Sectors play an important part in the growth of a country's economy, and the fashion and luxury industries, despite their worth, contribute significantly (Ruth, P. A. 2021). In order for growth to occur, strategic variables must be addressed, particularly in the macro environment, which makes or breaks the sector. The fashion industry has grown tremendously in developed countries; unfortunately, this cannot be replicated in developing countries where there is so much potential; however, the state of the countries is not readily accommodating the industry due to some strategic

factors rooted in the macro environment (Ryder, Henninger & Cano, 2018). There has undoubtedly been progress in developing nations, but given the African continent's potential, there is still a long way to go considering the strategic variables influencing the evolution of the fashion sector, which are consequently entrenched in local fashion designers.

Because imported clothing tends to be less expensive than locally produced clothing in the East African Community, local fashion companies and independent fashion designers would undoubtedly suffer as people choose to wear what they can afford. According to Kitonga (2017), local fashion houses' primary goals are to be informed of consumer trends, establish their brands, and maintain profits because studies have shown that the failure of Kenyan designers, high manufacturing costs, unprepared markets, and, most importantly, the difficulty in obtaining credit are all contributing factors to the fashion industry's slow growth.

According to Njoroge (2016), for development to continue in the fashion business, changes in the manufacturing industry must be addressed in order for Kenya to compete with competitors such as China, which has cheap manufacturing costs. Kenya's fashion business is dominated by imports ranging from textiles to secondhand imports. Since Kenya's government was liberalized in order to receive World Bank funds, there has been an influx of textile imports from China and Uganda as a result of the closure of cotton ginneries in the country and, more importantly, the decline of cotton farmers in the country, which has trickled down to Nairobi County. The aforementioned factors are harming the country's industry since, unlike industrialized countries, it is heavily reliant on imports, which has a negative influence on its growth. It is also worth noting that with the increase in imports and the high demand consumer's preferences, second used imports have become a rival to local fashion companies since they are somewhat cheaper than Made in Kenya goods (Wetengere, K. K. 2018)

This study aimed to investigate the challenges affecting the growth of fashion industry in Kenya. Because there are many macro environmental factors that could affect the growth of the fashion industry, a comprehensive study was required; therefore, the study limited itself to the influence of government policies, financial access, and the influence of competition and its effects on the fashion industry. The study was conducted at Shona EPZ Limited, as the case study.

### **1.3 Objectives**

#### **General objective**

The main objective of this study was to study the challenges affecting the growth of fashion industry in Kenya, a case study of Shona EPZ Limited.

#### **Specific objectives**

- i. To determine the effect of government policies on the growth of fashion industry.
- ii. To find the influence of financial access on the growth of fashion industry.
- iii. To determine the influence of competition on the growth of fashion industry.

### **1.4 Research Questions**

- I. To what extent does the government policies affect the growth of fashion industry?
- II. To what degree does financial access influence the growth of fashion industry?
- III. How does competition influence the growth of fashion industry?

### **1.5 Significance of the Study**

The study findings will be beneficial to the following parties;

#### **1.5.1 Customers**

Customers' comprehension of the industry and processes involved in producing the clothes on their back, which is a basic requirement that they probably don't think about much, will hopefully improve as a result of the study.

#### **1.5.2 Government**

The study's conclusions will help decision-makers create pertinent policies that will promote the expansion of the fashion sector.

#### **1.5.3 Fashion Houses and Designers**

The report will help Nairobi's fashion businesses and designers by outlining practical tactics to boost their competitiveness and encourage exporting rather than imports.

#### **1.5.4 Researchers**

It will act as a benchmark for subsequent studies and assist identify areas that need greater attention for students pursuing degrees in fashion as a company. Additionally, the results could be repeated in other parts of the nation.

### **1.6 Scope of the Study**

The Shona EPZ Limited fashion company, which is based in Nairobi County, was the subject of the investigation. The study was conducted between the month of September and December 2022. The study's drawback was that it only looked at the clothing portion of the fashion business, leaving out shoes, bags, and other accessories.

### **1.7 Chapter Summary**

This chapter provides a detailed introduction of the study, explaining in detail the background of the study, the statement of the study, the objective of the study, the scope of the study, the purpose of conducting the research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

The research study's literature review is presented in this chapter. The theoretical literature, empirical literature review, summary and research gaps, conceptual framework, operationalization of variables, and chapter summary are all explored in detail in this chapter.

#### **2.1 Theoretical Review**

##### **2.1.1 Trickle Down Fashion Theory**

The trickle-down theory, which Veblen first introduced in 1899, is the earliest distributional theory. This trickle-down effect requires a hierarchical society and a desire for upward mobility among the various social strata in order to work. According to this theory, a style is initially provided and adopted by members of the upper echelons of society before progressively spreading to those in the lower strata (Veblen; Simmel; Laver).

This distribution model presupposes a social hierarchy in which individuals strive to identify with the wealthy and those at the top seek difference from and eventually isolation from those who are socially beneath them. For people looking to imitate certain clothing trends, fashion is regarded as a means of ostentatious consumerism and upward mobility. The wealthy switch to a different style when the lower classes adopt a trend.

This theory is relevant to this study because it shows that fashion is adopted by society members from higher level individuals. It means that lower class individuals are not advantaged at the onset of the fashion as compared to high class individuals because of financial differences.

##### **2.1.2 Trickle Across Fashion Theory**

According to proponents of the trickle-across theory, fashion spreads horizontally across groups with comparable socioeconomic status (King; Robinson, 2020). There is little time between adoption from one group to another under the trickle-across concept. Designers showcasing a look concurrently at high- and low-end ready-to-wear pricing provide evidence for this hypothesis.

Robinson (1958) asserts that any social group gets its cues from adjacent groups in the social stratum, which is evidence in favor of the trickle-across hypothesis. King (1963) listed factors for this distribution pattern including quick mass communication, marketing initiatives by manufacturers and merchants, and exposing a look to all influential people in fashion.

The theory explains that fashion spreads across the individuals/companies of the same class/status. This is brought about mainly by completion. Hence, the theory is relevant to the study of challenges affecting the growth of fashion.

### **2.1.3 Trickle Up Fashion Theory**

The trickle-up pattern is the most recent of the theories on the fashion movement. According to this view, creativity is essentially born on the street and is later accepted by lower socioeconomic classes. The invention ultimately reaches higher socioeconomic classes; hence the march is upward. Examples of the trickle-up theory of fashion distribution include Chanel, a very early proponent who thought couture designers first embraced street fashion concepts. Her awareness of women's demands for practical and comfortable clothing served as the inspiration for many of the concepts she pursued.

The youth found Army/Navy surplus stores after World War II and started dressing in khakis and pea coats. Another type of apparel is the T-shirt, which was once used as a useful and practical undergarment by laborers but has since become a commonplace casual outerwear item and message board. Thus, a popular look's ability to spread throughout a community depends on its historical context, physical characteristics, level of influence, and the reasons behind its adoption. Regardless of where the style came from—the street, society's higher classes, or both—fashion demands a fresh, original appearance. The theory is relevant to this study because it shows the movement of the fashion from low social class to higher class people. This movement affects the fashion industry in one way or another.

## **2.2 Empirical Review**

### **2.2.1 Government policies and growth of fashion industry**

A government policy, according to Lowe, M., Whitzman, C., & Giles-Corti, B. (2018), is a framework that directs decision-making to produce reasonable results that can be either objective or subjective, making it a directive that cannot be compromised but is subject to revisions. Government policy is a strategic aspect in the PESTLE political environment, which is important to take into account for businesses since it has a significant impact on them (Perera 2017).

#### **2.2.1.1 Import and Exports policies**

According to Craik (2014), measures that were put in place for industry protection-higher levies were imposed as import charges and imported goods had luxury taxes-led the majority of Australian consumers to tilt toward purchasing local clothing. Because local manufacturing capability cannot keep up with Lebanon's strong demand for fashion, there are many imports, especially from Europe (Hassen & Tremblay, 2019). The Gulf fashion market is extremely important since it draws both domestic customers and visitors, which helps Beirut's fashion sector grow. As a result, tourists become the major buyers of Lebanese haute couture, accounting for 40% of exports. It offers a wide range of wonderful chances for the regional fashion designers. (DDFC, 2016). Rahhal (2017) explains how the unfortunate decline in oil prices and the political unrest that followed have resulted in a sharp decline in the buying power of the Gulf.

The Africa Growth and Opportunity Act, according to Brand South Africa (2018), has no issues with duty-free imports and permits duty-free imports of clothing into South Africa, increasing exports to the US. The manufacturing sector in South Africa has had to establish itself in the present competitive climate due to a variety of expanding markets and trends by doing away with protective tariffs and the influx of low-cost imports from Asia (Wood & Bischoff, 2019). Kenya's exports in the garment sector have significantly increased, despite its major rivals, as a result of the companies in the sector creating jobs and providing a source of employment Kenya sells all of its clothing to the United States, a jump from 16% in 2004 to 37% in 2014. (Ministry of Industrialization and Enterprise Development., 2015). The research looked at how import and export regulations affected the business of the fashion sector.

### **2.2.1.2 Fashion Specific Policy**

Due to this strategy, which was implemented to help influence the profitable fashion business and new trends, the Australian government considered the garment sector as a manufacturing industry, and as a result, the industry was doing poorly. Investigations and inquiries were made to determine the impact of the industry policy and the difficulties identified in the employees' working conditions through their trade unions because Australia's local apparel industries required a low skilled labor force and there were many outsourcing contractors outside of the country (Craik, 2014). The lack of economic policies that develop competitive and globally positioned industries is addressed by the government's de-regulatory economic policies Kisumua, J. (2021).

The fashion industry in Japan used to be the largest export sector of the country's economy, but during the past three decades, it has lost that position as a result of environmental changes and governmental initiatives. The Canadian fashion business, according to Brydges and Pugh (2017), is an orphan since it is not recognized by the country's creative industry rules, along with independent fashion designers. Since the government refused to fund the fashion industry, fashion designers were unable to access funding and support from the industry's arts department. As a result, organizations like the Canada Council for the Arts, Ontario Arts Council, and Alberta Foundation for the Arts barely included fashion in their remits. This is due to the outdated perception of fashion as a legitimate vocation.

Wood and Bischoff (2019) discovered that the end of apartheid in South Africa resulted in the liberalization of trade policies, which led to the flourishing of some industries like the automotive industry but at the expense of other industries, which suffered and experienced a rapid decline, especially in the infrastructure for clothing and textiles. Later, the department of trade and industry in South Africa identified the fashion industry as an important sector and concentrated on the fashion industry by implementing new tactics Nana, K., Van Staden, H., & Coetzee, N. (2021).

The Kenyan fashion industry would benefit from policy changes, according to Ndemo (2015). However, in addition to requesting government support, Ndemo's insights show that the African Growth Opportunities Act is still underutilized, which could help facilitate trade between the United States and the continent of Africa while reducing poverty. The question to ask is whether

the fashion sector has adequate policies that are particular to it, as well as how engaged the fashion firms are in creating rules and advocating for government action.

### **2.2.1.3 Laws and Regulations**

Local governments in America enacted a variety of laws and rules to safeguard the domestic fashion industry by preventing the expansion of international companies. The foreign domestic investment, which always influences the choice of entrance modalities, has been directly impacted by these rules. The Japanese government loosened international laws governing the textile and clothing industries, allowing multinational corporations to continue transferring their production operations to low-cost offshore markets (Fernie, J., Fernie, S., & Moore, C. M. 2015).

The majority of fashion brands in the city's fashion district violate trade laws by disobeying them, which results in poor employee working conditions that turn them into sweatshops. As a result, the government has taken steps to end this practice by establishing higher standards and overriding corporate policies that are applied to all parties involved in the city's apparel industry. Smaller firms in the fashion business may decide to stay in that position or avoid laws that they find intolerable, according to Wood and Bischoff (2019), who establish that the regulatory framework in South Africa is unfriendly to them relative to bigger companies (Wood and Bischoff 2019).

Various laws and regulations control the exports and imports of clothing in Kenya, and companies who operate in the sector can apply for licenses. The Ministry of Trade and Industry renews export and import licenses on an annual basis. Together with other local fashion industry players, Kenya Apparel Manufacturers Exporters Association (KAMEA) makes several recommendations for the rules to be established by the Ministry of Trade and Industry (Rwehumbiza, D. A. 2020).

### **2.2.2 Financial access and growth of fashion industry**

The health of a nation's economy has a significant impact on the expansion of businesses. According to Perera (2017), when economic conditions are favorable, the risk of a business surviving is reduced, and when they are unfavorable, the sector is not attractive for expansion, new investment, or even survival. Through the economic circumstances of the external environment that have an impact on the firm, access to financing is a strategic aspect.

### **2.2.2.1 Interest Rates**

Bigger interest rates are the ultimate driver of higher profits, therefore entrepreneurs are ultimately charged higher interest rates to satisfy the profit motive, claims Roberts (2013). Profit orientation isn't a guarantee for lots of profits or a stronger financial position in microfinance organizations. The chance that borrowers would be unable to repay their debts grows when interest rates rise above the market clearing rate. (1987, Williamson). Owners of small and medium-sized businesses always weigh the benefits of financing for their initiatives against the expenses involved, which include interest rates, application fees, and opportunity costs (Domeher, Musah, & Poku, 2016).

According to Abe, Troilo, and Batsaikhan (2015), policymakers in the Asia and Pacific region have thought about expanding their operations in order to target Small and Medium Enterprises by providing discounted interest rates to large loans. These institutions are growing so quickly that policymakers have thought about bridging the financial gap between commercial debt financing and Microfinance institutions. Since there is a correlation between the decision and the appropriate practice to the micro financial institutions, Stiglitz and Weiss discovered that there is a significant amount of risk associated with small to medium-sized businesses due to the interest rates that they are charged by the institutions.

Small businesses in Kenya find it difficult to obtain funding due to the high interest rates, which range from 15 to 21 percent. There was an interest cap recently, but sadly it appears to be temporary since the president is attempting to reverse it, which would make it much more difficult for Kenyan businesses or entrepreneurs to receive financial backing from the banks. This study allowed us to determine whether this was a barrier to the fashion industry's ability to obtain funding and what that obstacle was (Rwehumbiza, D. A. 2020).

### **2.2.2.2 Loan Security**

In a research conducted by Atanasova and Wilson in the UK, they discovered that collateral was a key factor in determining loan availability since it lessens credit rationing. According to Adusei, M., & Adeleye, N. (2021), microfinance institutions' lending is insufficient to meet and sustain entrepreneurs' capital needs. Due to their inexperience, SMEs find it challenging to get advantageous terms for easy access to financing. Therefore, once a SME is listed, there are more opportunities to acquire long-term credit and less need for collateral. This is one of the advantages

of having a SME listed, according to Burgstaller, J., & Wagner, E. (2015), since it improves their access to credit facilities in comparison to unlisted ones.

Most SMEs in Asian and Pacific nations have subpar accounting systems, and there is frequently a need for collateral, which makes it difficult for the businesses, who concentrates on Myanmar, recommended that the bankruptcy law be strengthened because uncertainty in the matter results in ineffective credit allocation by financial institutions that require collateral from SMEs. Kyaw suggests creating a government fund to assist SME operations, like China did, and promoting education among business owners about financial management. The Chinese government improved and expanded the credit environment for small- and medium-sized business growth and development by setting up pilot locations for these businesses with a credit guarantee system and raising a guarantee fund (Jia, C., Tang, X., & Kan, Z. 2020).

Due to the lack of requirements for collateral security, Nigerian entrepreneurs have difficulty obtaining financing, particularly from formal sources of financing. Young and inexperienced businesses frequently fail to fulfill the financial institutions' criteria for collateral, which prevents them from getting credit facilities (Daka, A. 2022). In addition, Makoni and Ngcobo (2014) assert that larger companies in Zimbabwe have easier access to financial institutions than younger or emerging companies since they have the resources and collateral to back their applications, as opposed to SMEs that do not. When it comes to the granting of loans, experienced entrepreneurs in South Africa are favored candidates as opposed to Small to Medium Enterprise owners with little to no experience (Domeher et al., 2016).

In spite of all the advantages of mobile loan platforms, the biggest drawback is that their interest rates are higher than those of micro financial institutions. Nevertheless, most entrepreneurs prefer them. In Kenya, there has been an increase in mobile credit apps that allow people to access credit facilities from the comfort of their homes and with few requirements. As a result of potential clients choosing mobile app loans, the micro financial organization has reportedly made losses (Omondi, 2019). The Central Bank of Kenya refers to the mobile lending platforms' market disruption as finch and indicated that micro financial institutions were losing money at a pace of 450 percent between June 2017 and June 2018.

### **2.2.2.3 Credit Constraint**

Credit scoring uses statistical models to convert pertinent data into numerical measurements that inform credit decision-making, assisting financiers in assessing potential risk and evaluating both new and existing clients. A credit score is calculated based on a client's financial history. The credit numeric score is one way that micro financial companies determine if a creditor is deserving of receiving loans. The easier it is to obtain debt financing and working capital, the better the credit score, which also increases the trust of financiers in small and medium-sized businesses (Babu, P. K. 2017).

In response to prior accusations that bank managers were using their subjective experiences and opinions, the UK implemented computer-aided grading. According to Li, H. (2020)., China lacked a systematic, long-term strategy and policy structure for the growth of small to medium-sized businesses, which was now required. In India, information transparency and credit scores are also utilized as criteria, which prevents SMEs from receiving financial aid. Interest rates are not the only factor considered. Additionally, Kumar and Rao (2016) discovered that major businesses were less reliant on financial institutions than Micro Financing institutions.

A difficult credit appraisal procedure was conducted in Rwanda in 2010 by Credit Reference Bureau Africa (CRB). In an effort to replace the conventional method employed by financial institutions, Rwanda launched a program called "Kountable" in April 2015 that aimed to include social media activity as a gauge of creditworthiness. Through the initiative, funds from investors throughout the globe were raised for short-term financing of small- to medium-sized businesses. According to Klyton and Ngoga (2017), the program's entrepreneurs had their data collected through their social media platforms and were given a "k score" that determined how much money they could borrow.

The Central Bank of Kenya has been collaborating with three African credit reference agencies and financial institutions to create a platform for data cleaning that will be used to rate borrowers' capacity to repay loans. Guguyu, (2019), will be able to help microfinance organizations determine whether applicants are qualified for credit and have the means to repay it. According to Omondi (2019), micro financial organizations provided money without checking the borrower's repayment

strategy. The study was able to establish if credit restrictions prevent SMEs from obtaining financing for their fashion enterprises or dwellings.

### **2.2.3 Competition and growth of fashion industry**

Competition is the chance for a performance to outperform another in a formal setting (Sommer, 1995). Competitiveness is the capacity and performance of a business, sector, or nation in the economic sphere to successfully confront competition (Ianoizelee, 2016). Perera (2017) claims that competition is a PESTLE analysis economic component that influences consumer trends based on the economic circumstances in which a firm operates.

#### **2.2.3.1 Fast Fashion**

Fast fashion is a business concept that satisfies customer demand for the newest and most popular fashion at affordable costs. Fast fashion's business model is focused on current fashion trends, high quality, and reasonable prices (Choi, 2014). According to Gabrielli, Baghi, and Codeluppi (2014), fast fashion has gained popularity as a result of changes in consumer views and lifestyles, which has prompted the fashion industry to attempt to meet the wants of the public and adapt quickly in order to provide a wide range of alternatives.

According to Caro, F., & Martínez-de-Albéniz, V. (2015), fast fashion firms now implement many trends in a matter of weeks and merchandise them at their retail locations so that customers can stay up and buy the newest trends as they emerge. This presents a problem for the original brands that launched the clothing on the catwalks and took roughly six months to sell their original products in their stores. Colombi and Bertola (2014) In order to beat the fast fashion model brands before they could merchandise it in their stores, Burberry became one of the first fashion global brands to stream their catwalks through social media, where consumers would purchase the apparel pieces on the catwalks either online or offline. Burberry wanted to be the pioneers of selling their apparel designs in the market. Young people are the target market for fast fashion since it offers the changing stage of fashion where new items are released more often. In America, the fast fashion model has completely taken over L.A.'s fashion sector; this presents a development potential for the city's fashion business (Garrels, 2017).

Fast fashion has created a number of challenges in South Africa, particularly for indigenous businesses that have undergone organizational transformation. TFG, a clothing firm in the nation,

converted to the model after realizing that it would increase sales and, consequently, income. This move was made to compete with the foreign low-cost manufacturers already present in the nation (Li, L. 2018)

Time-to-market is a problem for locally produced goods in Kenya. This is because it takes a long time to produce clothing, which delays its arrival on the market. This issue may be caused by the high costs of doing business in Kenya, such as textile and power prices. resulting in greater operational costs as compared to rival nations like Ethiopia. Additionally, there is a lack of utilization of new technological equipment in the fashion sector since businesses in the sector are concerned for their survival and ability to compete in the future of Kenya's textile and clothing sector (Ministry of Industrialization and Enterprise Development., 2015) Retailers and customers are now bypassing wholesalers in favor of buying directly from manufacturers, which is a bit cheaper, thanks to advancements in real-time information. It is clear from the literature on fast fashion that it dominates the global and local fashion industries. In this study, the impact of fast fashion on the fashion industry was examined to see how much it impacts local fashion enterprises relative to the rest of the competition.

### **2.2.3.2 Second-Hand Clothes**

Similar to food aid, which initially benefits consumers in times of need but ultimately hurts them, developed nations send discarded clothing that cannot be sold in their country to countries in Africa through NGOs. African leaders have expressed concerns about the negative effects of second-hand clothing donations through the domestic clothing market. According to Frazer, this has resulted in a 40% decline in the apparel market and a 50% increase in unemployment. To make matters worse, there has been a rise in the importation of second-hand clothing from the United States into Africa, which has a negative impact on the continent's domestic clothing market. Due to the closure of textile factories and the loss of over 30,000 jobs in the sector, second-hand clothing has been outlawed in some African nations, including Zambia; other significant second-hand clothing importers include Pakistan, Russia, and China (Mwenda, 2018).

According to Agoe, P. (2021), used clothing is a popular choice for a style of dressing in many African nations since it is more inexpensive than locally produced clothes. By choosing worn clothes and merging them to create a fresh, attractive ensemble, it satisfies the needs of the

underprivileged Africans while also satisfying the desire to be fashionable and embrace western civilization. Because it forces African nations to depend on help from wealthy nations, secondhand clothing hurts the local garment sector and prevents economic growth. It also does nothing to further African culture in terms of fashion (Agoe, P. 2021).

80 percent of Kenyans relied on secondhand clothing purchases in 2015 (Mwenda, 2018). As a result, the Kenyan textile industry saw a significant transformation. Because used clothing was preferred by the majority of Kenyans because it was less expensive, the capacity of the textile factory was reduced by almost half. The underperformance of regional textile businesses has been attributed to the importation of used clothing. In the study, used clothing's place in the fashion industry was explored, along with whether or not they can be linked to the amount of competition now present and whether or not they pose a danger to regional fashion firms and houses.

### **2.3 Research Gaps**

Investigations and inquiries were made to determine the impact of the industry policy and the difficulties identified in the employees' working conditions through their trade unions because Australia's local apparel industries required a low skilled labor force and there were many outsourcing contractors outside of the country (Craik, 2014).

Although various studies have been undertaken, none of them explicitly account for the challenges affecting the growth of fashion industry in Kenya. As a result, it is critical to emphasize that there are various additional factors that influence the growth of fashion industry in Kenya like policies, competition, financial issues etc. Studies on this study have only been undertaken in relation to the issue of the research, and none have been conducted locally in this area. The study was to fill a knowledge vacuum in this area by attempting to identify particular challenges in fashion industry in Kenya.

### **2.4 Conceptual Framework**

According to Mugenda & Mugenda (2018), a conceptual framework is a symbolic representation of the knowledge about the relationship between study variables. In addition to defining the investigation's goal, the conceptual framework enables the researcher to show how various notions relate to one another.

## Independent variable

## Dependent variable

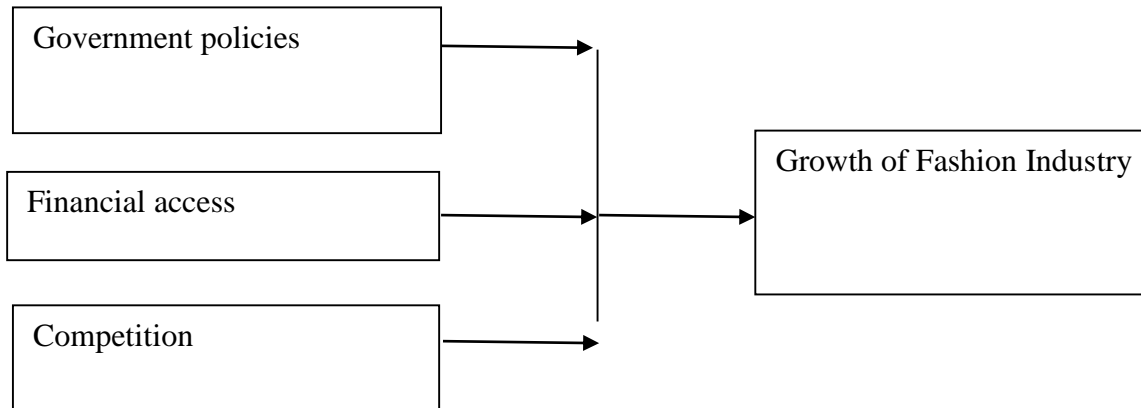


Figure 2. 1 showing Conceptual Framework

## 2.5 Operationalization of the Variables

Table 2. 1 showing Operationalization of the Variables

Variable	Indicators	Measurement
<b>Government policies</b>	<ul style="list-style-type: none"><li>• Import and Exports policies</li><li>• Fashion Specific Policy</li><li>• Laws and regulations</li></ul>	1 = Strongly agree to 5 = Strongly disagree
<b>Financial access</b>	<ul style="list-style-type: none"><li>• Interest Rates</li><li>• Loan Security</li><li>• Credit Constraint</li></ul>	1 = Strongly agree to 5 = Strongly disagree
<b>Competition</b>	<ul style="list-style-type: none"><li>• Fast Fashion</li><li>• Second-Hand Clothes</li></ul>	1 = Strongly agree to 5 = Strongly disagree

## 2.6 Chapter Summary

This chapter concentrates on the study's literature and theoretical review; it expands on and discusses the study in depth, as well as captures earlier research on the challenges affecting the growth of fashion industry.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This section covers the study design, the population to be studied, data gathering methods and procedures, data analysis processes, and data presentation.

#### **3.1 Research Design**

Research Design is an overarching approach used to conduct research; it aids in gathering crucial data needed to answer the research challenge (Ssebulime, J. 2017). The study employed a descriptive survey research approach, which allowed for the collection of information that explains and characterizes the research topic's variables. This survey research design is often structured in a certain way to measure the characteristics mentioned in the study's specific goals. The descriptive research strategy was used for the study because it provided valuable insight into the research topic by defining the variable-the performance of the local fashion sector. According to Andrew, D. P., Pedersen, P. M., & McEvoy, C. D. (2019), a descriptive research design primarily focuses on the instances of what is happening rather than the causes of the instances occurring. As a result, questions were well defined, a well-surveyed population was used, and a specific data analysis method was carefully chosen.

#### **3.2 Target Population**

According to Marradi, A. (2022)., a study population is the collection of elements from which a sample is drawn. An element is a unit that participates in information gathering through surveys or questionnaires. Additionally, Banerjee and Chaudhury refer to the target group as having the same distinctive qualities that the research project needs. Fifty workers from the Nairobi County-based apparel firm Shona EPZ Limited made up the study's target demographic. Top management, middle management, and supervisors made up the population.

**Table 3. 1** *showing target population*

<b>Category</b>	<b>Frequency</b>
Top management	10
Middle level management	20
Supervisors	30
<b>Total</b>	<b>50</b>

### **3.3 Sample and Sampling Procedures**

Sampling is a technique for choosing representatives from a population, making it the sampling approach that improves the generalizability of study results. According to Parveen and Showkat (2017). Since the population is tiny, the census approach was employed for this study.

### **3.4 Instrumentation**

Primary sources were greatly preferable for this study's data collection. For the purpose of the study, structured questionnaires were employed to collect primary data. Shona EPZ Limited got the surveys in a timely manner. Through the use of standardized questionnaires, adherence to the specified study goals was evaluated using a Likert type scale. Secondary data was collected from previous literatures.

### **3.5 Pilot Study**

Pilot testing, according to Saunders, Thornhill, and Lewis (2019), refines the questionnaire so that respondents have no difficulty answering the question. The study conducted a pilot test on 10% of the expected respondents. The pilot test size for high precision pilot studies should be 1% to 10% of the sample size (Lancaster, Dodd & Williamson, 2015)

#### **3.5.1 Validity Test**

The research supervisor reviewed the study questionnaire to ensure that it captured all of the items intended to be measured. Content validity was sought by pre-testing the questionnaire on a subset of the study sample and incorporating resulting modifications for clarity, comprehensiveness,

relevance, meaning, and necessary depth. The preceding efforts were to ensure that the study instrument measures what it was designed to measure and to reduce systematic or non-random error to insignificant levels.

### **3.5.2 Reliability Test**

Best and Kahn (2014) define instrument reliability as the degree of consistency demonstrated by the instruments or method. The researcher used the test-retest method to determine the reliability. The primary goal of the test-retest is to ensure that the questions on the instruments are clear, that the data sought is relevant, that the language used is appropriate, and that the instrument's content validity is based on the responses provided.

### **3.6 Data collection Procedure**

The researcher first obtained authorization from Management University of Africa before beginning the study process. The researcher scheduled a meeting with the organization's top management to ensure their commitment to putting the findings into practice. Before starting data collection, the researcher briefed the respondents. Throughout the procedure, the intent and parameters of the study was discussed. Importantly, the respondents' information's confidentiality was ensured. Additionally, a letter of introduction was sent with the surveys to emphasize the study's goals and scope. The purpose of this experiment was to increase respondents' trust in the researcher. In the third step, the respondents were given questionnaires to complete and be collected later for analysis.

### **3.7 Data Analysis and Presentation**

Cooper and Schindler (2014) claimed that quantitative analysis is a step in the data analysis process that is used to examine statistical data. Descriptive statistics was employed in the study's data analysis. Descriptive statistics, according to Keller, G. (2015), consist of data arrangement and presentations through measures of central tendency, such as the mean and median; they summarize numerical data. Line charts, bar charts, and pie charts were used to visualize the data. To deduce these associations from tables and figures, the statistical analysis program SPSS (Statistical Package for Social Sciences) was employed.

## **3.8 Ethical Considerations**

### **3.8.1 Informed Consent**

Borrowing from (Oliver, 2014), the researcher assured that the respondents who participated were free of tensions caused by a lack of clear expectations of the examination by using the norm of knowledgeable assent. As Oliver stresses, some respondents may be overwhelmed by the predicament of the expert, or by the terms used in the research, and may opt to participate while not having a clear understanding of what the issue is.

### **3.8.2 Voluntary Participation**

Respondents were picked at random and under no duress. All responders were informed on the purpose and explanation for the examination. This assured that all members of this investigation were prepared to participate in the test without being pressured by anybody.

### **3.8.3 Confidentiality**

This study ensured that concerns about confidentiality are addressed. To maintain confidentiality, respondents were shielded from those whose interests conflicted with the interviewee's by not disclosing their identity and from those whose interests conflicted with the interviewee's (DiCiccio-Bloom & Crabtree, 2016).

### **3.8.4 Privacy**

Privacy is one of the most important values in research and privacy. To ensure that the members' safety was not jeopardized, the information obtained was processed in a way that assured the data could not be linked to the person.

### **3.8.5 Anonymity**

Because respondents may not want their identities revealed, care was taken to ensure the anonymity of the research participants.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSION

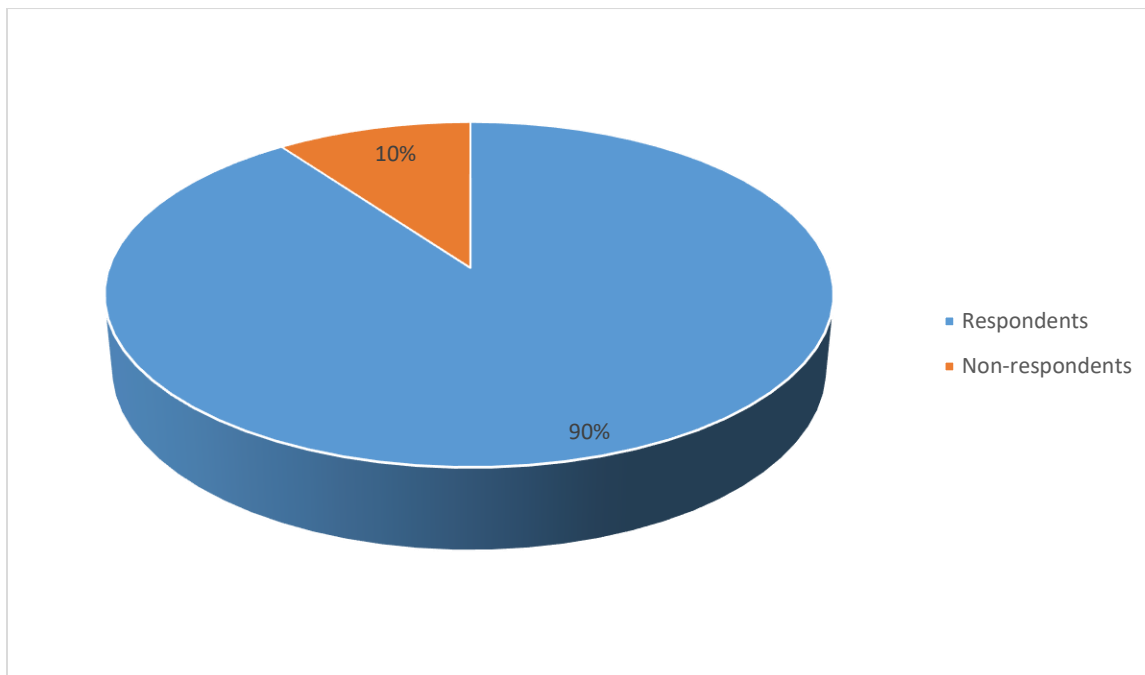
#### 4.0 Introduction

This chapter clearly presents an analysis, interpretation, and discussion of the study's findings.

#### 4.1 Presentation of Research Findings

##### 4.1.1 Response rate

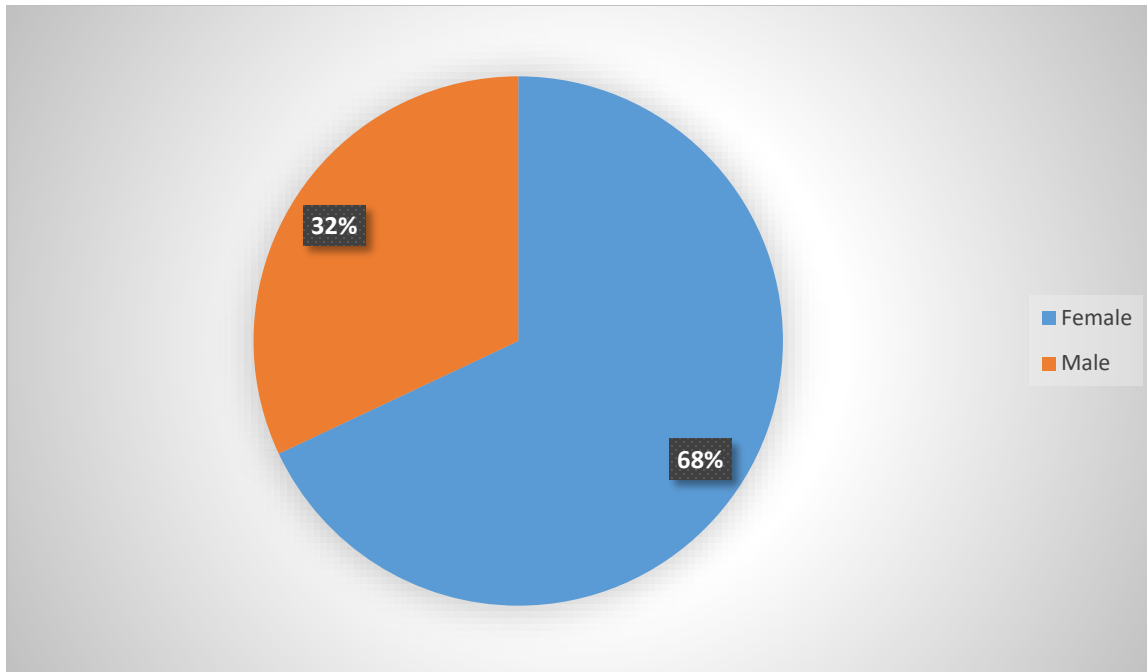
Forty-five of the 50 questionnaires provided were completed and returned to the researcher. As illustrated in figure 4.1, this equates to a 90% response rate. According to Mugenda and Mugenda (2019), a response rate of 50% is deemed adequate, 60% and above is considered acceptable, and 70% and above is considered really good.



**Figure 4. 1** *Showing response rate*

##### 4.1.2 Gender of the respondents

As indicated in Figure 4.2, the gender distribution of the study was 68% female and 32% male. The study's respondents were mostly female.



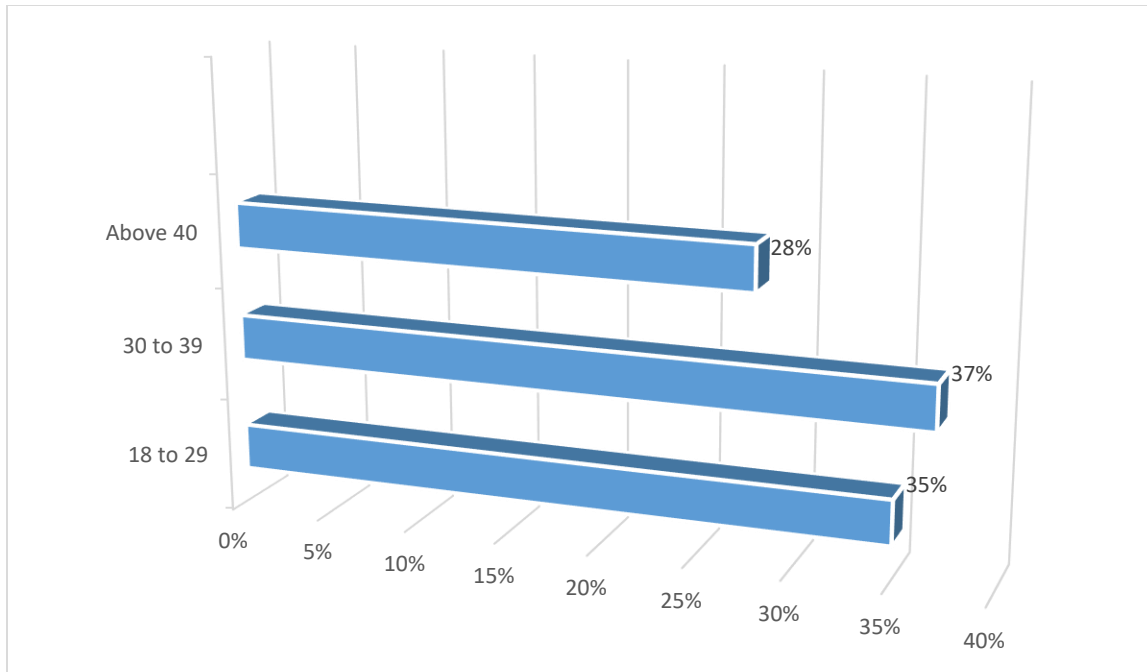
**Figure 4. 2** *Showing Gender of the respondents*

#### **4.1.3 Age bracket of the respondents**

The majority of respondents in this survey were between the ages of 18 and 40. This suggests that the majority of Shona EPZ Limited employees were between the ages of 18 and 40. 35% of respondents were between the ages of 18 and 29, 37% were between the ages of 30 and 39, and 28% were above the age of 40. This is seen in Table 4.1 and Figure 4.3.

**Table 4. 1** *Showing age bracket of the respondents*

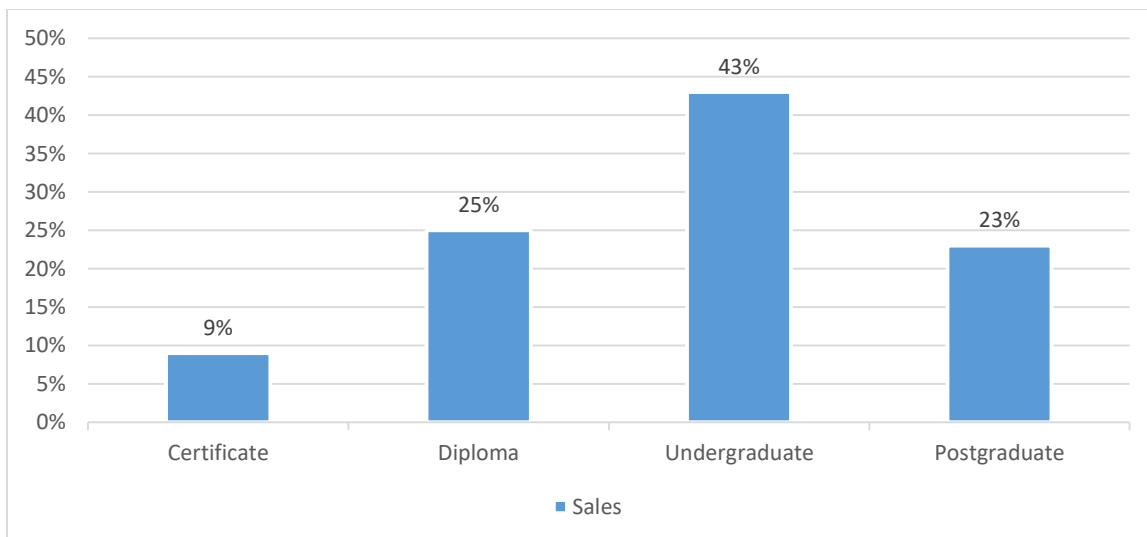
<b>Year</b>	<b>Frequency</b>	<b>Percentage</b>
18 to 29 Years	16	35
30 to 39 Years	17	37
Above 40 Years	12	28
<b>Total</b>	<b>45</b>	<b>100</b>



**Figure 4. 3** Showing Age bracket of the respondents

#### 4.1.4. Level of education of the respondents

According to Figure 4.4 and Table 4.2, the bulk of respondents were undergraduates (43%), followed by diploma holders (25%), and postgraduate responders (23%). Certificate respondents constituted 9% of the total, the smallest proportion. The majority of this fashion house's responses are undergraduates.



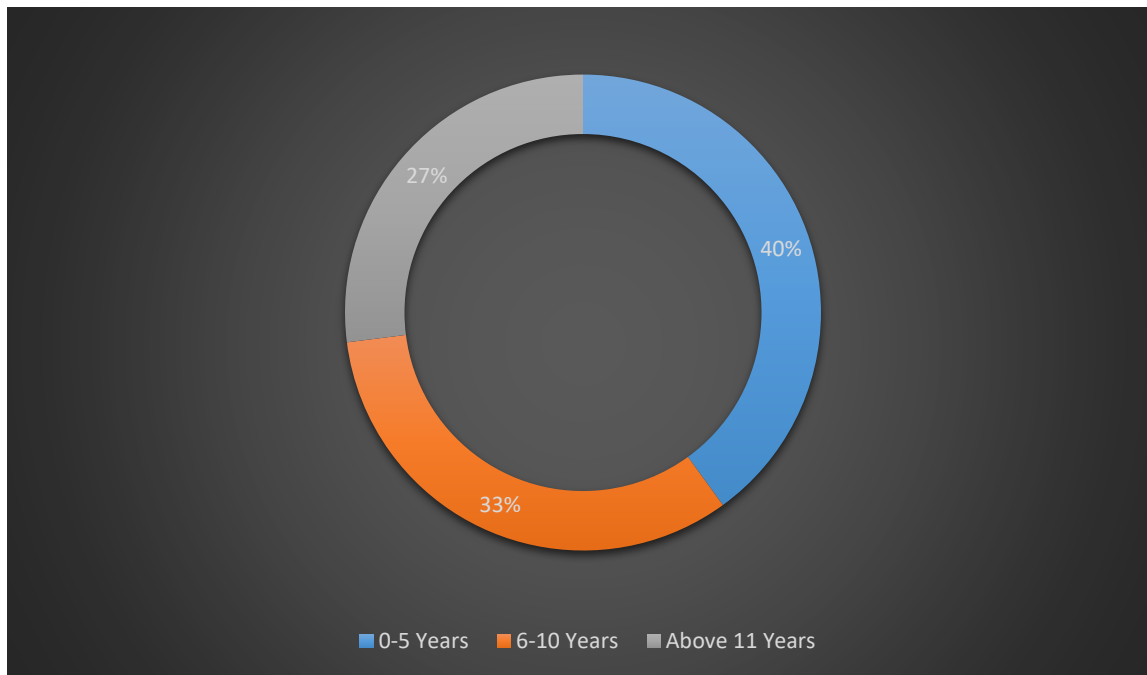
**Figure 4. 4** showing Level of education of the respondents

**Table 4. 2** Showing level of education of the respondents

Category	Frequency	Percentage
Certificate	4	9
Diploma	11	25
Undergraduate	20	43
Postgraduate	10	23
<b>Total</b>	<b>45</b>	<b>100</b>

#### 4.1.5 Years worked in this organization?

The respondents' duration in the fashion industry has been provided in Figure 4.5 below, with the majority of them having debuted into the fashion industry scene in the last five years at 40%, followed by respondents who have been in the fashion industry between 6-10 years at 33%. Based on the results stated above, it is safe to say that there has been an increase in fashion businesses in Nairobi County in the last ten years. Furthermore, 27% of respondents have worked in the fashion sector for more than 11 years.



**Figure 4. 5** *Showing Years worked in this organization*

## 4.2 Government policies

**Table 4. 3** *Showing descriptive analysis of government policies*

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Import and export policies are helpful to your fashion business	35%	40%	10%	10%	5%
Licensing and trade policies favor the fashion industry	10%	4%	8%	38%	40%
Businesses under professional association platforms enjoy more benefits than those without	42%	36%	14%	8%	0%
Fashion specific policy affects your organization	35%	43%	14%	8%	0%
Cluster policy impacts operations of the organizations positively	30%	28%	35%	7%	0%

As shown in Table 4.3, the majority of respondents (40%) agreed that import and export policies are helpful to the fashion business. Forty percent of respondents strongly disagreed that licensing and trade policies favor the fashion industry. The respondents strongly agreed (42%) that businesses under professional association platforms enjoy more benefits than those without. Also, 43% of the respondents agreed that fashion specific policy affects the fashion organization and 35% were uncertain on the impact of cluster policy on operations of the organizations. This clearly indicates that government policies have an impact on performance of fashion industry in Kenya.

### 4.3 Financial access

**Table 4. 4** *Showing descriptive analysis of financial access*

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Interest rates affects access of funds from financial institutions	42%	45%	8%	5%	0%
Loan Security and Credit Constraints hinder access of funds from financial Institution	30%	40%	14%	10%	6%
Access finances help in better and growth performance of fashion business	40%	42%	8%	2%	8%
Your organization has an easy accessibility to Micro financial Institutions	6%	10%	20%	36%	28%
Credit from financial Institution Increase Cash flow for operations	33%	50%	10%	4%	3%

According to Table 4.4, the majority of the respondents (45%) agreed that Interest rates affects access of funds from financial institutions. Loan Security and Credit Constraints hinder access of funds from financial Institution, as agreed by 40% of the respondents. On finances and performance of the organization, the majority of the respondents' (42%) agreed that access to finances help in better and growth performance of fashion business. Also, 36% of the respondents disagreed that their organization had an easy accessibility to Micro Financial Institutions for finances and 50% agreed that credit from financial Institution Increase Cash flow for operations.

It was evident that access to finances from financial institutions has an impact on performance of fashion firms in Kenya.

#### 4.4 Competition

**Table 4. 5** *Showing descriptive analysis of Competition*

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Local competition influences importation of production material	34%	45%	10%	6%	5%
Competition from other companies affects the growth your business	45%	40%	15%	0%	0%
Better quality apparel because of other competitors in fashion businesses	23%	10%	44%	12%	11%
Fast Fashion has an impact on your organization development	43%	36%	12%	5%	4%
Second-hand clothes has an effect on your market operation	40%	50%	10%	0%	0%

As indicated in table 4.5, local competition influences importation of production material, as agreed by majority of the respondents. Forty-five percent of the respondents strongly agreed that competition from other firms affects the growth the business. Forty-four percent of the respondents were uncertain on the effect of competition on the quality of apparel. Also, 43% of the respondents strongly agreed that fast Fashion had an impact on their organization development and growth. finally, majority of the respondents (50%) agreed that second-hand clothes had an effect on market

operations of organization. Thus, it was enough to conclude that completion has major impact on performance of fashion industry in Kenya.

#### **4.5 Limitations of the Study**

The investigation was limited because doubt and questions, particularly about individual points of interest, hampered information gathering, and some respondents shied away from providing the data required by the specialist; however, this was addressed by assuring the respondents that the data provided would be treated with deference, polished methodology, and classification. Another limitation was that non-respondents, uncooperative and antagonistic respondents were excluded; however, this was mitigated by motivating respondents and following up on surveys.

## **CHAPTER FIVE**

### **SUMMARY, RECOMMENDATIONS AND CONCLUSIONS**

#### **5.0 Introduction**

This chapter highlights the study findings about the elements driving the growth of Kenya's fashion sector. This chapter contained a summary of the research findings, conclusions, and recommendations based on the study's findings.

#### **5.1 Summary of Findings**

##### **5.1.1 Government Policy**

Majority of respondents (40%) agreed that import and export policies are helpful to the fashion business. Forty percent of respondents strongly disagreed that licensing and trade policies favor the fashion industry. The respondents strongly agreed (42%) that businesses under professional association platforms enjoy more benefits than those without. Also, 43% of the respondents agreed that fashion specific policy affects the fashion organization and 35% were uncertain on the impact of cluster policy on operations of the organizations.

##### **5.1.2 Access to Finances**

The majority of the respondents (45%) agreed that Interest rates affects access of funds from financial institutions. Loan Security and Credit Constraints hinder access of funds from financial Institution, as agreed by 40% of the respondents. On finances and performance of the organization, the majority of the respondents' (42%) agreed that access to finances help in better and growth performance of fashion business.

##### **5.1.3 Competition**

Forty-five percent of the respondents strongly agreed that competition from other firms affects the growth the business. Forty-four percent of the respondents were uncertain on the effect of competition on the quality of apparel. Also, 43% of the respondents strongly agreed that fast Fashion had an impact on their organization development and growth.

## **5.2 Recommendations**

### **5.2.1 Government Policy**

Fashion houses should arm themselves with information about all the rules that influence them, according to the study's recommendations, since doing so would enable them make the best judgments possible. By creating a professional association free of the existing problems, the fashion firms should also address the cluster policy. By banding together, like-minded individuals can more effectively advocate for additional policies that are beneficial to the fashion business. Last but not least, fashion companies ought to make an effort to engage themselves as stakeholders in the creation of policies since doing so would help them be a part of the process and, eventually, adopt it to their operations.

### **5.2.2 Access to Finances.**

Since they are a little more liberal than traditional financial institutions, fashion businesses (Shona EPZ and others) and other fashion firms could try to borrow money from non-traditional financing organizations like Sacco's. Fashion companies for permission to obtain financial aid, those with credit restrictions who have been reported to credit reference bureaus should improve their credit rating. There are non-governmental organizations, such as Heva Fund, that provide grants to the creative industry, which fashion happens to be one of; fashion firms can apply for such. This is in addition to the country's present economic difficulties and the worldwide pandemic.

### **5.2.3 Competition**

Businesses in the fashion industry should seek out every opportunity to be prominent by striving to be on par with or even surpassing their rivals. In order for a company to stand out in the fashion business and to curate original items that may be trademarked in order to prevent idea theft from one fashion house to another, creativity is essential. All types of clients may be attracted with excellent, ongoing social media utilization combined with inventiveness. As for the government, some import limitations should be investigated to prevent imported counterfeit clothing. With the rise of fashion houses in Kenya, it is reasonable to suggest that the textile sector, which has an impact on the fashion industry, be revitalized. By doing so, local companies will be supporting local brands, creating a win-win situation that might help the fashion industry flourish.

## **5.3 Conclusion**

### **5.3.1 Government Policies**

Given that the majority of the bossiness were licensed, the study's findings suggested that they had a basic understanding of the laws governing the fashion business. There was a great deal of objectivity on whether the regulations impacting their fashion firms or enterprises were advantageous to them. The survey also revealed that the reasons that prevent fashion firms from grouping together in professional groups are all depending on how the professional association is administered internally. According to the survey, it is reasonable to conclude that the bulk of the fashion industry stakeholders have not engaged in policymaking.

### **5.3.2 Access to Finance**

The study's findings show that fashion houses are aware financial organizations, despite the fact that the majority of them have never provided assistance to fashion houses because of the conditions associated with obtaining funding from financial organizations, which translate into difficulties for the industry. The prospective effects on the fashion firms, such as expansion, better performance, and growth development, are hampered by these access-to-funds difficulties.

### **5.3.3 Competition**

The results of the study showed a substantial connection between growth and competitiveness. The survey also showed that the fashion houses had a good understanding of their rivals and were aware of the major dangers to the fashion business. It also showed that they had to seek for ways to boost their brand presence through social media since they were all aware of the rivalry in the market. All of them are active on social media platforms and take part in seminars and events. Additionally, in an effort to provide their clientele with effective services, they aim to give those services at their comfort and convenience.

## **5.4 Recommendation for Further Study**

From the standpoint of the fashion houses in clothing, this research looked into the expansion of the fashion sector. This study indicates that client opinions as well as perspectives from other fashion enterprises in the area of bags, jewelry, and shoes might be investigated.

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## APPENDIX I: LETTER OF INTRODUCTION




Date: 22<sup>nd</sup> November 2022

TO WHOM IT MAY CONCERN

XARILA MUINDI ABURILI DES/9/00023/3/21

This letter serves to introduce the above named who is a (Diploma in Entrepreneurship) student and is interested in carrying out research on Challenges Affecting the Growth of Fashion Industry in Kenya. A Case Study of Shona EPZ limited in Kenya

Any assistance accorded to her, in pursuit of this study will be greatly appreciated.

Sincerely,  
  
Juster Nyaga  
Dean, School of Management and Leadership

## APPENDIX II: QUESTIONNAIRE

Kindly Tick where appropriate

### SECTION A: DEMOGRAPHIC INFORMATION

1. What is your gender?

Male

Female

2. What is your age bracket?

18 to 29

30 to 39

Above 40

3. What is your Level of educational?

Certificate

diploma

Undergraduate

postgraduate

4. For how long have you worked in this organization?

0 to 5 years

6 to 10 years

11 years and above

**Section B: Government policies**

What is your level of agreement to the following statements regarding Government policies in your organization?

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Import and export policies are helpful to your fashion business					
Licensing and trade policies favor the fashion industry					
Businesses under professional association platforms enjoy more benefits than those without					
Fashion specific policy affects your organization					
Cluster policy impacts operations of the organizations positively					

**Section C: Financial access**

What is your level of agreement to the following statements regarding Financial access in your organization?

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Interest rates affects access of funds from financial institutions					
Loan Security and Credit Constraints hinder access of funds from financial Institution					
Access finances help in better and growth performance of fashion business					
Your organization has an easy accessibility to Micro financial Institutions					
Credit from financial Institution Increase Cash flow for operations					

## Section D: Competition

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Local competition influences importation of production material					
Competition from other companies affects the growth your business					
Better quality apparel because of other competitors in fashion businesses					
Fast Fashion has an impact on your organization development					
Second-hand clothes has an effect on your market operation					