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## EFFECTS OF IMPORTATION OF SECOND HAND CLOTHES ON THE GROWTH OF TEXTILE INDUSTRY IN KENYA

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### **Abstract**

This study endeavors to investigate the effects of importation of second-hand clothes on the growth of textile industry in Kenya. This research relies on descriptive research design, being a scientific method involving observing and describing the behavior of a subject without influencing it in any way. The findings are aimed at benefiting various stakeholders including, the top management to realize the weak areas of performance for improvement and enlighten the employees on the need to work as a team in achieving both individual and organizational goals. Following the data analysis of the study, it is concluded that the textile industry in Kenya is controlled by the cost of imported second-hand clothes, which are cheap and therefore drew customers from the relatively expensive locally manufactured clothes. Recommendations are

proposed to the government to regulate the industry and also allow further research for deep insight into this subject.

**List of Abbreviations:** *AGOA - African Growth and Opportunity Act, BIS - Bank of International Settlements, ECA - East Europe and Central Asia, EPZ - Export Processing Zones, ICRC - International Committee of the Red Cross, IFRC – International Federation of Red Cross, KICOMI - Kisumu Cotton Mills, LIP - Local Industry Policy, RIVATEX - Rift Valley Textiles, SHC – Second Hand Clothes, SME – Small and Medium Enterprise, UNHCR - United Nations High Commissioner for Refugees, USA – United States of America, USITC - United States International Trade Commission*

### ***1. Statement of the Problem***

This study observed that, since textile industry contributed in a big way to the economic development of Kenya, the closure would adversely affect the economy at large. This study therefore aims at uncovering important information, on effects of the importation of second hand clothes on the growth of textile industry in Kenya which is the key to resolving the problems facing the textile industry.

### ***2. Objectives of the Study***

- i. To establish the effect of import of second-hand clothes on the level of market share of local textile companies
- ii. To find out the effect of import of second-hand clothes on the level of local textile production
- iii. To assess the effect of second-hand clothes import on the level of competition

### ***3. Scope of the Study***

The geographical scope of the study was Spinners and Spinners Textile Company, located in Ruiru County 25 kilometers from Nairobi. It represents a targeted population comprising of 51 textile firms within the textile industry in Kenya.

### ***4. Significance of the Study***

The significance of the study is to find a solution to the level of the market share, level of textile production and the level of competition on the growth of textile industry. The research is of

benefit to the textile industry as it is a source of ready information for making sound decisions on how to improve the performance of the industry. To the academicians, the study serves as a contribution to the existing literature in the field of textile. The stakeholders were interested in the knowledge of the industry performance, especially when making investment decisions. The Government and other financial institutions were interested with the outcome of the study, for support in developing the industry so as to gain foreign currency from exports sold to the global market.

### ***5. Knowledge Gap***

This study has presented theories from various writers like Wilson and Abiola (2003) on the need of reviving the textile industry in order to exploit emerging export market opportunities. Otieno (2006) suggested that the solution was to provide the farmers with quality cotton seeds to increase cotton production and to use new technology of machinery and equipment. However, no study so far known to this study handled the variables of this study to the extent of establishing the effects of the importation of second- hand clothes on the growth of textile industry in Kenya.

### **Research Methodology**

This study analyzed the overall research process consisting of research design, target population, sample size, sampling design and procedure, data collection instruments and procedures, data analysis and ethical considerations. The sample size was in such a way that it was within plus or minus 0.05 of the population proportion with a 95 percent level of condense. Respondents comprise of 20 from top level management, 100 from middle level management, 680 from operation staff and only 30 customers. The 30 customers were chosen purposely, due to the fact that Spinners and Spinners had a huge number of customers, but who the organization was not sure of their active loyalty. The preferred research method was through questionnaires to all the 20 top management members, 20% of 200 middle management, and 5% of the 680 operation staff.

Table 1 sample size

Category	Total Population	Sample Percentage	Actual Population	Sample
Top Management	20	100%	20	
Middle Management	100	20%	20	
Operation staff	680	5%	34	
Customers	-	-	30	
<b>Total</b>	<b>800</b>		<b>104</b>	

## Presentation of Findings

### 6. Working Experience of the Respondents

Working experience of respondents is important for any particular research. It is generally implied that the longer the period respondents worked, the more experience and better understanding of the industry. This part of the study seeks to find the number of years that the respondents had worked in the industry. It was important in quantifying their skills and knowledge in this sector as indicated in the table below;

Table 2, Working Experience of the Respondents

Experience	Percentage	Cumulative Percentage
Below 5 years	26	26
5 – 10 years	58	84
Above 10 years	16	100

Results obtained indicate that majority, 58% have a working experience of between 5 - 10 years, 26% have worked below 5 years while 16% have worked for over 10 years. This implies that majority of the respondents have adequate understanding and knowledge in the textile manufacturing sector and therefore have given valid information.

### ***7. Respondents' Area of Operation***

Findings from respondents of diverse areas in the industry have been considered. This is in regard to different perceptions related to the areas that respondents operated in. The results of the finding are as summarized on the table below,

Table 3 Respondents' Area of Operation

Department	Percentage	Cumulative Percentage
Marketing	22	22
Finance	16	38
Operations	44	82
Human Resources	18	100

The table above indicates that, 44% respondents work in operations, 22% in marketing, 16% in finance and 18% in human resource. The findings imply that a large number of respondents in their different areas provided adequate information about their experiences in the kind of work that they do.

### ***8. Level of Satisfaction with Market Share Held by the Company***

In this regard, the study wished to establish whether the respondents were satisfied with the market share that the company held at that moment. This was indicated on the figure below.

Figure 1 The Level of Satisfaction with the Market Share



According to the results, 42% of the respondents are happy with the company market share, while 32% are neutral, 18% are unhappy and 8% are very happy. The results imply that majority of respondents are happy and therefore satisfied with market share for the company.

#### ***9. Extent of Agreement with Selected Factors Affecting the Company Market Share***

There were various factors that affect the company's market share. In that regard, the research seeks to establish the respondents' agreement with selected factors that affected Spinners and Spinners market share as was posed on the questionnaire. The results are as indicated on the table below;

Table 4 **Extent of Agreement with Selected Factors Affecting the Company Market Share**

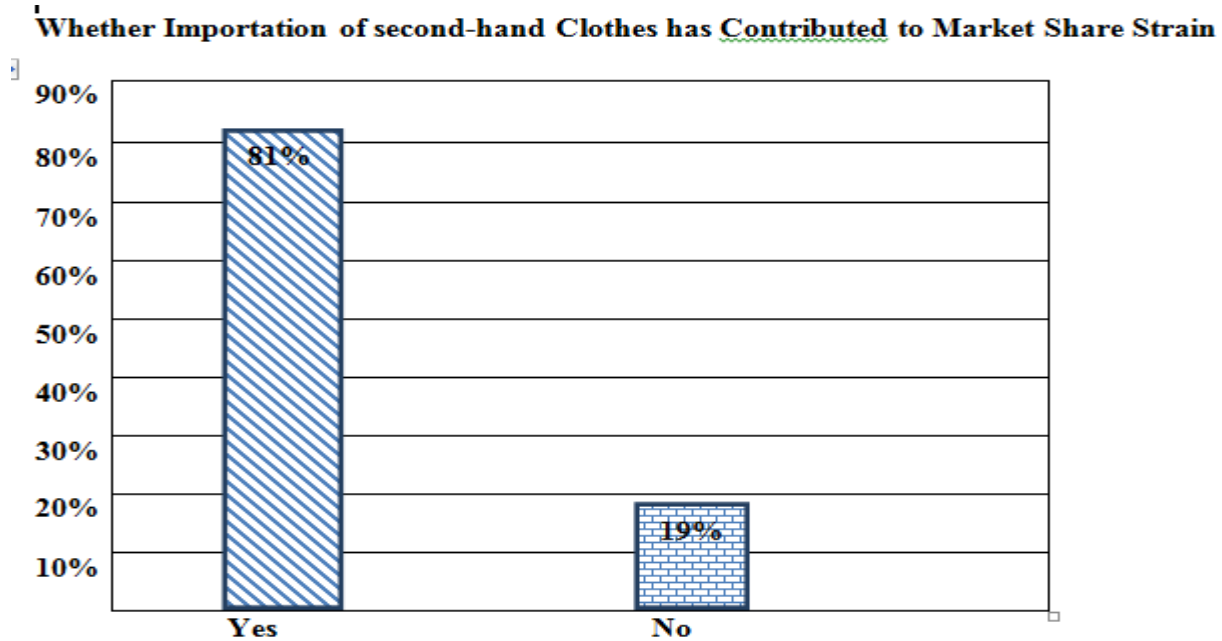
Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree	Total Responses	Weighted Mean
Spinners and Spinners has sufficient market share	12	51	8	4	1	76	2.1
Spinners and Spinners market share cannot improve.	8	62	5	1	0	76	2
The management has done all required to grow the amount of market share.	8	42	19	7	0	76	2.3
Spinners and Spinners have optimized its offering to the market.	3	45	25	3	0	75	2.4

The findings reveal a mean score of 2.1, indicating that majority disagree with the sentiment hence, they believe that the company can improve its market share. In response to the statement that Spinners and Spinners market share cannot improve, the mean score is 2.0. This implies that greater majority of the respondents disagree with the sentiment. Respondents response on whether the management has done all required to grow the amount of market share has a mean score of 2.3, implying that majority disagree and feel that there is still more that can be done. Finally, on the query that Spinners and Spinners has optimized it's offering to the market, has a mean score of 2.4 in disagreement with the sentiment implying that there is more room of growing the market share and believe that the company can offer more products to the market.

***10. Does the Importation of Second-Hand Clothes contribute to Market Share Strain?***

This question aimed at finding out if importation of second- hand clothes had any effect on the market share. The respondents' views are indicated in the figure below;

Figure 2



To a greater extent, the results obtained indicate that importation of second-hand clothes has contributed to strain of the market share as reflected by 81% of the respondents acknowledging the statement while only 19% of them differ.

***11. What should Spinners and Spinners do to compete against Second –Hand Clothes Importation?***

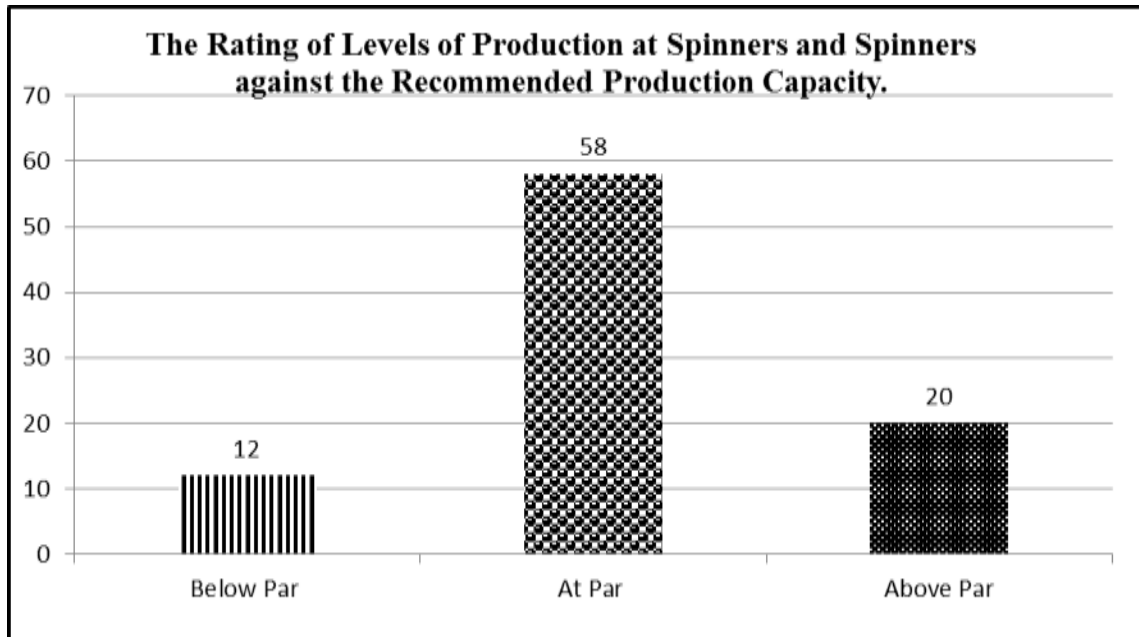
This question was aimed at getting suggestions from respondents on the possible strategies which Spinner and Spinners should employ in order to compete with the second-hand clothes. Majority suggested that the company should come up with new products that specifically suited the low income bracket and which ensured high quality and taste/fashion sensitivity. In addition the company could enhance their distribution network.

***12. Rating of Levels of Production at Spinners and Spinners against the Recommended Production Capacity***

This question was aimed at determining the levels of production at Spinners and Spinners, rating it against the recommended production capacity. Responses are indicated in the figure below

Figure 3





The findings showed that 58% of the respondents are at par with the recommended production capacity, 20% above par while 12% are below per. This implies that most of the respondents are in agreement that production levels at Spinners and Spinners are agreeable with the recommended production capacity considering their facilities and market share.

***13. Level of Agreement with Selected Factors which Affected the Level of Production***

The question aimed at establishing the respondents' agreement levels, with selected factors that affected production. The results are indicated on the table below.

Table 5 Level of Agreement with Selected Factors Which Affect the Level of Production

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree	Total Responses	Weighted Mean
Spinners and Spinner has Bench Marked its Production with the World Standards	0	9	14	46	8	76	3.7
Spinners and spinners employ the best production technology and facilities	0	4	6	48	18	76	4.1
Spinners and Spinners Technology and Facility has given the Company a Competitive Edge	3	5	14	39	15	76	3.8

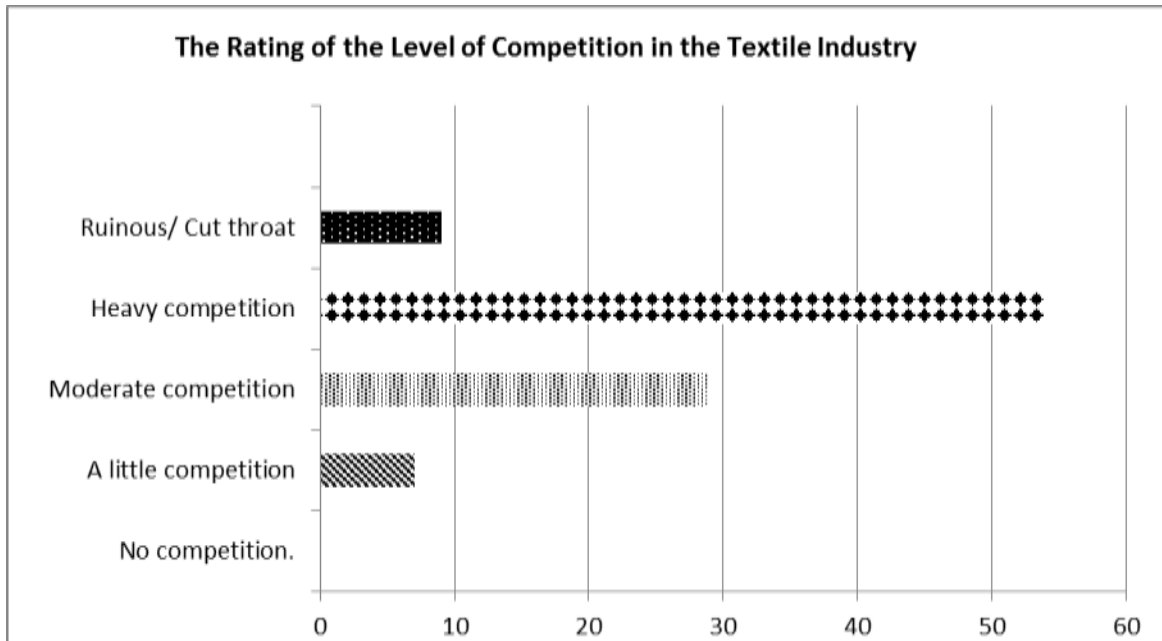
Finding on whether Spinners and Spinners has bench marked its production with the world standards, scored a mean of 3.7, implying that majority are in agreement. Whether Spinners and Spinners employs the best production technology and facilities, resulted to a mean score of 4.1, implying that majority are in agreement with the statement.

Findings on whether Spinners and Spinners technology and facilities have given her a competitive edge, reveals a score of 3.8 implying that majority are in agreement with statement. The general, reflection on all the three selected factors concerning production levels at Spinners and Spinners are acceptable to majority of the respondents.

#### ***14. Rating of Level of Competition in the Textile Industry***

The question aimed at determining what the respondents felt about the level of competition in the textile industry. The findings were as indicated in percentages on figure below.

Figure 4

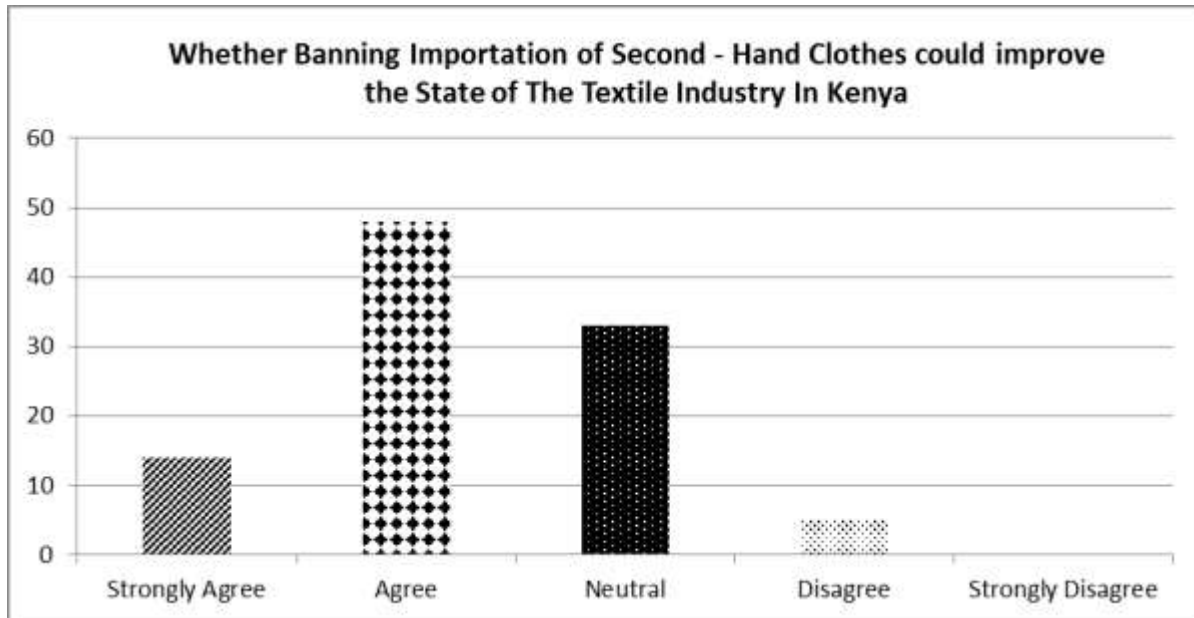


The findings reveal that 55%, majority of the respondents see heavy competition, moderate competition 28%, ruinous/cut throat competition 9% and little competition 7%. The implication from majority of respondents is that there is heavy competition exhibited in the industry.

***15. Whether Banning Importation of Second - Hand Clothes could improve the Status of the Textile Industry in Kenya***

The study sought to find out the implications of banning importation of second- hand clothes, to improve the state of textile industry in Kenya. The results were as shown on the figure below.

Figure 5



48% majority are in agreement, 32% are neutral, 14% strongly agree while 6% disagree with the statement. From the results, banning of importation of second-hand clothes is inevitable in order to save the textile industry in Kenya.

### Summary of Major Findings

#### *16. Level of Market Share*

Study findings on the level of satisfaction of the market share at Spinners and Spinners indicate that thirty two percent were neutral and did not comment while forty two percent majorities were happy with the current status. Sebhatu (2007) established that it was important for companies to participate in the global market, in order to gain a market share of the huge international market place. It was agreed by majority that the company had not optimized its offering to the market and therefore there is room for improvement.

Among those respondents interviewed, eighty one percent felt that importation of second- hand clothes had a major implication on the straining of market share. To curb this threat, they suggested that Spinners and Spinners should come up with products which specifically suited the low income bracket and also ensure high quality and taste/fashion sensitive products. In addition, the respondents felt that Spinners and Spinners needed to enhance their distribution network.

### ***17. Level of Textile Production***

From the findings, most respondents feel that Spinners and Spinners has bench marked her production with the world standards. Also sixty five percent interviewed on effect of increased level of production, agree that it positively affected profitability made by the company. Most people agree that Spinners and Spinners employs the best production technology and facilities which have given the company a competitive edge.

### ***18. Level of Competition***

Eighty six per cent respondents agreed that importation of second-hand clothes has a heavy impact on the company and that it was the major cause of competition. Sixty four percent agreed that there was substantial growth in the textile industry but banning the importation of second-hand clothes will be necessary for the growth of textile industry in Kenya.

### **Conclusion**

From the study, majority respondents believe that the status of the textile industry in Kenya is determined by cost of imported second- hand clothes. There is an overwhelming signal that imported second- hand clothes which are cheaply bought and sold at lower price, were the main problem source in the textile industry. However, some other people feel that there should be fair competition between the second-hand clothes and the textile industry. The textile industry depended on cotton produced by local farmers, who are not able to produce adequate capacity raw materials. The Organization for Economic Cooperation and Development, (2004) established that, relative to other industry processes, barrier to entry and exit in the clothing industry were low; as a result the industry has been characterized by a large number of producers, typically with a very large number of SMEs that concentrated production on just a few product categories.

### **Recommendations**

From the outcome of the findings, the government should create an environment that will enable fair competition between the local textiles and second –hand clothes instead of banning the importation of the latter because they have contributed to job creation for the local people and increased revenue to the government. Study by Wilson and Abiola (2003) revealed that reduced levels of textile production were mainly attributed to low quality cotton seeds supplied to the

farmers, use of poor technology whereby many ginneries were operating outdated roller mills, that consumed huge amounts of electricity. It is therefore recommendable for the government to provide quality cotton seeds and fertilizer in expectation of getting quality cotton harvests. Application of new technology should be introduced, whereby outdated roller mills will be replaced with quality machinery and equipment. The government should also address infrastructure issues by constructing all weather roads to replace the current poor ones that pose problems of accessing the farms.

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