EFFECT OF NON-TARIFF BARRIERS ON THE FINANCIAL PERFORMANCE OF MOTOR VEHICLE ASSEMBLERS IN KENYA

BY

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DECLARATION

Declaration by Candidate

This research project is my original work and has not been presented for a degree in any other University or institution of Higher Learning. No part of this research project may be reproduced without the prior written permission of the author and/or Moi University.

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DEDICATION

I dedicate this project to my entire family members for their financial and moral support throughout my studies.

ACKNOWLEDGEMENT

I thank God for His grace in the achievement of writing this research project. Special thanks to my supervisors, Dr. Doris Gitonga and Dr. Naomi Koske for their insights, advices and dedication in guiding me in writing this project and invoking my academic spirit. I also thank my colleagues for their dedication and gladly sharing their opinions with me, without them this research project would not be successful. I am forever indebted to my family members who have been a constant source of motivation, encouragement and material support. I am also grateful to all my respondents' at the four Motor Vehicle Assemblers in Kenya namely; Isuzu East Africa, Associated Vehicle Assemblers (AVA) Mombasa, Kenya Vehicle Manufacturers (KVM) Thika and Trans Africa Motors Mombasa.

I thank you all.

ABSTRACT

Motor vehicle assemblers in Kenya have reported dismal performance over the past ten years contributing minimally on the economic growth of Kenya. Data from the Kenya Motor Industry Association has shown that performance of motor vehicles assemblers is on a decline as indicated by the fall in volume of sales reported annually. In 2018/2019 financial year, the Kenya's motor vehicle assembly industry had low operating capacity of 16% and an annual turnover of USD 600 million (including regional dealerships). Further with the collective action problems associated with NTBs, the performance of these firms is highly threatened. However, the available empirical literature provides contrasting and heterogeneous evidence, with most of the studies not being conclusive on the relationship that exists between Non-Tariff Barriers and financial performance. This study sought to determine the effect of NTBs on the financial performance of motor vehicle assemblers in Kenya. The specific objectives of the study were to determine the effects of import ban, import licensing and quality control on financial performance of motor vehicle assemblers in Kenya. The study was anchored on the theory of competitive advantage, upper echelons theory and contingency theory. The study adopted the explanatory research design with the population being all the four car assemblers in Kenya namely; Isuzu East Africa, Associated Vehicle Assemblers (AVA) Mombasa, Kenya Vehicle Manufacturers (KVM) Thika and Trans Africa Motors Mombasa. The target population was 880 departmental employees working in these firms. A sample size of 275 respondents was determined using Slovin's formula and selected using stratified random sampling. Structured questionnaires were used to collect primary data. Data analysis was done using descriptive and inferential analysis. The findings revealed that jointly, non-tariff barriers explain 67% of the total variations in financial performance of motor vehicle assemblers. Results also indicated import ban ($\beta 1$ = .410, P = .000), import licensing ($\beta 2$ = .319, P = .000), and quality control ($\beta 3$= .198, P = .009) had a positive and significant effect on financial performance of motor vehicle assemblers in Kenya. The study concluded that non-tariff barriers positively and significantly contribute to financial performance of motor vehicle assemblers in Kenya. The study recommends that the government of Kenya should protect local motor vehicle assemblers by formulating regulations that promote local industries. It should initiate training programs aimed at equipping local motor vehicle assemblers with necessary skills. The government should alsoreview import licensing regulations to ensure that they support local motor vehicle assemblers. The government should further subsidize the cost of quality standards to enable the local motor vehicle assemblers to comply. It should also facilitate training programs aimed at equipping the local motor vehicle assemblers with the required quality control knowledge and skills.

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ABBREVIATIONS AND ACRONYMS

C.U	:	Consumer Units
COMESA	:	Common Market for Eastern and Southern Africa
GoK	:	Government of Kenya
ITC	:	International Trade Centre
NTBs	:	Non-Trade Barriers
NTMs	:	Non-Tariff Measures
POS	:	Point of Sale
RTAs	:	Regional Trade Agreements
SAARC	:	South Asian Association for Regional Cooperation
SPS	:	Sanitary and Phytosanitary
TBT	:	Technical Barriers to Trade
WHO	:	World Health Organisation
WTO	:	World Trade Organisation

OPERATIONAL DEFINITION OF TERMS

Motor Vehicle Assembler: Production relating to vehicles and motorcycles or the business of making, selling, or repairing cars (Muthoni, & Muigai, 2020).

Financial Performance: This is a subjective measure of how well a firm can use assets from its mode of business and generate revenues (Mensah, & Maponga, 2017).

Non-Tariff Barriers: Policy measures other than ordinary customs tariffs that can potentially have an economic effect on international trade in goods; changing quantities traded prices, or both (Mkuna,2014)

Import Ban: A rule or law that limits or controls what commodities firms can import from other countries (Okute, 2017).

Quality Control: is a process through which a business seeks to ensure that product quality is maintained or improved (Gajdos,2012).

Import licensing: These are the permissions or licenses required for doing business with companies/organizations which are present in other countries (Fernández-Macías & Bisello, 2016).

Tariff: Tax on goods coming into a country or going out of a country (Kisaka, 2014).

CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter contains an introduction to the study. Specifically, it discusses the background of the study, the problem statement, research objectives and hypothesis. The chapter also describes the significance of the study and finalizes with the study scope.

1.1 Background of the Study

Financial performance is the extent to which financial goals have been achieved or achieved within the company (Kwaning & Mahama, 2015). It is also the way in which a company's policies and operating results are measured in money. The total financial health of the company is measured over time, and the results are used to compare companies in the same industry or companies in various industries or sectors. Financial performance is a subjective measure of how well a corporation can utilise its main business assets to create income (Rodriguez-Fernandez, 2016). The most essential financial performance measures, according to Zabri, Ahmad, and Wah (2016), are cash efficiency, return on investment (ROI), return on investment (ROA), and return on equity (ROE). Profitability, return on investment, return on investment, and return on equity are utilized as financial performance criteria for automobile installers in this study.

Efficient and competitive vehicle assembly and production requires continuous and competitive pricing for the supply of parts and components. To ensure an adequate supply of raw materials, Level 1 suppliers are usually located near assembly or production facilities. Over the last five decades, the global automotive industry has evolved to the point where it can produce 70 million passenger cars and light

commercial vehicles every year. However, the financial crisis at the end of 2008 considerably curtailed demand in 2009, resulting in sales of 62 million. Many automakers, particularly in North America, where sales fell from 16-17 million to 10.4 million units prior to the 2009 financial crisis, are straining to create and sell through liberal pricing and financing (Fernandez-Macias & Bisselo, 2016).

The automotive industry in Europe is also faced with changes in world markets, including changes in sales and production figures from advanced industrial countries to developing countries such as Brazil, China and India. This change means that European car manufacturers must prepare for a structural crisis where they have to face the challenges of declining domestic sales and the problem of overcapacity (Gajdos, 2012). The decline in sales due to the 2008 financial crisis added to the structural challenges. In Kenya, the automobile market in Kenya consists of vehicle delivery and the provision of after-sales services, combined with the availability of basic spare parts. Kenya's relatively better infrastructure makes the country a better vehicle collection hub in East Africa.

The motor vehicle has continued to occupy an important place in society since its invention. Its manufacture is concentrated in developed countries which achieve-the economies of large-scale production (KMA, 2012). Industrializing countries do assemble and even manufacture vehicles. But their markets are small and differentiated, resulting in inefficient, short, production runs. Motor vehicle assembly in Kenya increased by almost 32% from 2013 to 2015. Significant increases of 54.4%, 43.7% and 20.8% occurred in the production of pickups, trucks and buses. The number of assembled cars in Kenya is expected to double between 2013 and 2019. There are currently four auto mechanics in Kenya; Isuzu East Africa, Vehicle

Assembly (Associated AVA) Mombasa, Kenya Vehicle Manufacturer (KVM) Thika and Trans Africa Motors Mombasa.

According to the Ministry of Industrialization, four local Kenyan auto repairmen produce around 6,000 units per year in one shift, which is less than the installed capacity. The Office for National Statistics of Kenya (KNBS) stated in an interim report that the number of assembled vehicles in Kenya increased between January and July from 3,241 in 2018 to 4,406 in 2019. Toyota Kenya and French automaker Renault Trucks are among the most active companies starting to assemble commercial vehicles. in Kenya (KNBS, 2019). With the National Automotive Policy aiming to ban the import of pre-built vehicles, a number of local automotive companies have committed to rehabilitating existing local vehicle assembly plants and constructing new ones to assemble vehicles at the local level.

However, Kenya's approach to the auto industry is one-sided, so regional countries like Ethiopia are more likely to overtake Kenya as they are more advanced in industrialization. Over the last five years, the automobile industry in Kenya has been facing endemic challenges despite the country’s improved economy. Pillay (2015) observes that the enormous operational drawbacks have weighed down on the capacity of companies specializing in the production of motor vehicles. Some of the challenges that have slowed the growth of the automobile sector include but not limited the unpredictable post-election climate and the move by the government to reduce the purchase of new vehicles and increased interest rates (Burke, 2017).

NTB refers to restrictions resulting from certain market restrictions, requirements, or requirements that make importing or exporting products difficult and expensive. The United Nations Conference on Trade and Development (2010) describes NTB as a

policy other than normal tariffs that has the potential to have an economic effect on international trade in goods by changing the prices of the quantities traded or both.

With the changing economy and globalization in particular, there are avenues open to new challenges for car manufacturers (Hedman, & Valo, 2015). Many of these impediments are non-tariff barriers (NTBs), such as non-tariff discriminatory measures (NTMs) enforced by governments on behalf of domestic providers against foreign suppliers (Nicita & Gourdon, 2013).

Import measures such as sanitation and phytosanitary measures, as well as technical trade barriers and export-related measures, are included in the NTM categorization. NTB also involves the use of unjustifiable or improper non-tariff measures (NTM), such as sanitation and phytosanitary measures, as well as other technical trade obstacles.

The main characteristics of NTBs were that they generally discriminated against foreign competitors in favor of domestic industries; they have the ability to raise the costs of imports and cross-border trade transactions, thereby affecting supply and demand for goods and services, operational efficiencies, and consumer welfare (Wanjiru, 2016). Unlike tariffs, the impact of NTBs on pricing and quantities was difficult to assess; and that not all NTBs were necessarily illegal because some of them were justified for discernible purposes.

NTB is bad to trade, according to Grundke and Moser (2019), because it diminishes the potential benefits of trade preferences such as regional trade agreements. The expenses of this NTB, as well as the influence of trade and its welfare on organizational financial performance, are not well described in the existing literature. The literature suggests that NTMs can have a price for exporters, even if they pursue

legitimate political goals, such as the failure of a fair market or transfer of profits into the country through market forces (WTO, 2012). Problems can arise from changing demand, consumer awareness and new eating habits. It doesn't have to be a protectionist measure to influence trade.

The ITC (2017) investigates how the EU's main trading partners' non-tariff measures (NTM) affect EU exporters of goods - the results are based on a survey of 8,100 companies from 26 industries in 28 EU member states, the study describes the methodology; presents key findings on impact on EU businesses, broken down by type of NTM, impact on businesses of all sizes, particularly micro, small, and medium enterprises; Draw conclusions on the significance of the EU's negotiation agenda and implementation efforts in boosting international commerce. The number of NTM-related barriers was found to be higher in micro-enterprises, with an average of 1.27 NTMs and 1.51 POs per transaction, compared to large organizations, which faced an average of 1.24 NTMs and 1.49 transactional software.

A study of enterprises dealing in East and South Africa indicates that tariffs are a far lesser barrier to cross-border commerce in Sub-Saharan Africa than NTB (Stahl, 2005). According to an East African Business Council report, Kenya is a "major actor in terms of non-tariff obstacles" (Xinhua, 2005), while Ugandan dairy exporters to Kenya claim that their "bigger neighbors of erecting non-tariff hurdles" (IPS/GIN 2009).

Several mitigation procedures to minimize the impact of trade barriers in Kenya, according to Okute (2017), include: aligning product standards and developing mutual recognition of standards in member countries, reviewing NTB information, prioritizing products, developing specific work programs, and implementing a sector.

a deliberate strategy to addressing issues in certain economic and political sectors (Okute, 2017). Other containment tactics include boosting the interchange of information and opinions on a number of active NTB programs/projects, establishing communication networks between NTB contact sites, and developing proper procedures for identifying and eradicating NTB.

Kisaka (2014) researched the impact of NTB on Kenya Commercial Bank Limited in the East African Public Market. The case study method is used in this investigation. The Head of Commercial Services at the Commercial Banks of Kenya Head Office in Nairobi gathered qualitative data and examined it for content. The findings indicate that Kenyan commercial banks benefit from the public market because it allows for cross-border movement of all factors of production, including human capital, goods, labor, and services, thereby stimulating trade and investment and making the region more competitive and productive. Furthermore, workers can freely move between Kenya and Rwanda, and residents can obtain a work permit in as little as 30 days.

As a developing country, Kenya still has customs practices, which is why most trade policies are not yet standardized or generally understood (Oiro, Owino & Mendez-Parra, 2017). Oftentimes, NTMs serve a legitimate purpose and can therefore reduce negative externalities. NTMs can also facilitate trade by reducing information asymmetry between consumers and producers, for example about product quality or safety. For the automotive industry, this is a problem for their trade because they are mainly engaged in international trade. Kenya's significant middle class, advanced business environment, access to regional markets and history of automotive installations make the country a potential automotive hub in East Africa (KMI, 2012).

In Kenya in particular, their financial performance is at risk from persistent changes rather than tariff barriers, despite significant progress in the past. The government should work closely with motorists to minimize the negative effects of trade barriers (Zhou, Wecang & Huajing Hu, 2015). If these obstacles and challenges can be overcome, the automotive industry, which has enormous potential for economic growth and income, will develop rapidly. Therefore, the aim of this study was to examine the effect of non-tariff barriers on the financial performance of car installers in Kenya.

1.2 Statement of the Problem

Motor vehicle mechanics in Kenya have reported poor performance over the past decade which has made minimal contribution to Kenya's economic growth. Data from the Kenya Automotive Association shows that the productivity of auto installers is declining, as evidenced by the reported decline in annual sales (Muthoni & Muigai, 2020). In fiscal 2018/2019, Kenya's automotive assembly industry had low operating capacity of 16% and annual sales of $600 million (including regional offices). The sector accounts for only 6% of the gross contribution of the manufacturing sector to Gross Domestic Product with a trade deficit of $1.1 billion which raises concern (KNBS, 2018). Motor vehicle assemblers in Kenya are facing unfair competition from second hand motor vehicle importers and the government has affirmed its commitment to safeguarding this sector to ensure a conducive environment for survival and expansion of these businesses.

Data from Car Importers Association of Kenya (Ciak) shows that Kenya imports about 7,600 second-hand vehicles per month while locally assembled units stand at 430 monthly. Further, with the collective action problems associated with NTBs, the performance of these firms is highly threatened (Mkuna, 2014). However, the

available empirical literature provides conflicting and heterogeneous evidence, and most research is inconclusive on the relationship between financial performance of non-tariff barriers to trade (Wanjiru, 2016; Kiriti, 2012). Bowen (2018) highlighted a number of non-tariff barriers to trade, including a lack of harmonization in working hours, a license for commodities in transit, and a lack of trade information distribution. Mkuna (2014) assessed the impact of NTBs in EAC partner countries, and the barriers were found to be costly for merchants in terms of time lost and money incurred. Whereas Okumu and Nyankori (2010) observed that there are NTBs and that some have endured and implemented survival strategies in order to not run out of customary venues as described.

This shows that NTBs inflict higher levels of obstacles compared to tariff measures imposing up to 170 per cent ad valorem tax equivalent. The existence of NTBs raises the cost of doing business even more, resulting in massive financial losses that cause worry. The available literature is also not sufficient enough in describing the impact of these NTBs on financial performance. Understanding this is imperative in enabling vehicle assemblers consider the importance of being aware of the risks and challenges posed to them by NTBs and how to handle them. This study aimed at addressing this, focusing on the motor vehicle assemblers in Kenya whose financial performance has been dwindling in the past two decades (KAM, 2018).

1.3 Research Objectives

1.3.1 General Objective

The main objective of the study was to determine the effect of non-tariff barriers on the financial performance of motor vehicle assemblers in Kenya.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

i. To determine the effect of import ban on the financial performance of motor vehicle assemblers in Kenya.

ii. To assess the effect of import licensing on the financial performance of motor vehicle assemblers in Kenya.

iii. To establish the effect of quality control on the financial performance of motor vehicle assemblers in Kenya.

1.4 Research Hypotheses

The study aimed at addressing the following research hypotheses:

$H0_1$: Import ban has no significant effects on the financial performance of motor vehicle assemblers in Kenya.

$H0_2$: Import licensing has no significant effect on the financial performance at motor vehicle assemblers in Kenya.

$H0_3$: Quality control has no significant effects on the financial performance of motor vehicle assemblers in Kenya.

1.5 Significance of the Study

The management of the motor vehicle assemblers as well as other organizations in different sectors will gain insights on NTBs and its nature of influence to the performance of their respective organizations. Therefore, management will formulate policies that will mitigate these barrers hence enhance firm performance. Other institutions can also benefit from the findings by replicating the results in their situations for better performance.

The government and other agencies are enlightened on the impacts of NTBs. Recommendations thus made by the study will help to ensure that the NTBs implemented will streamlined to ensure that positive effects of these barriers are optimized. The research shall also be of use to the shareholders (current and prospective), directors, managers and policy makers through its recommendations. The findings of this study contribute to the existing literature by giving local evidence, and they may be valuable to scientists and academics who want to use the findings of this study for other purposes. It also encourages academic debate and serves as a foundation for future research.

1.6 Scope of the Study

The purpose of this study was to determine the impact of NTB on the financial performance of motorists in Kenya. The dependent variable is the performance of car installers in Kenya, while the independent variables of the study are various NTB actions, including import bans, import permits, and quality control. This study adopted an explanatory research design. The target audience for this study consisted of four automotive installers in Kenya, namely; Isuzu East Africa, Associated Vehicle Assemblers (AVA) Mombasa, Kenya Vehicle Manufacturers (KVM) Thika and Trans Africa Motors Mombasa. So, 880 employees of these companies became the subjects of the survey, of which 275 respondents were selected according to the Slovin formula. A questionnaire was used to collect data. The study lasted from January 2021 through September 2021.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The relevant research literature is discussed in this literature review. A major contribution to this research will be made by studying this area of literature. The first part consists of the concept of financial capacity and the concept of non-tariff, followed by the main research theories. This is followed by a planned empirical study related to this research, followed by a summary of the literature reviewed and the research gaps that make this study necessary. The last section provides an overview of the conceptual framework.

2.2 Review of Concepts

2.2.1 Financial Performance Concept

Financial performance is the success of the organization in achieving its goals (OECD, 2014). Implementation can also be referred to as the speed and efficiency of operations carried out in the organization. Enterprise performance measurement initiatives help organizations reduce the factors that can prevent them from fulfilling their mission and provide security. Due to disagreements about the theoretical and practical assessment of a well-functioning company, there is no standard for measuring organizational performance (Mensah & Maponga, 2017).

Financial performance measurement is important in enabling the managers to gauge the current financial position of the organization. This allows the management to evaluate the specific actions that are required to be undertaken towards the survival of the firm and the ability of fulfill both short-term and long term financial obligations. Financial performance measurement can be undertaken by the creditors, investors,

owners, or management (Chenn, 2011). Proper financial performance analysis helps in forecasting the growth and productivity of the organization.

Financial performance is mostly measured using a combination of financial ratios, performance against a budget, benchmarking, or a combination of approaches. Some of the most utilized financial ratios which are used by investors to assess their financial status include efficiency, liquidity, profitability and leverage ratios. Financial performance in this study was measured in terms of profitability and sales. The Financial ratios which were employed include Return on investment (ROI), Return on assets (ROA), Return on Equity and Inventory turnover. Accessing of the financial performance of any organization may be from both book value and market value perspectives. This enables the shareholders and managers have a sense of direction while making decisions in the organization (Panayiotis, 2006).

a) **Return on Investment:** Return on Investment (ROI) is an efficiency measure used to assess the effectiveness or profitability of an investment, or to compare the effectiveness of a number of different investments. ROI seeks to measure the return on a particular investment directly in relation to the cost of the investment. It is generally accepted that an annual return on investment of 7% or more is considered a good ROI for stock investments. This also applies to the S&P 500's average annual return taking inflation into account. Because this is an average, your returns could be higher over several years; some years can be lower.

The return on investment (ROI) formula is as follows:

$$ROI = \frac{\text{Current value of investment} - \text{cost of investment}}{\text{Cost of investment}}$$

b) **Return on Assets;** Return on Asset (ROA) is an indicator of how profitable a company is in relation to its total assets. ROA provides managers, investors, or analysts with an idea of how effectively a company is managing in terms of profitable assets. An ROA of 5% or better is usually considered a good ratio, while 20% or better is considered a good one. In general, the higher the ROA, the more efficient the company is in generating profits.

The return on Assets (ROA) formula is as follows:

$$\text{Return on Assets} = \frac{\text{Total income}}{\text{Total assets}}$$

c) **Inventory Turnover;** Inventory turnover is a measure of the amount of inventory sold or used over a certain period of time, for example a year. It is calculated to see if a company has excessive inventory compared to sales. A good inventory turnover ratio is between 5 and 10 for most industries, indicating that you sell and restock your inventory every 1-2 months. This ratio strikes a fine balance between having enough stock and not recommending too often.

Inventory Turnover Ratio is calculated as follows:

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

d) **Return on equity:** is a metric that measures a company's profitability in relation to its equity. Because equity may be computed by deducting all assets and liabilities, ROE can alternatively be conceived of as return on investment minus liabilities. ROE is used to compare the performance of companies in the same industry. ROE is a measure of management's ability to create income

from equity, just as ROI. A return on equity (ROI) of 15-20% is generally regarded as satisfactory.

Return on Equity is calculated as follows:

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Shareholder Equity.}}$$

2.2.2 Non-tariff Barriers Concept

Non-tariff measures relate to government regulations affecting exports and imports. They are generally defined as any trade-distorting action, but it is not a distorting tariff where domestic prices deviate from marginal prices. NTB is defined by Baldwin (1970) as any activity (public or private) that causes globally traded products and services or resources intended for their creation to be dispersed in such a way that the potential for real income is lowered. Similarly, the EU defines non-tariff barriers as anything other than tariffs or quotas.

The majority of these are non-discriminatory provisions aimed for protecting consumers' or the environment's health and safety (Nancy, 2015). While such rules are frequently entirely lawful and legal, meeting differing standards in different nations can be complicated and costly for exporting companies, particularly small and medium-sized enterprises (SMEs). Export limits and subsidies are examples, and distortions might be purposeful or the result of legal regulatory action. They are inextricably linked to state (administrative) actions and have an impact on the prices, quantities, structures, and/or directions of international flows of goods and services.

NTB also includes domestic measures such as production subsidies and many of the legal and administrative measures involved in the Doha Round trade facilitation negotiations. NTB is frequently justified by four major reasons: preserving the health, safety, and security of persons, animals, and plants, as well as protecting against

environmental contamination; protecting national security; protecting against loss of income; and protecting local industry and consumers. Recently, the precautionary principle or precautionary strategy has been presented as a basis for government trade restrictions based on environmental and health concerns, frequently independent of cost or scientific proof. These policies only become true NTBs if they are executed in such a way that they do not have to raise costs, impede commerce, or be done in an ineffective manner.

The most important aspect of NTM analysis is not how it is used, but how it works. An important area is calculating the fees they charge on international trade. Because of their heterogeneity in terms of intent, scope and implementation mechanisms, standards impose different costs (and benefits) for different actors. Understanding these costs and benefits will make a significant contribution to national and international policy-making processes. However, most developing countries do not have the resources to analyze and understand the nature and impact of NTB on their exports.

a) Import ban

The state uses total prohibition as a pioneering form of foreign trade administration regulation and limits the number of countries in which companies can trade certain goods (Burke, 2017). This limits the number of items that can be imported or exported at the same time. An embargo, on the other hand, is a complete prohibition on commerce in certain commodities that can be placed on the import or export of specific goods transported to or from specific nations. They are regarded legal trade barriers, and governments can enact them to achieve certain economic and political aims. Its goal is to assist weak industries harmed by the destruction or removal of

customs barriers, as well as to give interest groups with the ability to influence trade arrangements without the use of trade tariffs. In this study, import bans are measured against prohibitions, discriminatory rules of origin, strict trade measures and environmental protection.

b) Import Licensing

The main purpose of import permits is to simplify and make import procedures more transparent, to ensure fair and equitable application and administration, and to prevent licensing procedures from having a restrictive or distorting effect. As a result, the licensing system is critical since it allows approved enterprises to import certain permitted goods. This can be a one-time or a general license. A general license enables the import of official goods for a limited duration, whereas a single license allows a single product importer to import a number of products (Kiriti, 2012). In this study, import licensing was measured using eligibility determination, influence on decision to import, quota shares on transactions and restrictive licenses.

c) Quality Control

Items will not be shipped unless they are of good quality. If quality standards are not adhered to, the image of the exporter deteriorates and further opportunities for export orders are near. Quality brings repeat orders to exporters and therefore exporters should not take any risks regarding goods being exported overseas. Even the country's image will be at stake, so the government has taken several steps to maintain high export quality standards (Kiriti, 2012). One of the most important actions taken by the government is strict quality control of all exports, but this can affect the work of the company as the costs involved increase with the desired quality. In this study, strict quality control was measured using imposed strict international standards,

occupational safety and health regulations, technical requirements and imposed quality conditions and cost of compliance.

2.3 Theoretical Review

This study is guided by three theories namely, Theory of Competitive Advantage, Upper Echelons Theory and Contingency Theory.

2.3.1 Theory of Competitive Advantage

This theory was introduced by David Ricardo (1817) and explains how competitive advantage can be achieved in companies. The theory says that firms can gain a competitive advantage over competitors through specialization. According to this theory, trading can only add value if the gains from trading are balanced. Here one firm can produce all goods with fewer resources than another (Ricardo, 1817). This theory is based on the principle that only the national level is fundamentally important for the level of productivity to be achieved.

The main limitation of this study, however, is that it assumes perfect competition in organizations, surrounded by constant opportunity costs and scarce mobility of the factors of production. The importance of research theory is that the strategies chosen should focus on the sectors in which they have an advantage over competitors. Thus, the theory provides a framework for a firm's ability to produce goods and services at lower opportunity costs and thereby gain a competitive advantage. Based on this theory, automotive installers need to lower NTB to gain a competitive advantage and improve overall performance.

2.3.2 Upper Echelons Theory

The Upper Echelons Theory (UET) was founded by Hambrick and Mason, (1984). The theory links the quality of decisions on performance from the point of view that,

the role executives' play in executing decisions and its influence on organizational performance is crucial. The characteristics of the top management influence the direction and speed of the operations of the organization (Wasike*et al*., 2016). Selection of management teams having good decision making skills is a crucial determinant of strategic alignment of the firm (Talaulicar*et al*., 2005; Hambrick, 2007).

Critiques to UET argue that though management characteristics may control the performance of organizations, such an influence effects various depending on strategies identified by the organization and that the execution of strategies of the organization may influence the performance of the organization but the relationship happens through the decisions and actions of those in charge (Oketch and Kilika, 2017). Though there are critics to the theory scholars continue utilizing it, in this study the theory is relevant and more preferred in addressing decisions made by the management in ensuring performance as well as managing threats to performance such as NTBs.

2.3.3 Contingency Theory

The theory was proposed and developed by Fred Edward Fiedler (1978). The theory is that the nature of the firm in a given organization is mainly determined by the internal and external environment. As a result, every organization faces different internal and external constraints that determine not only business efficiency but also profitability. According to this theory, a company's ability to operate is based on its efficiency in understanding and diagnosing these contextual factors.

According to Nancy (2015), the main strength of contingency theory is that it describes appropriate organizational characteristics such as culture and leadership

style for contingency situations that reflect the organizational situation. However, the theory faces a limitation in that despite being widely used in organizations and gets mixed reviews from users and theorists, it does not explain how the contextual factors may be manipulated or modified to the benefit of the firm. Furthermore, the contingency theory does not explain how organizations can use its results in different situations. The theory's preposition to the study is that the NTBs influence to performance will vary depending on the motor vehicle assembler. Therefore, the effect of each NTB on performance will be different depending on the contextual factors surrounding a specific motor vehicle assembler in Kenya.

2.4 Empirical Literature Review

Studies on NTBs and organizational performance, as well as economic development, have been undertaken both worldwide and locally.

2.4.1 Import ban and Financial Performance

The study was used to analyze the impact of non-tariff barriers on trade and investment between the EU and Japan (Copenhagen Economics, 2010). The survey of 120 European enterprises exporting to Japan was done across seven major industries. The goal of this study is to determine the value of NTB shares in business operations and to examine their impact on corporate costs. The seven major sectors cover the majority of the EU's exports to Japan (automotive, pharmaceutical, medical equipment, food, transport equipment, telecommunications and financial services). Furthermore, Ecorys performed a global survey of EU enterprises in 2009 to analyze the costs of trade with the EU (40 countries and a 100-point scale describing the restrictions that exporting countries face to the EU).

Silla, (2013) investigated the impact of the existing Non-Tariff Barriers specifically the check points in the road mode. This study collected secondary data from the selected sources from books, journals and other publication like EAC statistical database, World Bank and trade related data and research observation. The secondary data was analyzed through the aid of Computer software- Microsoft Excel. The study's findings indicated the possibility of decreasing obstacles in Tanzania from eight to three, which would benefit landlocked countries because roadblocks impede trade performance.

Wanjiru (2016) conducted a study on international trade barriers that affect used car dealers in Kenya who have car dealers in Nairobi. This research is quantitative and uses a descriptive research design. This is because the research aims to provide a factual and accurate picture. The target group for this study consisted of 240 car dealers in Nairobi. The result was that local investment regulations thwarted the commercial expansion of used car dealerships; Regulatory investment policies reduce the use of used cars in the market. The study concluded that international trade practices practiced by the automobile traders in Nairobi enhance efficient importing among Nairobi automobile traders.

Rising political interest in non-tariff measures (NTMs) and active academic debate about NTMs have driven the growing literature on how NTMs affect agri-food trade. The empirical literature offers contradictory and varied evidence, with some research supporting the "standards as catalysts" argument and others supporting the "standards as obstacles" interpretation. To the degree that NTMs might impact trading, there is an urgent need to comprehend the prevailing effects and motives behind one or more effects. Gaetano Santeramo and Lamonaka (2018) did a meta-analysis to explore potential determinants of variability in the appraisal of the effect of non-tariff

measures on agri-food trade. Our findings highlight the importance of the publication process as well as research-specific assumptions. Some research characteristics were connected with a significant positive rating, whereas others were associated with a significant negative rating. In general, we discovered that the effect of NTM differed based on the type of NTM, the NTM proxy, and the study's level of detail. The consequences of methodological issues and the publication process cannot be overlooked.

2.4.2 Import licensing and Financial Performance

The World Bank (2014) conducted a study to identify NTBs having a strong impact on intra-EAC trade in order to improve their persistence understanding within a specific time frame; and to create feasible implementation removal plans. Food and live animals remained to dominate both legal and informal intra-EAC commerce, with the exception of Kenya, which indicated an increasing amount of export diversification into manufactured products. Evidently, a considerable portion of this trade was seasonal and relatively localized.

Okumu and Nyankori (2014) uncovered NTBs in the EA Customs Union in their study on NTBs, and some have persisted where to integrate a not insignificant rundown of customary documentation demands, cumbersome conventions, and testing limits and affirmation courses of action. Other issues included un-institutionalized weighbridges, detours, a lack of benchmarks acknowledging specific states, and the existence of a few un-orchestrated rules. The re-enactment of the aftereffects of a spatial equilibrium model of maize trading in the presence and absence of NTBs demonstrates that at the EAC, there exists actual production, trading, and welfare recommendations resulting from NTB disposal in maize trading. This is especially noticeable in Uganda's output and trade compared to Tanzania and Kenya.

Bowen (2018) investigated the influence of non-tariff barriers on East African trade: a case study of Kenya and Tanzania. We used a descriptive research design. The study's target population was 2,654 people. Using Yamane's approach, however, a sample of 348 respondents was established. The quantitative and qualitative data collected were examined using descriptive and content analysis. According to the study's findings, there are a variety of non-tariff barriers that impede Kenyan exporters' trade with Tanzania. Lack of harmonization in working hours; delays at weighbridges; multiple police road blocks and mobile control; license for goods in transit; entrance fees and grace periods; poor trade information dissemination; and corrupt police and border officials were the non-tariff barriers identified for the study.

While trade agreements reduced tariffs all around the world, new trade barriers arose. Non-tariff trade barriers (NTB) can be as concerning as tariffs for the exporting country. NTB comprises a lot of impediments to the company's capacity to export. Tariffs are no longer the only trade barriers that exist. Non-tariff barriers (NTBs) can now have a greater influence on commerce than tariffs. Ardakani, Yazdani, and Gilanpour (2009) investigated the effects of non-tariff obstacles on Iranian agricultural exports. Unlike earlier studies, we employed a gravity model to estimate the trade impact of non-tariff trade restrictions imposed by importing countries on Iranian pistachios, raisins, and shrimp. NTB had a greater negative impact on pistachio and shrimp exports than tariffs; the growth in exports was unaffected by NTB. Global agricultural exports and demand are expanding, with an emphasis on product quality, packaging, labeling, and standards. Politicians in agricultural exporting countries, such as Iran, must take these traits into account when crafting policies. As a result, if Iran develops a sophisticated production system, it will enhance agricultural exports.

Okute (2017) examined the effects of non-tariff and technical trade barriers on Kenyan exporters within the East African Community. This study follows an explanatory research design to elucidate the various technical and non-tariff trade barriers that impede trade in the EAC, with particular emphasis on the barriers that hinder Kenyan exporters in the EAC. According to studies, there are too many agencies involved in all export control and certification in the region, as well as escorting all sensitive and dangerous products through every East African Community (EAC) transit country and controlling cargo in transit. He also mentioned that the lack of synchronization of working hours at border crossings, large-scale delays, multiple police blockades and mobile controls, transportation bans for locally manufactured items, and transit licenses for EAC exporters cause difficulties. According to studies, entry fees and grace periods for trucks, business registration, use of immigration and visa procedures, inadequate dissemination of information in East African communities, language difficulties, and insecurity/road crime/loss of products at container ports are not tariff trade obstacles. at the EAC.

The study found that technical trade barriers such as technical requirements, voluntary standards, and conformity assessment procedures had an impact on trade. According to the survey, Kenyan exporters encountered institutional hurdles to Kenya's trading with the EAC. The study found that several Kenyan ministries, departments, and parastatals were the institutional barriers to trade, and that the KRA was in charge of enforcing and managing customs regulations as well as administering common external tariffs, resulting in TBT. The study found that the implementation of multiple certification and conformity tests, as well as the difficult and lengthy procedure for acquiring the certificate of origin, were a trade barrier.

According to the study, some mitigation procedures for minimizing the impact of trade barriers would include: harmonizing product standards and developing mutual recognition of standards across member countries, verifying information on NTBs, prioritizing products, developing specific work programs, and implementing a sector-based approach strategy that addresses issues in specific economic and political sectors. Other mitigating techniques would include: improving information and opinion exchange on a variety of active NTB eradication programs/projects, establishing a communication network between NTB focal areas, and developing acceptable procedures for identifying and eradicating NTBs.

2.4.3 Quality Control and Financial Performance

Portugal-Perez and Wilson (2009) undertook a study on trade cost in SSA using a gravity model to estimate the ad valorem tariff equivalents when indicators in trade cost are improved. Their results showed that trade costs in SSA were higher than trade costs in other developing regions. Equally, trade costs were found to explain about 55 per cent of global trade before World War I and 33 per cent of global trade after World War II.

Kareem (2012) examines non-tariff trade barriers and exports: an analysis of the impact of trade relations between Africa and the EU and between Africa and the US. The study examines the exports of 25 African nations grouped into three sectors, using a gravity model from the World Integrated Trade Solution from 1990 to 2009. The moment approach is often used in analysis to reduce potential endogeneity and heteroscedasticity issues. The study concludes that it is not tariffs that are preventing Africa from exporting to these markets, but rather the application of non-tariff obstacles such as standards, sanitation, and phytosanitary measures, among others. Tariff barriers in both markets are larger and more important.

Baya (2019) investigated the effects of tariff and non-tariff obstacles on agricultural and food product trade across East African communities from 1999 to 2014. Data on trade barriers are gathered from the Trade Analysis and Information Systems Database. The results show that agri-food trade has been largely liberalized with the EAC, particularly through the more duty-free route, a feature that contributed to higher trade over the 15-year study period. Countries with few edible vegetable lines such as Kenya attract large imports from trading partners such as Uganda (0.333) and Tanzania (0.357) at $5,472,149 and $2,462,069, respectively. With a 1% share, the number of duty-free passes has a significant impact on grain trade between countries. Non-tariff trade obstacles, such as the usage of a similar language and shared borders, have a large positive impact on trade, according to the Random Effect Model results (REM).

Based on the most recent literature on gravity models, Feraz, Ribeiro, and Monasterio (2017) calculated the impact of TBT/SPS measures on Brazilian exports. Hackman's selection model, which is theoretically based on Melitz's fundamental model for heterogeneous companies, stresses the relevance of zero trade flows and firm heterogeneity in gravity equation estimation, two elements that are frequently overlooked in typical specifications. We show that the present TBT and SPS restrictions have a significant detrimental impact on both the extensive and intensive margins of Brazil's exports. Furthermore, we add to the empirical literature by thoroughly establishing the sectoral impact of such interventions on domestic exports. TBT/SPS regulations, while generally negative, can improve exports in many areas of the Brazilian economy, according to our findings.

2.5 Research Gap

Tariffs have reduced globally as a result of multinational, regional, and bilateral trade liberalization (Meyer et al., 2010). At the same time, several countries have developed an additional protectionist mechanism, known as non-tariff barriers (NTBs), which is continually evolving and endangers the free flow of international products and services. Non-tariff barriers have permeated the interactions of countries and regional blocs across the globe. Though studies have been conducted as regards NTBs, the findings have been inconclusive. As such, most studies conducted have investigated the concepts separately without determination of the effect on financial performance as per Table 2.1. The available literature lacks data collection period, research methodology, research design and different theoretical frameworks guided those studies, thus presenting a research gap this study aimed at addressing. Understanding this is imperative so as to elevate the motor vehicle assemblers in Kenya which has been dwindling for the last two decades.

Table 2.1: Research Gaps

Author	Year	Topic	Findings	Research Gap
Baya,	2019	Tariff and non-tariff impediments to intra-East African Community agricultural food commodity trade from 1999 to 2014.	The findings reveal that agricultural food commodity trade with the EAC has been greatly liberalized.	Non-tariff obstacles, such as sharing a same language and a common border, continue to be a challenge.
Bowen,	2018	Non-tariff Barriers to East African Trade: A Case Study of Kenya and Tanzania	The study's non-tariff hurdles included a lack of harmonization in working hours, delays at weighbridges, and frequent police roadblocks.	Measures to reduce non-tariff barriers that hampered Kenyan exporters' trade with Tanzania.
Wanjiru	2016	International barriers of trade affecting the Kenya second hand automobile traders who own motor dealerships in Nairobi	Findings were that investment regulations locally frustrate trade expansion of second hand automobile dealerships; investment regulatory policies reduce the second hand vehicles in the market.	International trade practices practiced by the automobile traders in Nairobi enhance efficient importing among Nairobi automobile traders.
Okumu and Nyankori,	2014	NTB in EA Customs Union	The investigation showed that there are NTBs, and some have persisted where to integrate a not insignificant rundown of traditional documenting necessities.	Recommendations for welfare arising from the disposal of NTBs in maize trading.
World Bank	2014	NTBs with high impact on intra-EAC trade.	The study illustrated that food items and live animals continued to dominate both formal and informal intra-EAC trade.	A significant part of this trade tended to be seasonal and largely localized hence should be addressed.

Silla	2013	Impact of the existing Non-Tariff Barriers specifically the check points in the road mode.	The study findings showed the possibility of reducing road blocks in Tanzania from eight to three favouring the landlocked countries, as the roadblocks hinders trade performance.	Implementation of measures to reduce the number of road blocks in Tanzania.
Kareem,	2012	Non–tariff Barriers and Exports: An Impact Analysis of African–EU and African–US Trade Relations	Tariffs, according to this report, were not the reason of Africa's export inability to access markets.	The incidences of the use of non-tariff barriers are recommended to be re-evaluated.
Atwine,	2011	The Effect of Non-Tariff Barriers on Intra-Regional Trade Performance: The Case of Uganda-South Sudan Trade	In regard to the relationship between Non-Tariff Barriers and performance of intra-regional trade a significant relationship was observed.	The study recommends, countries promote infrastructure development, capacity building among traders, commit standards and support each other to enforce security.
EU	2010	NTBs' influence on trade and investment between the EU and Japan	Significant effect between of NTB on trade investments	Inventory of non-technical barriers to doing business, as well as their impact on the costs of the enterprises.
Saksena, and Anderson,	2008	Explaining Variation in the Use of NTBs in Developed Countries: The Role of Political Institutions	The study hypothesized that PR-based systems are associated with lower rather than higher levels of NTBs.	Policy makers need to initiate measures to harmonize tariffs in the region.

2.6 Conceptual Framework

In research, the conceptual framework is the relationship between the independent variable and the dependent variable (Mugenda & Mugenda, 2008). Figure 2.1 depicts the conceptual foundation for this study.

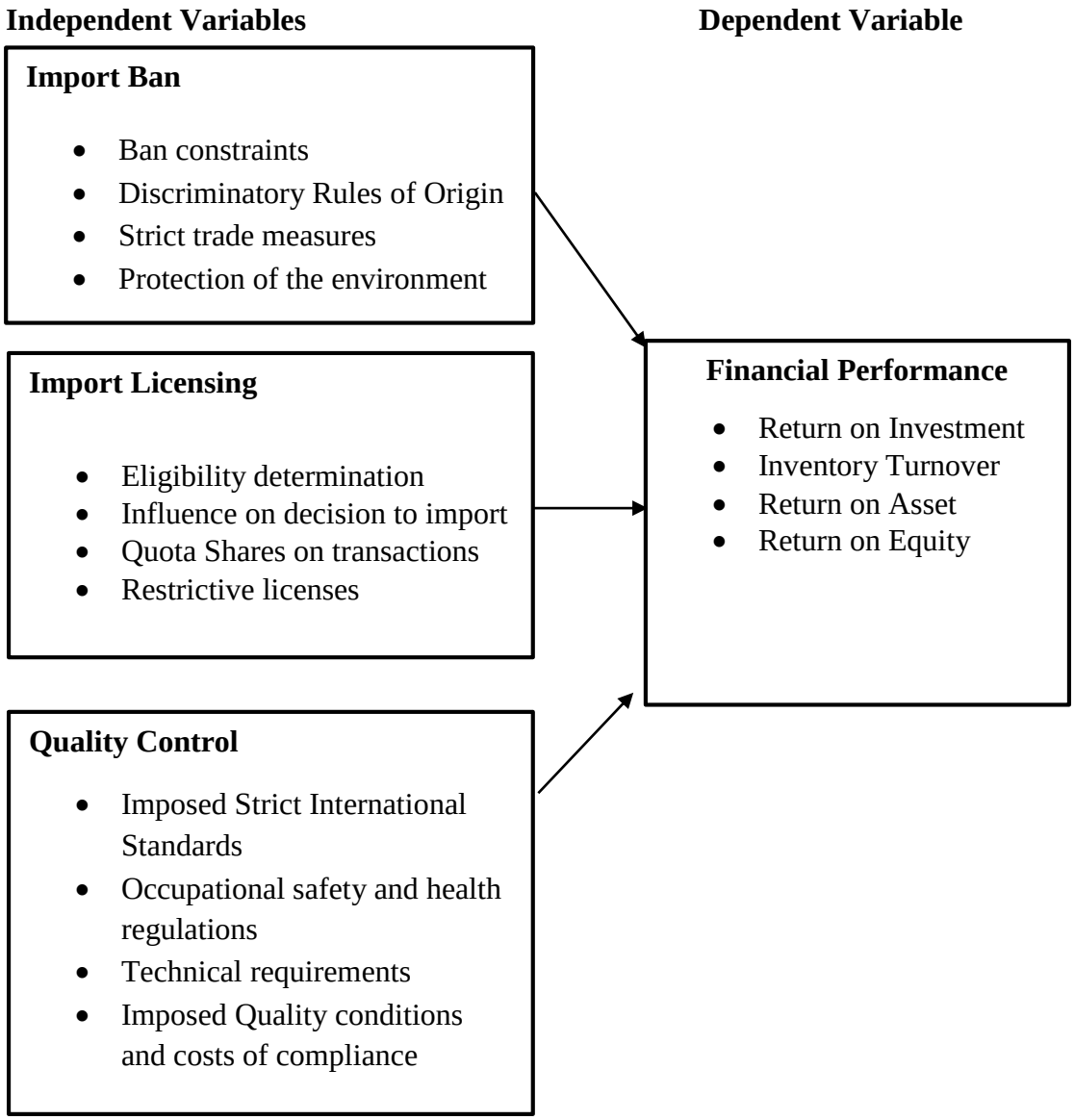

Figure 2.1: Conceptual Framework

Source: Researcher (2020)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research approach that was employed to fulfil the research objectives. This chapter, in particular, discusses the research design, study population, sample procedures, and data collection. This chapter closes with data analysis techniques.

3.2 Research Design

The general strategy, scheme, or approach that provides guidance on how to perform specific study is referred to as research design (Mugenda & Mugenda, 2008). It works to assure systematic data gathering and the research's integrity. This research employs an explanatory research design. The research design enables the researcher to measure both the results and the exposure of the study participants at the same time, allowing the researcher to develop correlations between the study variables (Polit & Beck, 2008). Furthermore, it establishes a close association with the study variables without the interference of the research and allows for valid results.

3.3 Target Population

The population for this study consisted of four car mechanics in Kenya, namely; Isuzu East Africa, Associated Vehicle Assemblers (AVA) Mombasa, Kenya Vehicle Manufacturers (KVM) Thika and Trans Africa Motors Mombasa. This population was chosen because the impact of NTB is mostly experienced by international trading companies such as car installers. The list of automakers is provided by the Kenya Manufacturers Association (KAM). As such 880 employees from finance, marketing and operations department were targeted as per Table 3.1.

Table 3.1: Study Population

Category	Isusu East Africa	Associated Vehicle Assemblers (AVA) Mombasa	Kenya Vehicle Manufacturers (KVM) Thika	Trans Africa Motors Mombasa	Total
1. Finance	100	60	50	35	**245**
2.Marketing	160	100	90	85	**435**
3. Operations	90	40	40	30	**200**
Total	**350**	**200**	**180**	**150**	**880**

3.4 Sampling design

Sampling is a process of selecting small units of people or organizations from a target population of interest so that by studying the sample the researcher may be able to get the general results expected from the target population (Saunders, 2003).

3.4.1 Sample Size

Slovin's formula (1960) was used to identify the sample size. By applying the formula, a sample size of 275 respondents was studied using at 5% margin of error.

Slovin's formula is:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = number of samples, N = total population and e = error margin / margin of error.

$$Therefore\ n = \frac{880}{1 + 880(0.05)^2} = 275$$

The sample size was then divided into three individual strata; N1, N2, N3, to obtain proportional representation which formed the focus of the study.

1) Strata N1 = 275 (245/880) = 77

2) Strata N2 = 275(435/880) = 136

3) Strata N3 = 275(200/880) = 62

Where,

n = Sample size, N = population size,

A sample of 275 respondents was therefore drawn from the population. The calculated sample size was proportionately distributed in table 3.2.

3.4.2 Sampling Technique

Stratified random sampling was used in selecting the respondents who took part in the study. It is a sampling technique where items in population are classified into strata. In this study, the target sample was classified into three strata (departments). The sampling is appropriate for this study because the likelihood of sample being representative is high based on the respondent's categories as shown by Table 3.2.

Table 3.2: Sample size

Category	Target Population	Proportion	Sample size
1. Finance	245	0.27840909	77
2.Marketing	435	0.494318181	136
3. Operations	200	0.227272727	62
Total	**880**		**275**

Source; Researcher, (2020)

3.4.3 Data collection Instrument

Data collection is the systematic collection and measurement of information on variables of interest in order to answer research questions, test hypotheses, and assess results. According to Mugenda and Mugenda (2003), questionnaires, interview plans, observations and assessments are basic training techniques used in the social sciences for data collection. To examine the relationship between the dependent and the independent variables of the study, the study used a closed ended structured questionnaire administered on a five-point Likert ranging from strongly disagree to

strongly agree to gather primary data. The primary data collected was quantitative in nature.

3.4.4 Data Collection Procedure

In order to collect data and generate meaningful data for analysis, the data collecting procedure is critical (Groves, 2009). The questionnaire was distributed using the drop-and-pick method. By keeping a list of issued and received questionnaires, it was possible to assure that all questionnaires sent to respondents were collected. With the assistance of four helpers, the questionnaire was administered independently.

3.5 Pilot Test

Pilot testing is carried out to allow the researcher to test the research approach with a limited number of participants prior to the main study. According to Mugenda (2003), a sample of at least 10% of the population is usually adequate in a pilot study. In the context of this study, the pilot test was conducted on twenty-eight (10%) of the actual sample size of two hundred and seventy-five (275) participants from Associated Motors (AM). The participants selected for the pilot exercise did not form part of the population under study. Data was then collected from the participants and then subjected to correlation and multiple regression analysis to establish the approach of the research in relation to the study variables.

3.5.1 Validity of the Research Instrument

Validity informs the researcher how accurately a method measures the variables of a study. Macmillan and Schumacher (2006) define validity as the level of agreement between the interpretation of a phenomenon and the reality of the world. There are four main types of validity, namely; Establish validity that determines whether the test measures the concept it intends to measure; Content validity, which determines

whether the test fully represents what it is intended to measure; Face validity, which determines whether the content of the test appears to be fit for purpose, and criterion validity, which determines whether the results agree with other tests for the same thing. This study employed both constructive and content validity. The questionnaire has been separated into multiple design validity sections to guarantee that each area assesses the information for a distinct purpose while also being closely tied to the conceptual structure of this study.

To ensure content validity, two independent technical personnel were randomly engaged from the motor vehicle assemblers to assess the questionnaire. In addition to the two distinguished research supervisors, the technical personnel were requested to determine the validity of the statements in the questionnaire and whether the content was aligned to the research objectives. The questionnaire was adopted from reviewed literature based on standard research requirements. The instrument was properly calibrated on the basis of the assessment before it was subjected to the final data collection exercise**.**

3.5.2 Reliability of the Research Instrument

Reliability measures the order of items in the questionnaire to obtain the same results under the same conditions. This study uses the Cronbach formula (1951) to measure the internal coherence of the elements of the questionnaire. Cronbach's alpha is most useful for multi-element rocks, requires only one administration, and provides specific quantitative estimates of internal scale sequences. Cronbach alpha (α) was computed using the following formula.

Cronbach's basic equation for alpha

$$\propto = \frac{n}{n-1}\left(1 - \frac{\sum Vi}{Vtest}\right)$$

- n = number of questions
- Vi = variance of scores on each question
- Vtest = total variance of overall scores on the entire test

The computation of Cronbach reliability alpha based on the above formula was simplified by use of SPSS. The questionnaire responses were entered into the SPSS and the alpha coefficient of Cronbach was determined for reliability. The alpha value of A Cronbach of 0.7 and above showed that the analysis method used was accurate. This study adopted a coefficient of 0.7 as the benchmark for reliability. A total of 28 questionnaires were piloted and the data used to conduct reliability test using the Cronbach Alpha,a threshold of 0.7 and above was used. Other studies such as Bonett and Wright (2015) and Quansah (2017) also supported the use of 0.7 cut off point. The results are in Table 3.3.

Table 3.3: Reliability Test

Variable (N=28)	**No of Items**	**α > 0.7**	**Comment**
Financial Performance	7	0.731	Reliable
Import ban	8	0.773	Reliable
Import licensing	6	0.721	Reliable
Quality control	7	0.705	Reliable

Source: Research Data (2021)

The findings in Table 3.3 indicate that financial performance had a coefficient of 0.731, import ban had 0.773, import licensing had 0.721, and strict quality control had 0.705. All the variables had coefficients above 0.7 implying that the items measuring the study variables were reliable. They were all used in the subsequent analyses.

3.6 Data Analysis and Presentation

The research adopted both descriptive and inferential statistical analysis techniques to examine the relationship between the variables of the study. After collecting qualitative data through questionnaires, values from the scale of the Likert were cleaned, coded and keyed into SPSS for purposes of data analysis.

The data is segmented to represent the research variables. Descriptive statistics in the form of mean and standard deviation, as well as correlation and multiple regression analysis, were used to examine the interaction between the independent variable and the dependent variable. The intensity of the linear relationship between the variables was defined by correlation analysis. According to Hosmer & Lemeshow (2015), Linear multiple regression is a useful way to view decision effects, makes relatively few statistical assumptions, and is robust to the statistical assumptions made. The results of the descriptive statistics were summarised in the form of means, standard deviations, frequencies, and percentages.

Ouma and Muriu (2014) suggested that researchers may use a variety of diagnostic tests, each of which is designed to detect a specific type of model inadequacy, to be able to verify the adequacy of a selected model. In order to prevent incorrect regression outcomes, diagnostic tests namely Linearity, Normality, Homoscedasticity and Multicollinearity were conducted.

Most statistical tests are predicated on certain assumptions about the variables under consideration. If these assumptions are not followed, the results may be erroneous, resulting in an overestimation or underestimating of the effect's importance or magnitude. As noted by Pedazur (1997), knowledge and understanding of situations

in which violation of assumptions lead to serious deviations and where they are insignificant is essential for meaningful data analysis.

3.6.1 Multiple Regression Analysis

A multiple regression model was used to test the significance of the effect of variables. The multiple regression model was as follows;

$Y = \beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+ e$

Where:

Y = Performance of the motor vehicle assemblers

β_i = The coefficients representing the various independent variables.

β_0 = the Y intercept

X_1 = Import Ban

X_2 =Import Licensing

X_3 = Quality Control

e = the error term which is assumed to be normally distributed with mean zero and constant variance.

3.6.2 Regression Assumptions

Diagnostic tests on the assumptions of regression analysis were done to ensure that quality of quantitative data assessment is valid. Diagnostic tests conducted were; normality, multi-collinearity, heteroscedasticity and linearity test.

a) **Testing for Multicollinearity**

Multicollinearity is an unfavorable circumstance in which the correlations between the independent variables are strong, and it alters the regression findings when it

exists (Creswell, 2008). The variable inflation factor (VIF) and Tolerance statistics were used to test for multicollinearity. Multicollinearity was determined to exist when the VIF Variance inflation factor (VIF) was less than 10 and the Tolerance was larger than 0.2, resulting in multicollinearity. The problem of multicollinearity was avoided by ensuring that a big sample was used, as multicollinearity is not known to exist in large samples. Multicollinearity was also eliminated by eliminating one of the highly linked variables.

b) Normality Test

Regression analysis assumes that the study data is normally distributed. Tests for normality was done using Shapiro-Wilk test where a P value (Sig. value) greater than 0.05 shows the data is normally distributed. The choice of Shapiro-Wilk test was because it is a more specific test for normality compared to other tests such as Kolmogorov-Smirnov test, which is more general.

c) Test of Linearity

Linearity was evaluated using scatter plots to see if there was a linear relationship between two continuous variables before performing regression analysis. Before applying regression models, it is expected that the relationship between variables will be fairly linear (Jain, Agarwal, Thinakaran & Parekhji, 2017).

d) Heteroscedasticity Test

To test for heteroscedasticity, the Breusch-Pagan / Cook-Weisberg method was applied in this work. The most popular method for establishing heteroscedasticity in linear models is the Breusch-Pagan/Cook-Weisberg test. The Breusch-Pagan/Cook-Weisberg hypothesis compares the null hypothesis that all error variances are equal to the alternative that the error variance is a multiplication function of one or more

variables. The chi-square probability value greater than 0.05 indicates that there is no heteroscedasticity.

3.6.3 Data Transformation

Data transformation in this study involved converting the Likert scale responses to continuous data through calculation of composite means.

3.7 Hypothesis Testing

Table 3.4 shows how the hypotheses for the study were undertaken.

Table 3.4: Hypothesis Testing

Hypothesis	Test	Criteria	Decision
$H0_1$: Import banhas no significant effect on performance of motor vehicle assemblers in Kenya.	Multiple Regression	P-values (P<0.05) (P<0.1)	Reject
$H0_2$: Import licensing has no significant effects on performance at motor vehicle assemblers in Kenya.	Multiple Regression	P-values (P<0.05) (P<0.1)	Reject
$H0_3$: Quality control has no significant effects on performance of motor vehicle assemblers in Kenya.	Multiple Regression	P-values (P<0.05) (P<0.1)	Reject

3.8 Measurement of Variables

3.8.1 Financial Performance

This is a subjective evaluation of a company's ability to generate money by employing assets from its primary line of business. The word is also used to define a company's overall financial health during a given time period (Creswell, 2008). Financial

performance was examined in terms of Inventory Turnover, Return on Investment, Return on Asset, and Return on Equity in this study.

3.8.2 Import Ban

Import bans prohibit the entry of specific products from a specific country into the home country (Mensah, & Maponga, 2017). Countries use complete ban limitations as directive types of administrative foreign trade restriction, limiting the number of countries where businesses can trade specific commodities (Burke, 2017). Restrictions are rules or laws that limit or control what people or organization can do. In this study, a Likert Scale was used in measuring the various constructs of ban including ban constraints, imposed discriminatory rules of origin, restrictive trade measures and protection of the environment (Silla, 2013; Wanjiru, 2016). These refer to what goods are restricted or limited to be used in international trade. The data was then analysed using descriptive analysis and inferential analysis.

3.8.3 Import Licensing

Licensing is the process of acquiring authorization from a firm (licensor) to manufacture and sell one or more of its products in a certain market region. It comprises administrative processes that necessitate the submission of an application or other documents (other than that required for customs reasons) to the relevant administrative authority as a precondition for goods importation (Mkuna, 2014). In this study, a Likert Scale was used in measuring the various constructs of import and import licensing including eligibility determination, influence on decision to import, quota shares on transactions and restrictive licenses (Okumu & Nyankori, 2014). These refer to the exact documentations required for goods to be imported in a particular country. The data was then analysed using descriptive analysis and inferential analysis.

3.8.4 Quality Control

Strict quality control refers to a practice that strives to maintain or improve product quality. Quality control necessitates the establishment of an environment in which both management and employees strive for perfection. In this study, a Likert Scale was used in measuring the various constructs of quality control including imposed strict international standards, occupational safety and health regulations, technical regulations and imposed quality conditions and costs of compliance (Baya, 2019; Kareem, 2012). These measures form a specific baseline or control through which the goods have to pass or adhere to. The data was then analysed using descriptive analysis and inferential analysis. The measurement and operationalization of these variables is shown by Table 3.5.

Table 3.5: Operationalization and Measurement of Study Variables

Variable	Type	Measurement	Scale	Analysis	Authors
Financial Performance	Dependent	•Return on Investment •Inventory turn over •Return on Asset •Return on Equity	Likert	Descriptive analysis Inferential analysis	(Creswell, 2008)
Import Ban	Independent	• Ban constraints • Discriminatory Rules of Origin • strict trade measures •Protection of the environment	Likert	Descriptive analysis Inferential analysis	(Silla, 2013; Wanjiru, 2016)
Import Licensing	Independent	• Eligibility determination •Influence on decision to import • Quota Shares on transactions • Restrictive licenses	Likert	Descriptive analysis Inferential analysis	(Okumu and Nyankori, 2014)
Quality Control	Independent	• Imposed Strict International Standards • Occupational safety and health regulations •Technical requirements • Imposed Quality conditions and costs of compliance	Likert	Descriptive analysis Inferential analysis	(Baya, 2019; Kareem, 2012)

3.9 Ethical Consideration

In the study, permission was sought from NACOSTI and management of the motor vehicle assemblers prior to the actual study. Respondents were adequately informed on the study requirements after which they were required to consent their participation. The participants' confidentiality was not compromised since their names would not be indicated on the questionnaires and codes were used (Mugenda & Mugenda, 2008). The researcher also assured that no one, organization, or party was injured as a result of this investigation. Participation was voluntary without coercing or enticement and privacy was ensured throughout the study period.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents research findings and discussion in line with the study objectives. The outcomes are also discussed with reference to reviewed empirical literature in chapter two. The chapter starts by providing results on data reliability and response rate. The results on descriptive, diagnostic tests and factor analysis are then provided. Further correlation and regression results are presented.

4.2 Response Rate

A total of 275 questionnaires were issue to the participants who were employees working for the four car assemblers in Kenya.

Table 4.1: Response Rate

Response	Frequency	Percent
Successful	176	64%
Not successful	99	36%
Total	**275**	**100%**

Source: Research Data (2021)

According to the data, 176 of the 275 questionnaires were completed and returned correctly. This amounted to a 64% response rate. A response rate of greater than 50% is considered adequate for analysis (Saunders et al., 2009). As a result, the 64 percent response rate was sufficient for analysis in this study. The unsatisfactory responses could be ascribed to the fact that the survey was done during COVID-19, making it difficult to contact all of the respondents.

4.3 Factor Analysis

High values of KMO (close to 1.0) indicate that factor analysis may be useful. If the value of KMO is less than 0.50, the results of the factor analysis probably will not be very useful. Table 4.2 presents KMO and Bartlett's Test of Sphericity results.

Table 4.2: KMO and Bartlett's Test of Sphericity

	KMO	Bartlett's Test of Sphericity			Conclusion	Validity
Variable		Approx. Chi-Square	Df	Sig.		
Financial performance	0.593	16.062	21	.006	Acceptable	Valid
Import ban	0.705	129.92	28	.000	Acceptable	Valid
Import licensing	0.636	122.33	15	.000	Acceptable	Valid
Quality control	0.511	59.44	21	.000	Acceptable	Valid

The findings indicate that financial performance had a KMO coefficient of 0.593, import ban, 0.705, import licensing, 0.636, and quality control 0.511. The coefficients were greater than 0.5. Further, the significance of KMO coefficient was determined using the chi-square test and the conventional probability value of 0.05. The probability values were less than 0.05, implying that the sampling was adequate and therefore necessary to carry out factor analysis.

Factor analysis was used to summarize data in order to make it more intelligible without compromising any significant information, allowing for easier hypothesis testing (Field, 2009). Factor loading values greater than 0.4 should be accepted, whereas values less than 0.4 should be rejected, according to Kaiser (1974). Table 4.3 presents the factor loadings of all variables measured.

Table 4.3: Factor loadings of the study variables

Variables	Items	Factor loadings
Financial performance	NTBs contributed to improvement in motor vehicle assemblers inventory turn over	0.747
	NTBs contributed to improvement in motor vehicle assemblers return on investment	0.617
	NTBs contributed to improvement in motor vehicle assembler's return on asset.	0.485
	NTBs contributed to improvement in motor vehicle assembler's return on equity.	0.61
	NTBs contributed to improvement in motor vehicle assemblers operating efficiency	0.946
	NTBs contributed to improvement in motor vehicle assembler's liquidity	0.537
	NTBs contributed reduction in motor vehicle assemblers' overhead costs	0.488
Import licensing	Seasonal import regimes cause fluctuation in the returns by the firm	0.553
	The decision of eligibility limits regional trade and overall corporate growth.	0.573
	Licensing influence competition and the decision to import.	0.501
	Quota Shares diminish the annual earnings of automobile manufacturers.	0.587
	Restrictive licenses limit the nature of operations by motor vehicle assemblers	0.527
	Complex regulatory frameworks hinder the expansion of the motor vehicle assemblers to certain areas	0.589
Import ban	Import ban is aimed at protecting local industry	0.565
	Ban constraints increased the incentives to produce motor vehicles locally	0.434
	Enforcement of discriminatory Rules of Origin that govern importation of motor vehicles benefits trade locally	0.637
	Import ban on certain motor vehicle parts hinder maximum gains	0.414
	The lack of solid unanimity on import limits creates policy flexibility for enterprises to avoid paying duties.	0.363
	Adoption of restrictive measures substantially eliminates the possibility of obtaining products from surplus areas.	0.505
	Import ban on certain motor vehicle components limit their consumption	0.216
	Import ban are usually intended to protect the environment	0.302
Quality control	Strict International Standards affect profitability of motor vehicle assemblers	0.552
	Occupational safety and health regulations required negatively affect motor vehicle assemblers	0.585
	Technical regulations brought about by the non-Tarif barriers act as an additional burden to motor vehicle assemblers	0.855
	Imposed Quality conditions result in additional costs to motor vehicle assemblers	0.663
	Quality control measures increase the equilibrium price and as a consequence the consumption expenditures	0.719
	Quality control requires training of staff which leads to higher costs of operation	0.681
	Conformance to marketing requirements is impacted by quality control requirements	0.842

Source: Research Data (2021)

The findings in Table 4.3 indicate that all the items except three (measuring import ban) had values greater than 0.4. Items with values >0.4 were accepted, while the three items with values <0.4 were dropped in the subsequent analysis. This is because the three items were considered not to load significantly to the import ban variable. The things that were dismissed were a lack of firm uniformity on import restrictions, which creates policy room for enterprises to circumvent duties, an import ban on specific motor vehicle components, which limits their usage, and import bans, which are normally designed to safeguard the environment.

4.4 Descriptive Analysis

This section presents descriptive analysis results for each of the study variables including financial performance, import ban, import licensing and quality control. A scale of 1 to 5 was used where 1 represented strongly disagree, 2 - disagree, 3-neutral, 4 -agree and 5-strongly agree.

4.4.1 Financial Performance

In this study, the dependent variable is financial performance. The respondents were asked to score how much they agreed with the assertions about financial performance. The results are indicated in Table 4.4.

Table 4.4: Financial Performance

Statement (N=176)	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	M	S. D
NTBs contributed to improvement in motor vehicle assemblers inventory turn over	10(5.7)	23(13.1)	8(4.5)	70(39.8)	65(36.9)	3.89	1.20
NTBs contributed to improvement in motor vehicle assemblers return on investment	2(1.1)	2(1.1)	7(4)	62(35.2)	103(58.5)	4.49	0.73
NTBs contributed to improvement in motor vehicle assembler's return on asset.	9(5.1)	10(5.7)	7(4)	77(43.8)	73(41.5)	4.11	1.07
NTBs contributed to improvement in motor vehicle assembler's return on equity.	7(4)	6(3.4)	6(3.4)	70(39.8)	87(49.4)	4.27	0.98
NTBs contributed to improvement in motor vehicle assemblers operating efficiency	4(2.3)	12(6.8)	3(1.7)	79(44.9)	78(44.3)	4.22	0.95
NTBs contributed to improvement in motor vehicle assembler's liquidity	5(2.8)	16(9.1)	7(4)	79(44.9)	69(39.2)	4.09	1.03
NTBs contributed reduction in motor vehicle assemblers overhead costs	9(5.1)	17(9.7)	5(2.8)	66(37.5)	79(44.9)	4.07	1.15
Aggregate mean						**4.16**	**1.01**

Source: Research Data (2021)

The findings in Table 4.4 indicate that majority of the respondents agreed with the statement that NTBs contributed to improvement in motor vehicle assemblers inventory turnover (M=3.89), NTBs contributed to improvement in motor vehicle assemblers return on investment (M=4.49), NTBs contributed to improvement in motor vehicle assemblers return on asset (M=4.11), NTBs contributed to improvement in motor vehicle assemblers return on equity (M=4.27), NTBs contributed to improvement in motor vehicle assemblers operating efficiency (M=4.22), NTBs

contributed to improvement in motor vehicle assembler's liquidity (M=4.09), and NTBs contributed reduction in motor vehicle assemblers overhead costs (M=4.07).

The aggregate mean of 4.16 implied that the respondents agreed with most of the statements relating to financial performance of motor vehicle assemblers in Kenya. The standard deviation of 1.01denoted that the respondents' views regarding financial performance of motor vehicle assemblers were closely related.

4.4.2 Import ban

The first objective of the study was to determine the effect of import ban on performance of motor vehicle assemblers in Kenya. The respondents were asked to rate the extent to which they agreed with the statements relating to import ban. The results are indicated in Table 4.5.

Table 4.5: Import ban

Statement (N=176)	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	M	S. D
Import ban is aimed at protecting local industry	2(1.1)	13(7.4)	26(14.8)	82(46.6)	53(30.1)	3.97	0.9
Ban constraints increased the incentives to produce motor vehicles locally	6(3.4)	21(11.9)	41(23.3)	56(31.8)	52(29.5)	3.72	1.1
Enforcement of discriminatory Rules of Origin that govern importation of motor vehicles benefits trade locally	5(2.8)	17(9.7)	44(25)	67(38.1)	43(24.4)	3.72	1.0
Import ban on certain motor vehicle parts hinder maximum gains	2(1.1)	12(6.8)	44(25)	85(48.3)	33(18.8)	3.77	0.9
Adoption of restrictive measures substantially eliminates the possibility of obtaining products from surplus areas.	10(5.7)	18(10.2)	29(16.5)	69(39.2)	50(28.4)	3.74	1.1
Aggregate mean						**3.78**	**1.0**

Source: Research Data (2021)

The findings in Table 4.5 reveal that most of the respondents agreed with the statement that import ban is aimed at protecting local industry (M=3.97), ban

constraints increased the incentives to produce motor vehicles locally (M=3.72), Enforcement of discriminatory Rules of Origin that govern importation of motor vehicles benefits trade locally (M=3.72), Import ban on certain motor vehicle parts hinder maximum gains (M=3.77), and the use of restrictive measures essentially eliminates the possibility of sourcing products from surplus areas (M=3.74).

The aggregate mean of 3.78 implied that the respondents agreed with most of the statements relating to import ban. The standard deviation of 1.0denoted that the respondents' views regarding import ban were closely related.

4.4.3 Import Licensing

The second objective of the study was to determine the effect of import licensing on performance of motor vehicle assemblers in Kenya. The respondents were asked to rate the extent to which they agreed with the statements relating to import licensing. The results are shown in Table 4.6.

Table 4.6: Import Licensing

Statement (N=176)	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	M	S. D
Seasonal import regulations produce fluctuations in the firm's returns.	3(1.7)	19(10.8)	33(18.8)	72(40.9)	49(27.8)	3.82	1.01
The decision of eligibility limits regional trade and overall corporate growth.	2(1.1)	9(5.1)	22(12.5)	44(25)	99(56.2)	4.30	0.95
Licensing has an impact on competition and the decision to import.	7(4)	20(11.4)	51(29)	69(39.2)	29(16.5)	3.53	1.03
Quota Shares reduce the annual earnings of the motor vehicle assemblers	4(2.3)	11(6.2)	48(27.3)	75(42.6)	38(21.6)	3.75	0.94
Restrictive licenses limit the kind of operations that motor vehicle assemblers can conduct.	3(1.7)	19(10.8)	53(30.1)	66(37.5)	35(19.9)	3.63	0.98
Complex regulatory frameworks impede motor vehicle assemblers' growth into specific locations.	6(3.4)	24(13.6)	29(16.5)	74(42)	43(24.4)	3.70	1.09
Aggregate mean						**3.79**	**1.00**

Source: Research Data (2021)

According to the findings in Table 4.6, the majority of respondents agreed that seasonal import regimes cause fluctuations in firm returns (M=3.82), eligibility determination limits regional trade and overall business growth (M=4.3), licensing influences competition and the decision to import (M=3.53), quota shares reduce annual earnings of motor vehicle assemblers (M=3.75), and restrictive licenses limit the nature of operations by motor vehicle assemblers (M=3.75).

The aggregate mean of 3.79 implied that the respondents agreed with most of the statements relating to import licensing. The standard deviation of 1.0 denoted that the respondents' views regarding import licensing were closely related.

4.4.4 Quality Control

The third objective of the study was to establish the effects of quality control on performance of motor vehicle assemblers in Kenya. The respondents were asked to rate the extent to which they agreed with the statements relating to quality control. The results are shown in Table 4.7.

Table 4.7: Quality Control

	1	2	3	4	5	M	S. D
Statement (N=176)	**f (%)**	**f (%)**	**f (%)**	**f (%)**	**f (%)**		
Strict International Standards affect profitability of motor vehicle assemblers	4(2.3)	7(4)	39(22.2)	69(39.2)	57(32.4)	3.95	0.96
Occupational safety and health regulations required negatively affect motor vehicle assemblers	2(1.1)	13(7.4)	50(28.4)	80(45.5)	31(17.6)	3.71	0.88
Technical regulations imposed by non-tariff barriers impose an additional burden on automakers.	3(1.7)	9(5.1)	42(23.9)	83(47.2)	39(22.2)	3.83	0.89
Imposed Quality conditions result in additional costs to motor vehicle assemblers	18(10.2)	14(8)	15(8.5)	58(33)	71(40.3)	3.85	1.31
Measures to improve quality raise the equilibrium price and, as a result, consumption expenditures.	11(6.2)	21(11.9)	40(22.7)	57(32.4)	47(26.7)	3.61	1.18
Quality control requires training of staff which leads to higher costs of operation	13(7.4)	20(11.4)	42(23.9)	58(33)	43(24.4)	3.56	1.19
Conformance to marketing requirements is impacted by quality control requirements	5(2.8)	12(6.8)	15(8.5)	73(41.5)	71(40.3)	4.10	1.01
Aggregate mean						**3.80**	**1.06**

Source: Research Data (2021)

The results in Table 4.7 indicate that majority of the respondents agreed with the statements that strict International Standards affect profitability of motor vehicle assemblers (M=3.95); occupational safety and health regulations required negatively affect motor vehicle assemblers (M=3.71); technical regulations imposed by Non-Tariff barriers impose an additional burden on motor vehicle assemblers (M=3.83); imposed quality conditions impose additional costs on motor vehicle assemblers (M=3.85); quality control measures raise the equilibrium price and, as a result, consumption expenditures (M=3.61); quality control necessitates staff training, which raises operating costs (M=3.56); and conformance to marketing requirements imposes an additional burden

The aggregate mean of 3.8 implied that the respondents agreed with most of the statements relating to quality control. The standard deviation of 1.06denoted that the respondents' views regarding quality control were closely related.

4.5 Regression Assumptions

Several regression assumptions were tested prior to inferential analysis. The tests were done to confirm that the data series was not skewed, which would result in incorrect estimations. Multicollinearity, normality, linearity, heteroscedasticity, and auto-correlation tests were among those used.

4.5.1 Multicollinearity Test

Using VIF, the researchers investigated multicollinearity between independent variables. A value of one implies that no correlation exists between the independent variables. A VIF between 1 to 5 shows a significant association, but not one severe enough to necessitate action. A VIF of more over 10 indicates a critical level of multicollinearity.

Table 4.8: Collinearity Statistics

	Tolerance	VIF
Import ban	.339	2.946
Import Licensing	.614	1.630
Quality control	.342	2.921

Source: Research Data (2021)

Individual VIF values less than 10 are revealed in Table 4.8. Furthermore, the tolerance values were greater than 0.2, indicating that the independent variables were not multicollinear.

4.5.2 Normality Test

To determine the normality of the data, the Shapiro-Wilk test was applied, and a P value (Sig. value) greater than 0.05 results in acceptance of the null hypothesis (Ho: Data is normally distributed). A P value of less than 0.05, on the other hand, results in the null hypothesis being rejected.

Table 4.9: Normality Test using Shapiro-Wilk

	Statistic	df	Sig.
Financial performance	.965	176	0.107
Import ban	.940	176	0.052
Import Licensing	.902	176	0.110
Quality control	.955	176	0.075

a Lilliefors Significance Correction

Source: Research Data (2021)

According to the results in Table 4.9, the significance value for all variables was greater than 0.05. As a consequence, the null hypothesis of normal distribution was accepted, implying that the variables' data was normally distributed.

4.5.3 Linearity Test

Before applying regression models, it was believed that the connection between variables would be fairly linear (Jain, Agarwal, Thinakaran & Parekhji, 2017). Scatter plots were used to test for linearity as follows:

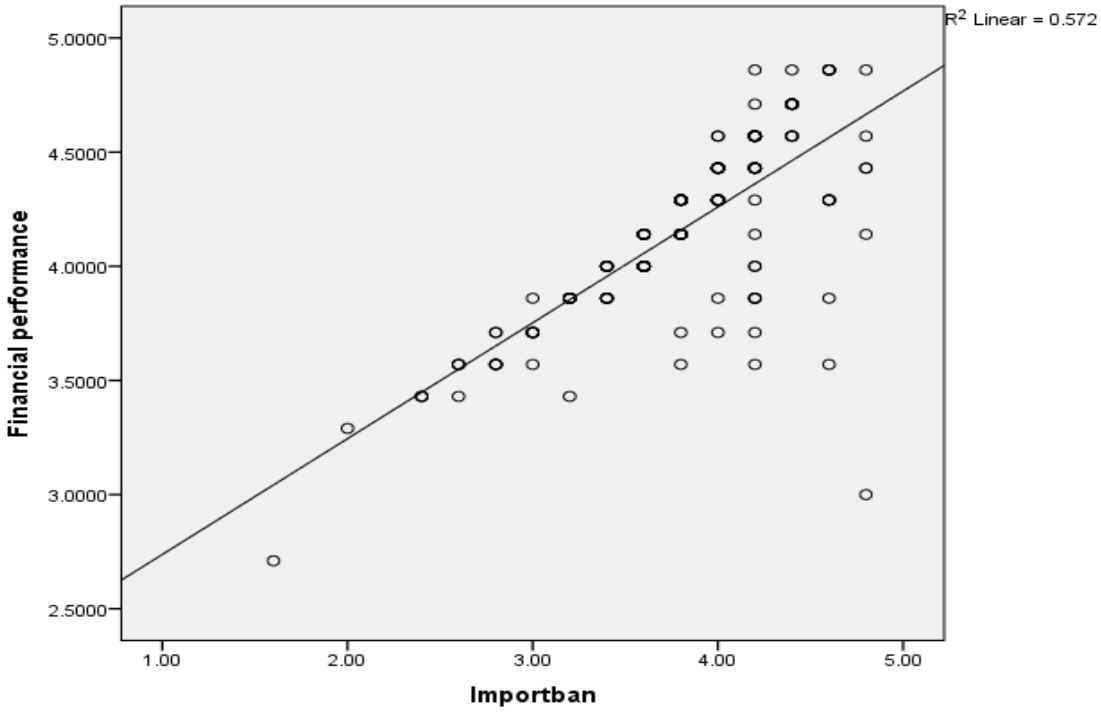

Figure 4.1: Linearity between import ban and financial performance

Source: Research Data (2021)

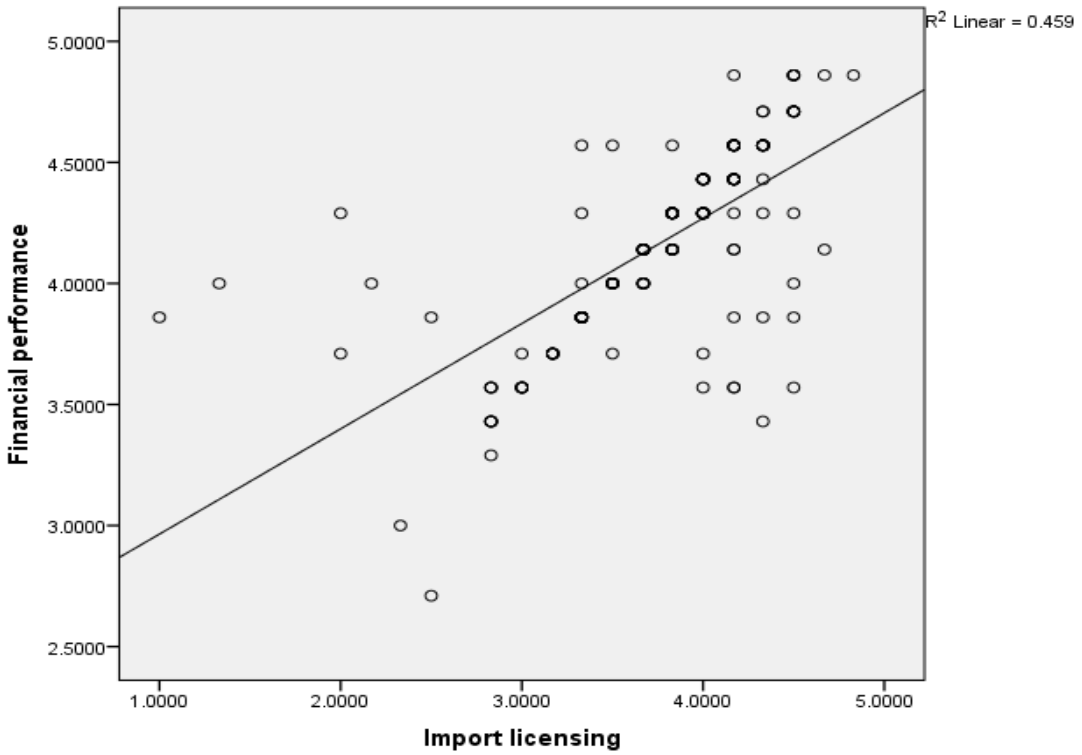

Figure 4.2: Linearity between import licensing and financial performance

Source: Research Data (2021)

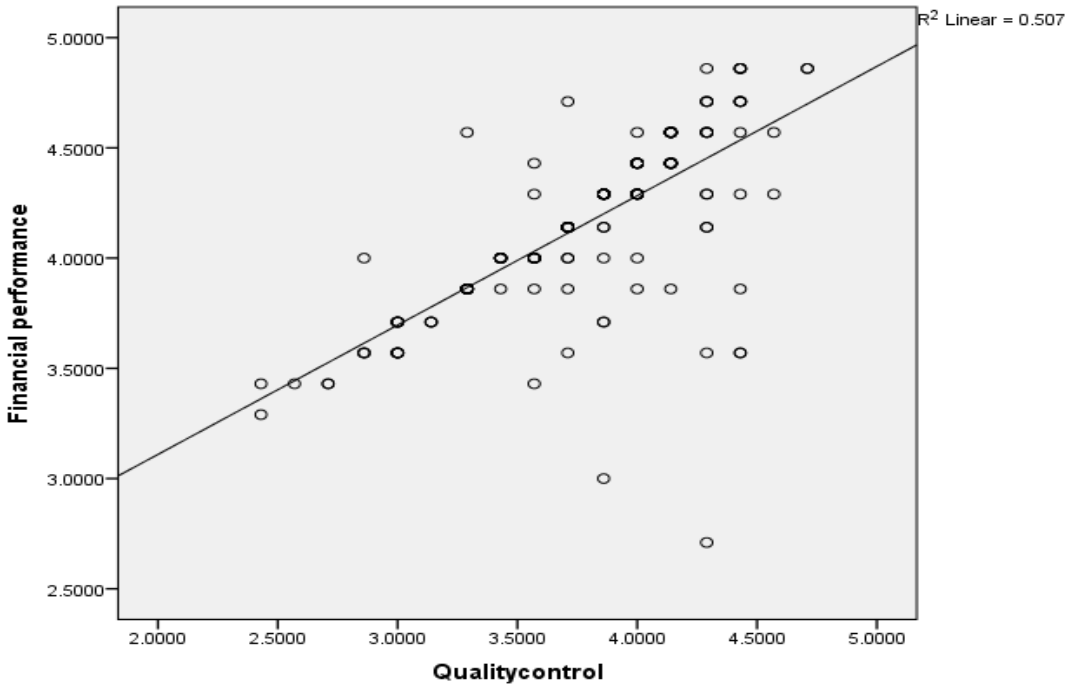

Figure 4.3: Linearity between quality control and financial performance

Source: Research Data (2021)

Results (Fig. 4.1, 4.2 and 4.3) indicate that there exists linear dependence between the independent variables (import ban, import licensing, and quality control) and dependent variable (financial performance). This was demonstrated by the straight line of fit, where most of the data points were concentrated.

4.5.4 Heteroscedasticity Test

When the variance of the errors vary between observations, this is referred to as heteroscedasticity. Heteroscedasticity was tested using the Breusch-Pagan/Cook-Weisberg method in this study. Table 4.10 displays the results obtained.

Table 4.10: Heteroscedasticity Test

H0	Chi2 (4)	Prop>Chi2
Constant variance	0.282	0.541

Source: Research Data (2021)

The research yielded a chi square of 0.282 and a p-value of 0.541>0.05. This meant that the null hypothesis of homoscedasticity was accepted with 95% confidence. As a result, heteroscedasticity was not an issue, and the data was suitable for analysis.

4.6 Inferential Analysis

This section presents both correlation and regression results on the relationship between non-tariff barriers and financial performance.

4.6.1 Correlation Analysis

This sub-section provides results on the correlation between non-tariff barriers and financial performance of motor vehicle assemblers. The aim was to measure the strength of linear association between the outcome and predictor variables. Table 4.11 shows the outcome.

Table 4.11: Correlation Matrix

	Financial performance	Import ban	Import licensing	Quality control
Financial performance	1.000			
Import ban	.756**	1.000		
	.000			
Import licensing	.678**	.592**	1.000	
	.000	.000		
Quality control	.712**	.798**	.587**	1.000
	.000	.000	.000	

** Correlation is significant at the 0.01 level (2-tailed).
Source: Research Data (2021)

The findings in Table 4.11 reveal that import ban had a positive and significant association with financial performance of motor vehicle assemblers (r =.756, P = .000) at 5% level of significance. This implied that an increase in the import ban is accompanied with an increase in the financial performance of Kenyan motor vehicle assemblers.

The results also indicate that import licensing had a positive and significant association with financial performance of motor vehicle assemblers (r = .678, P = .000<0.05). This implied that increase in import licensing is accompanied by increase in financial performance of motor vehicle assemblers in Kenya.

The findings further indicate that quality control had a positive and significant association with financial performance of motor vehicle assemblers (r = .712, P = .000<0.05). This implied that increase in quality control is accompanied by increase in financial performance of motor vehicle assemblers in Kenya.

4.6.2 Regression Analysis

This section presents regression results on the effect of non-tariff barriers on the financial performance of Kenyan motor vehicle assemblers. Tables 4.12, 4.13, and

4.14 show the model summary, ANOVA, and coefficient regression results, respectively.

Table 4.12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.817[a]	.667	.661	.2283424

a Predictors: (Constant), Quality control, import licensing, Import ban

Source: Research Data (2021)

According to the model summary results, all three independent variables together explain 67 percent (R2=.667) of the total variability in financial performance. This implied that non-tariff barriers (import bans, import licensing, and quality control) are important predictors of the financial performance of Kenyan automakers.

Table 4.13: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.956	3	5.985	114.793	.000[b]
	Residual	8.968	172	.052		
	Total	26.924	175			

a Dependent Variable: Performance

b Predictors: (Constant), Quality control, import licensing, Import ban

Source: Research Data (2021)

The F statistic for the ANOVA model is 114.793, with a P value of 0.000. Because the P value was smaller than the standard value (P.05), the proposed model was statistically significant (excellent fit) in predicting the dependent variable. This meant that non-tariff obstacles were a good predictor of financial performance.

Table 4.14: Regression of Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.729	.142		12.157	.000
	Import ban	.275	.051	.410	5.426	.000
	Import Licensing	.205	.036	.319	5.679	.000
	Quality control	.163	.062	.198	2.627	.009

a Dependent Variable: Financial Performance

Source: Research Data (2021)

The regression of coefficients result indicate that import ban had a positive and significant effect on financial performance of motor vehicle assemblers (β1 = .410, P = .000<0.05). This meant that a one-unit rise in the import ban would result in a 0.410-unit boost in the financial performance of automakers.

The results also indicate that import licensing had a positive and significant effect on financial performance of motor vehicle assemblers (β2 = .319, P = .000<0.05). This meant that a one-unit rise in import licensing would result in a 0.319-unit increase in the financial performance of motor vehicle assemblers.

The findings further reveal that quality control had a positive and significant effect on financial performance of motor vehicle assemblers (β3 = .198, P = .009<0.05). This meant that a one-unit gain in quality control would result in a 0.198-unit boost in financial performance for automakers.

The hypothesized model of $Y = \beta_0+\beta_1 X_1+\beta_2 X_2+\beta_3 X_3+ e$ becomes;

$Y = 1.729+0.410X_1 + 0.319X_2+0.198X_3$

Where:

Y = Performance of the motor vehicle assemblers

X_1 = Import ban

X_2 = Import Licensing

X_3 = Quality Control

4.7 Hypothesis Testing

Hypothesis testing was done using the regression of coefficients results in Table 4.14. The rule of thumb was to reject the null hypothesis if the p value <0.05.

4.7.1 Test of Hypothesis One

H01: Import ban has no significant effect on financial performance of motor vehicle assemblers in Kenya. Results indicated a p value of .000<.05implying rejection of the null hypothesis. Therefore, the study concluded that import ban was statistically significant and influenced the financial performance of motor vehicle assemblers in Kenya. Thus, alternative hypothesis was accepted (*H1): Import ban has a significant effect on the financial performance of the motor vehicle assemblers in Kenya.*

4.7.2 Test of Hypothesis Two

***H0$_2$**: Import licensing has no significant effect on financial performance at motor vehicle assemblers in Kenya*.Results indicated a p value of .000<.05implying rejection of the null hypothesis. Therefore, the study concluded that import licensing was statistically significant and influenced the financial performance of motor vehicle assemblers in Kenya. Thus, alternative hypothesis was accepted ***(H2)**: Import licensing has a significant effect on the financial performance of the motor vehicle assemblers in Kenya.*

4.7.3 Test of Hypothesis Three

***H0$_3$**: Quality control has no significant effect on financial performance of motor vehicle assemblers in Kenya*.Results indicated a p value of .009<.05implying rejection of the null hypothesis. Therefore, the study concluded that quality control was statistically significant and influenced the financial performance of motor vehicle assemblers in Kenya. Thus, alternative hypothesis was accepted ***(H3)**: Quality control has a significant effect on the financial performance of the motor vehicle assemblers in Kenya.*

Table 4.15: Summary of Hypothesis Test

Hypothesis	T-Value	P-Value	Verdict
H_{01}: Import ban has no significant effect on financial performance of motor vehicle assemblers in Kenya	5.426	0.000	Rejected
H_{02}: Import licensing has no significant effect on financial performance at motor vehicle assemblers in Kenya	5.679	0.000	Rejected
H_{03}: Quality control has no significant effect on financial performance of motor vehicle assemblers in Kenya	2.627	0.009	Rejected

Source: Researcher 2021

4.8 Discussion of Key Findings

4.8.1 Import ban and financial performance

The first objective of the study was to determine the effect of import ban on financial performance of motor vehicle assemblers in Kenya. According to the descriptive analysis results, there was a mean of 3.78, indicating that respondents agreed with the assertion that the import ban positively improved the financial performance of Kenyan motor vehicle assemblers. Furthermore, the findings demonstrated that the import ban had a favorable and substantial effect on the financial performance of automakers (r =.756, P =.000). Furthermore, the findings of the regression showed that the import ban had a favorable and significant influence on the financial performance of motor vehicle assemblers (β =.410, P =.000). This meant that a one-unit rise in the import ban would result in a 0.410-unit boost in the financial performance of automakers. The null hypothesis that the import ban has no meaningful influence on the financial performance of Kenyan motor vehicle assemblers was rejected based on the regression results.

This contrasts with Wanjiru (2016), who conducted research on international trade obstacles affecting Kenyan second-hand automotive sellers who own motor dealerships in Nairobi. The findings were that investment regulations locally stifle trade expansion of second-hand automotive dealerships; investment regulatory policies reduce the market share of second-hand autos. Whereas Okumu and Nyankori (2010) discovered that there are NTBs and that some have persisted where to integrate a not insignificant rundown of traditions documenting demands, cumbersome norms, and testing constraints.

4.8.2 Import licensing and financial performance

The second objective of the study was to assess the effect of import licensing on performance of motor vehicle assemblers in Kenya. The findings from the descriptive analysis shows that there was a mean of 3.79 implying that the respondents agreed with the statement that import licencing requirements positively impacted financial performance of the motor vehicle assemblers in Kenya. Also indicated import licensing had a positive and significant effect on financial performance of motor vehicle assemblers ($r = .678$, $P = .000$). Furthermore, regression results revealed that import licensing had a favorable and statistically significant effect on the financial performance of motor vehicle assemblers ($\beta = .319$, $P = .000$). This meant that a one-unit rise in import licensing would result in a 0.319-unit increase in the financial performance of motor vehicle assemblers. The null hypothesis that import licensing has no meaningful effect on the financial performance of Kenyan motor vehicle assemblers was rejected based on the regression results.

Bowen (2018) found a similar significant effect when studying the effects of non-tariff barriers on East African trade: a case study of Kenya and Tanzania. Lack of harmonization in working hours; delays at weighbridges; multiple police road blocks

and mobile control; license for goods in transit; entrance fees and grace periods; poor trade information dissemination; and corrupt police and border officials were the non-tariff barriers identified for the study. This contrasts with Mkuna (2014), who studied the impact of NTBs in EAC countries and found the obstacles to be costly for merchants in terms of time wasted and money incurred.

4.8.3 Quality control and financial performance

The third objective of the study was to establish the effect of quality control on performance of motor vehicle assemblers in Kenya. The findings from the descriptive analysis shows that there was a mean of 3.80 implying that the respondents agreed with the statement that quality control positively impacted financial performance of the motor vehicle assemblers in Kenya. The findings further revealed that quality control had a positive and significant association with financial performance of motor vehicle assemblers ($r = .712$, $P = .000$). Furthermore, regression analyses revealed that quality control had a favorable and substantial effect on the financial performance of automakers ($\beta = .198$, $P = .009$). This meant that a one-unit gain in quality control would result in a 0.198-unit boost in financial performance for automakers. The null hypothesis that quality control has no significant effect on the financial performance of Kenyan motor vehicle assemblers was rejected based on the regression results.

Tariffs, according to Kareem (2012), were not the cause of Africa's export inability to access these markets, but the use of non-tariff barriers, such as standards, sanitary, and phytosanitary, primarily inhibited Africa's export flows to these markets, implying that non-tariff barriers have larger magnitudes and significance in both markets.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter outlines the study's main findings. This is followed by conclusions and policy and practice recommendations. The advice offered are critical for dealing with non-tariff trade barriers in order to improve financial performance.

5.2 Summary of Key Findings

This section provides a summary of the findings from the analysis. The study sought to analyze the effects of non-tariff barriers on the financial performance of motor vehicle assemblers in Kenya. The study evaluated previous studies in order to identify academic gaps for which this study attempted to fill. The research covered a period of 9 months i.e. from January 2021 to September 2021. The study relied on primary data from four Kenyan automakers: Isuzu East Africa, Associated Vehicle Assemblers (AVA) Mombasa, Kenya Vehicle Manufacturers (KVM) Thika, and Trans Africa Motors Mombasa. In order to analyze the data, descriptive and inferential statistics were used. This is done in accordance with the study's objectives.

5.2.1 Import Ban and financial performance

The first study objective was to determine the effect of import ban on performance of motor vehicle assemblers in Kenya. The findings showed that import ban had a significant and positive effect on the financial performance of motor vehicle assemblers in Kenya. This finding was supported by the study rejecting the null hypothesis (H01) that an import ban has no significant effect on the financial performance of Kenyan motor vehicle assemblers and accepting the alternative hypothesis (H1) that an import ban has a significant effect on the performance of Kenyan motor vehicle assemblers. The slope co-efficient of the import ban ($\beta 1 = .410$,

P = .000<0.05) also justified this finding by indicating statistically significant portion of variance related with the financial performance of motor vehicle assemblers in Kenya. This finding was also justified by the descriptive statistics mean score of import ban (3.78) as well as correlation coefficient value of import ban (r =.756, p=0.000) in relation to the financial performance.

This suggests that a one-unit rise in the import ban will result in a 0.410-unit increase in the financial performance of motor vehicle assemblers, assuming all other parameters remain equal. Respondents found that import bans aim to protect local industries, restrictions increase incentives to produce vehicles at local level, application of discriminatory origin rules when importing vehicles, promotes local trade, prohibitions on the import of certain motor vehicle parts hinder profit maximization measures and restrictions effectively exclude possibility of procuring products from surplus areas. As a result, it was discovered that the import prohibition had a considerable and favorable impact on the financial performance.

5.2.2 Import Licensing and Financial Performance

The second objective sought to assess the effect of import licensing on performance of motor vehicle assemblers in Kenya. The study findings showed that import ban had a significant and positive effect on the financial performance of motor vehicle assemblers in Kenya. This finding was justified by the study rejecting the null hypothesis (H02) that import licensing has no significant effect on financial performance of motor vehicle assemblers in Kenya and accepting the alternative hypothesis (H2) that import licensing has significant effect on the financial performance of motor vehicle assemblers. The slope coefficient of the import licensing (β2 = .319, P = .000) also defended this finding by indicating statistically significant portion of variance related with the financial performance of motor vehicle

assemblers in Kenya. This finding was also validated by the descriptive statistics mean score of import licensing (3.79) as well as correlation coefficient value of import licensing(r =.678, p=0.000) in relation to the financial performance.

This means that, an increase in import licensing by one unit will lead to an increase in the financial performance of motor vehicle assemblers by 0.319 units holding all other factors constant.

Respondents pointed out that seasonal import regulations cause fluctuations in company profitability, determination of eligibility to limit regional trade and business growth in general, licenses influence competition and import decisions, quota sharing reduces auto installers' annual sales, license limits. the type of traffic used by motorists and the complex regulatory framework prevent the expansion of motorists in certain areas. Therefore, it was found that import licensing has a significant and positive impact on the financial performance of car installers in Kenya.

5.2.3 Quality Control and Financial Performance

The third objective sought to establish the effect of quality control on financial performance of motor vehicle assemblers in Kenya. The findings showed that import ban had a significant and positive effect on the financial performance of motor vehicle assemblers in Kenya. This finding was justified by the study rejecting the null hypothesis (H03) that quality control have no significant effect on performance of motor vehicle assemblers in Kenya and accepting the alternative hypothesis (H3) which is quality control has a significant effect on financial performance of motor vehicle assemblers in Kenya. The slope coefficient of the quality ($\beta 3 = .198$, $P = .009$) also justified this finding by indicating significant portion of variance related with the financial performance of motor vehicle assemblers in Kenya. This finding was also justified by the descriptive statistics mean score of quality control of (3.80) as well as

correlation coefficient value of quality control (r =.712, p=0.000) in relation to the financial performance.

This means that, an increase in quality control by one unit will lead to an increase in the financial performance of motor vehicle assemblers by 0.198 units holding all other factors constant.

Interviewees found that stringent international standards impair the profitability of motor vehicle repairmen, that the required safety and health regulations negatively impact motor vehicle installers, that technical regulations are an additional burden on motor vehicle repairmen through non-tariff barriers, and that quality The imposed requirements lead to additional costs for Automotive repairmen, quality control increases the equilibrium price and thus consumption costs, quality control requires staff training, leading to higher operating costs, and compliance with marketing regulations is affected by quality control requirements. Therefore, it was found that quality control has a significant and positive impact on the financial performance of automotive installers in Kenya.

5.3 Conclusion

The first objective of this study was to determine the impact of the import ban on the financial performance of car installers in Kenya. The results show that the import ban has a significant and positive impact on the financial performance of motorists in Kenya. This result is justified by the study by rejecting the first null hypothesis, according to which the import ban has no significant effect on the financial performance of motorists in Kenya and the introduction of an alternative to the import ban has a significant impact on the financial results of cars. installer in Kenya after calculated probabilities and significance test values.

The second objective of this study is to assess the impact of import permits on the financial performance of automotive installers in Kenya. The results show that import permits have a significant and positive impact on the financial performance of Kenyan motorists. These results are based on research that rejects the second null hypothesis that import permits do not have a significant impact on the financial performance of car installers in Kenya and that the imposition of an import ban has a significant impact on financial performance. motor vehicle mechanics in Kenya according to probability and significance test scores.

The third objective of this study was to determine the impact of quality control on the financial performance of automotive installers in Kenya. The results show that quality control has a significant and positive impact on the financial performance of automotive installers in Kenya. This finding is justified by the fact that the study rejects the third null hypothesis that quality control has no significant impact on the financial performance of automotive installers in Kenya and adoption of an alternative, quality control, has a significant financial impact. mechanical performance of motor vehicles in Kenya according to calculated probabilities and significance test values.

In addition to analysis of variance and beta coefficients of the predictor variables, the model summary results also revealed that import ban, import licensing and quality control accounted for 66.7 % of all changes or variations in the financial performance of motor vehicle assemblers in Kenya.

From the findings, the study concluded that non-tariff barriers had a positive and significant effect on financial performance of motor vehicle assemblers in Kenya. In particular, the study concluded that import ban, import licensing and quality control

positively and significantly influence financial performance of motor vehicle assemblers in Kenya. This implies that increase in non-tariff barriers including import ban, import licensing and quality control will result to increase in financial performance of motor vehicle assemblers in Kenya.

5.4 Recommendations

The study established that non-tariff barriers (import ban, import licensing and quality control) had a positive and significant effect on financial performance of motor vehicle assemblers in Kenya.

5.4.1 Government

The study recommends that the government of Kenya should strengthen aspects relating to import ban. In particular, the government should protect local motor vehicle assemblers by formulating regulations that promote local industries. Further, the government should initiate training programs aimed at equipping local motor vehicle assemblers with necessary skills. The government should also strengthen aspects relating to import licensing. These include eligibility determination, quota shares on transactions, restrictive licenses and complex regulatory frameworks. A review of import licensing regulations is also needed to ensure that they support local motor vehicle assemblers. The government should further strengthen aspects relating to quality control. Improvement in quality control will be critical in boosting financial performance of local motor vehicle assemblers. The government should subsidize the cost of quality standards to enable the local motor vehicle assemblers to comply. The government should also facilitate training programs aimed at equipping the local motor vehicle assemblers with the required quality control knowledge and skills.

5.4.2 Competitors

The importers of secondhand vehicles should be ready to embrace the policies that the government is implementing in order to support the motor vehicle assembly industry e.g. capping the age of imports at five years at 2021, then three years and finally zero by 2024 to allow a fair competition. These changes will ensure that more income is generated in the country by the citizens purchasing vehicles from the motor vehicle assemblers in Kenya.

5.4.3 Stakeholders

The stakeholders in motor vehicle assemblers include customers, suppliers, employees and community. These stakeholders should have effective and problem solving skills, commercial awareness, creativity, interpersonal and communication skills, presentation skills, analytical skills and good organizational skills. These qualities will enable the motor vehicle assemblers to have a good brand image, reputation, customer retainance and thus they will be able to increase their sales thus generating more income.

5.4.4 Contribution to Knowledge

The study determined that non-tariff barriers positively and significantly influence the financial performance of motor vehicle assemblers in Kenya. This finding advances the theoretical foundation that hypothesized a relationship between these concepts. The study therefore contributes to available theoretical and empirical knowledge on the relationship between non-tariff barriers and firm performance.

5.5 Areas for Further Study

This study provides a starting point for further research on the role of NTB in the financial performance of automotive installers in Kenya. However, there are certain

areas that are not fully covered and therefore require further research. This study was initially limited to automotive installers who may not be actual representatives of other organizations in other sectors. The study recommends further research encompassing other firms such as clearing and forwarding firms and multinational corporations for generalization of the findings.

Another limitation was that the study only investigated three NTBs namely import ban, import licensing and quality control which is not a comprehensive list of all the available NTBs. In this regard, further research is suggested taking into consideration other NTBs including subsidies, restrictions, foreign exchange fluctuations and trade documents not covered by the study.

I further recommend further study on the impact of NTBs on government revenue collection taking in to account the fact that when businesses are impacted by the said NTBs, the revenue collection is thus affected either positively or negatively.

Further research can also be carried out to determine how the NTBs affect other motor vehicle dealers, more so importers of second hand assembled motor vehicles and spare parts importers to establish whether there is any relationship between their activities and financial performance of the motor vehicle assemblers in Kenya.

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APPENDICES

Appendix I: Introduction Letter

Dear Respondent,

My name is **Purity Ntinyari Mutwiri**, a Masters student in Tax and Customs Administration at Kenya School of Revenue Administration in Conjunction with Moi University. I am conducting research on: ***Effects of Non-Tariff Barriers on the Financial Performance of Motor Vehicle Assemblers in Kenya***. This is to kindly request for your participation in this study.

Please note that participation in the research is optional and you could decide whether or not you would like to proceed with the study. You may decline to answer any or all questions and you may terminate your involvement at any time if you choose.

Your responses to this research questions will be anonymous and your participation in this study is voluntary. If you have questions at any time about this study, or you experience adverse effects as the result of participating in this study, you may contact the researcher or the University. I provide assurance that the information obtained from this study will be maintained as confidential and only utilized for academic purposes.

Your accurate and frank responses are required to make this survey reliable and valid.

Thank you.

Purity Ntinyari Mutwiri

KESRA /105/0035/2018

Appendix II: Research Questionnaire

This study seeks to obtain information regarding the effect of Non-Tariff Barriers on performance of motor vehicle assemblers in Kenya. Kindly provide information outspokenly and honestly as possible. The information you will provide will be held in confidence and specifically be used for academic purposes and will not be disclosed to another party without your prior permission.

Instructions:

Kindly answer all the questions through filling in the blank or by putting a tick (√) *in the spaces that have been provided.*

PART A: FINANCIAL PERFORMANCE

1. This section aims to determine the financial performance of motor vehicle assemblers in Kenya. Please rate the extent to which you agree with the following statements relating to financial performance of your firm using a scale of 1 to 5 where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is to a strongly agree.

Measure of performance	**1**	**2**	**3**	**4**	**5**
NTBs contributed to improvement in motor vehicle assemblers inventory turn over					
NTBs contributed to improvement in motor vehicle assemblersreturn on investment					
NTBs contributed to improvement in motor vehicle assembler's return on asset.					
NTBs contributed to improvement in motor vehicle assembler's return on equity.					
NTBs contributed to improvement in motor vehicle assemblers operating efficiency					
NTBs contributed to improvement in motor vehicle assembler's liquidity					
NTBs contributed to reduction in motor vehicle assemblers overhead costs					

PART B: IMPORT BAN

2. This section aims to investigate the effects of import ban on financial performance. Please rate the extent to which you agree with the following statements relating to import ban using a scale of 1 to 5 where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is to a strongly agree.

Statement	**1**	**2**	**3**	**4**	**5**
Import ban is aimed at protecting local industry					
Ban constraints increased the incentives to produce motor vehicles locally					
Enforcement of discriminatory Rules of Origin that govern importation of motor vehicles benefits trade locally					
Import ban on certain motor vehicle parts hinder maximum gains					
Lack of firm uniformity on import restrictions provides a policy space for firms to evade duties					
Adoption of restrictive measures effectively eliminate the opportunity to source products from surplus areas					
Import ban on certain motor vehicle components limit their consumption					
Import ban are usually intended to protect the environment					

PART C: IMPORT LICENSING

3. This section aims at investigating the effects of import licensing on financial performance. Please rate the extent to which you agree with the following statements relating to import and export licensing using a scale of 1 to 5 where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is to a strongly agree.

Statement	**1**	**2**	3	4	**5**
Seasonal import regimes cause fluctuation in the returns by the firm					
Eligibility determination restricts regional trade and overall business growth					
Licensing influence competition and the decision to import.					
Quota Shares reduce the annual earnings of the motor vehicle assemblers					
Restrictive licenses limit the nature of operations by motor vehicle assemblers					
Complex regulatory frameworks hinder the expansion of the motor vehicle assemblers to certain areas					

PART D: QUALITY CONTROL

4. This section seeks to establish the effects of quality control on financial performance. Please rate the extent to which you agree with the following statements relating to quality control using a scale of 1 to 5 where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is to a strongly agree.

Statement	**1**	**2**	**3**	**4**	**5**
Strict International Standards affect profitability of motor vehicle assemblers					
Occupational safety and health regulations required negatively affect motor vehicle assemblers					
Technical regulations brought about by the Non-Tariff barriers act as an additional burden to motor vehicle assemblers					
Imposed Quality conditions result in additional costs to motor vehicle assemblers					
Quality control measures increase the equilibrium price hence the consumption expenditures of motor vehicle assemblers					
Quality control requires training of staff which leads to higher costs of operation to motor vehicle assemblers					
Conformance to marketing requirements is impacted by quality control requirements of motor vehicle assemblers					

Thank you for your time

Appendix III: List of Vehicle Assemblers in Kenya

1. **Isuzu East Africa**
    - ISUZU EA - Isuzu
2. **Associated Vehicle Assemblers (AVA) Mombasa**
    - Simba Corp - Mitsubishi & Fuso
    - Tata - Tata
    - Toyota East Africa - Toyota & Hino
    - Kenya Grange - Scania
    - Foton - Foton, Aumark
    - Volvo - Volvo
    - Daewoo
3. **Kenya Vehicle Manufacturers(KVM) Thika**
    - Coopers Motors Corporation - Nissan Diesel, Eicher, MAN
    - Peugeot(PSA Group) - Peugeot
    - Hyundai
    - Renault
4. **Trans Africa Motors Mombasa**
    - Trans Africa Motors - FAW

Appendix IV: Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 498068

Date of Issue: 01/February/2021

RESEARCH LICENSE

This is to Certify that Miss.. Purity Mutwiri of Moi University, has been licensed to conduct research in Nairobi on the topic: EFFECTS OF NON TARIFF BARRIERS ON THE FINANCIAL PERFORMANCE OF MOTOR VEHICLE ASSEMBLERS IN KENYA for the period ending : 01/February/2022.

License No: NACOSTI/P/21/8840

498068

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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Appendix V: Plagiarism Report

EFFECT OF NON-TARIFF BARRIERS ON THE FINANCIAL PERFORMANCE OF MOTOR VEHICLE ASSEMBLERS IN KENYA

ORIGINALITY REPORT

18%	14%	7%	12%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to Kenyatta University Student Paper	2%
2	Submitted to Segi University College Student Paper	1%
3	article.sciencepublishinggroup.com Internet Source	1%
4	Submitted to Mount Kenya University Student Paper	1%
5	www.ijsrp.org Internet Source	1%
6	Submitted to South Eastern Kenya University Student Paper	1%
7	Submitted to Saint Paul University Student Paper	1%
8	dos.chuka.ac.ke Internet Source	1%
9	ijecm.co.uk Internet Source	1%