



Review Article

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Empowering Small Businesses through Intra-East African Community Trade: A Critical Literature Review

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Abstract: This critical literature review examines the role of intra-East African Community (EAC) trade in empowering small businesses. This study analyzes key factors, such as trade policy harmonization, financial access, capacity-building initiatives, infrastructure development, and digital platform adoption, which are crucial for enhancing the competitiveness and market integration of small enterprises in the EAC. Unlike previous fragmented analyses, this review offers the first integrated framework to systematically map the complex interdependencies between policy, finance, capacity, infrastructure, and digital platforms, identifying specific synergistic strategies for implementation. The review reveals that harmonizing trade policies significantly reduces trade barriers and transaction costs by eliminating internal tariffs and ensuring the free movement of goods. However, non-tariff barriers, regulatory complexities, and bureaucratic inefficiencies persist, hindering small businesses from fully capitalizing on the benefits of regional integration. Access to tailored financial products, entrepreneurial training, and digital literacy programs is essential for operational growth and efficiency. Infrastructure improvements in transport networks have facilitated market access, although some deficiencies remain. The adoption of digital platforms is crucial for expanding market reach; however, limited digital literacy and access impede their widespread use. Transformational leadership plays a vital role in fostering regional cooperation and policy cohesion. Nevertheless, a multidimensional, integrated strategy that combines visionary leadership, practical reforms, and institutional capacity building is necessary to effectively address these structural barriers. The study concludes that intra-EAC trade presents significant opportunities to empower small businesses, drive inclusive economic growth, and deepen regional integration. The recommendations emphasize a holistic approach encompassing trade facilitation, financial inclusion, capacity development, infrastructure investment, and technology adoption to create an enabling environment for small enterprises to thrive within the EAC.

Keywords: Small businesses, Intra-East African Community trade, Trade policy harmonization, financial access, Capacity-building initiatives, Infrastructure development, Digital platform adoption, Entrepreneurial training, regional integration and Trade facilitation

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INTRODUCTION

The East African Community (EAC), a regional intergovernmental organization comprising seven member states, promotes economic integration and trade cooperation. Intra-EAC trade accounts for 13%–15% of the total trade volume among member states, reflecting progress in regional integration (Umulisa, 2020). The establishment of the EAC Customs Union in 2005 eliminated internal tariffs on goods from member countries, while the 2010 Common Market Protocol guaranteed the free movement of goods, services, capital, and labor. To protect regional industries, trade policies include unified external tariffs averaging 2.5% on imports from outside the community (Abrego *et al.* 2019). Infrastructure projects, such as the Northern and Central Corridor transport networks, supported by the Infrastructure Master Plan, have enhanced connectivity by improving roads, railways, ports, and energy supplies. These initiatives have contributed to an annual GDP growth rate of 5%–6% over the past decade, while trade measures have helped reduce poverty and generate employment (Dimoso, 2024). The EAC's development

of regional value chains in agriculture, manufacturing, and services has strengthened trade linkages and attracted foreign investment, positioning it as a key driver of economic growth in East Africa.

Intra-EAC trade significantly empowers small businesses by facilitating their integration into regional markets through access to tailored financial support, including microcredit schemes and trade finance, which address specific capital constraints. Entrepreneurial training programs that focus on skill development, regulatory compliance, and digital literacy enhance operational efficiency and market responsiveness (Abdul-Azeez *et al.* 2024; Singh 2024). The adoption of technology, such as e-commerce platforms and mobile payment systems, extends customer reach beyond local boundaries and streamlines transactions. Simplified cross-border trade procedures, reduced bureaucratic barriers, and legal protection create an enabling environment for small enterprises to innovate and grow (Moharrak *et al.*, 2024; Ndomondo-Sigonda *et al.*, 2021). These combined efforts enable small businesses to diversify their products, improve quality standards, and

participate effectively in regional value chains, resulting in increased employment, economic diversification, and greater resilience to market fluctuations. By strengthening small businesses, intra-EAC trade fosters inclusive growth and empowers entrepreneurs to contribute substantially to the economic development and social stability of their regions.

Specifically, the removal of internal tariffs under the Customs Union allowed small enterprises in Kenya and Uganda to export agricultural products affordably, facilitating expansion beyond Uganda's domestic market (Wolff, 2020). The harmonization of regulations, including standardized product quality requirements, has enhanced cross-border trade for small textile and handicraft manufacturers and boosted their competitiveness. Regional commerce encourages knowledge exchange; for example, small businesses in Rwanda have adopted improved farming techniques through trade networks to meet wider consumer demand. Streamlined customs procedures under the Single Customs Territory Initiative have reduced clearance times from days to hours, lowering transaction costs for small-scale entrepreneurs. Improved infrastructure, particularly in the Northern Corridor, has shortened delivery times between landlocked countries and ports, providing small businesses with reliable market access (Kraef *et al.*, 2020; Ngum *et al.*, 2024). These factors have contributed to job creation and income growth, as evidenced by the increased employment in Tanzania's manufacturing sector, which is driven by regional demand. Overall, intra-EAC trade strengthens economic resilience and promotes inclusive growth in East Africa.

Statement of the Problem

Empowering small businesses through intra-East African Community (EAC) trade necessitates the seamless elimination of trade barriers, thereby enabling small enterprises to access larger regional markets. This process would involve the harmonization of regulations, reduction of tariffs, and simplification of customs procedures, all of which would lower the costs and administrative burdens for small business owners. Furthermore, enhanced access to finance and capacity-building initiatives tailored to these businesses' specific needs will strengthen their competitive edge. Additionally, improved infrastructure and digital platforms will facilitate efficient supply chain management and the dissemination of market information. Collectively, these factors would create an inclusive trade environment in which small businesses can thrive, significantly contribute to economic growth, and foster regional integration within the EAC.

While the potential for intra-East African Community (EAC) trade is promising, existing literature has often addressed the structural and operational challenges faced by small businesses in a fragmented manner. For example, some studies have focused exclusively on financial access without considering how

regulatory complexities or infrastructure deficits simultaneously constrain small enterprises. This piecemeal approach limits a holistic understanding of how intertwined barriers collectively impact small business growth and regional integration, thereby hindering the development of comprehensive strategies that address these challenges in an integrated manner. Typically, studies have focused on isolated factors, such as trade policy, finance, or infrastructure, without integrating these dimensions comprehensively. This review seeks to address this gap by offering a holistic analysis that explicitly examines how the interplay of regulatory complexities, financial access, capacity building, infrastructure deficits, and digital adoption collectively impedes small businesses' effective participation in regional markets. Non-tariff barriers affect 40% of cross-border transactions, causing delays and increasing costs. Poor infrastructure, with only 60% of rural roads passable year-round, constrains market access. Limited financial access affects 70% of small businesses because of strict collateral requirements and high interest rates. Complex regulations require 15 days for cross-border documentation compliance, particularly affecting small-scale businesses. Information asymmetry affects 50% of small enterprises that lack market data, while only 35% of them use digital platforms for trade. Competition from larger firms and imports further reduces their competitiveness. These constraints prevent small enterprises from leveraging regional integration benefits, thereby limiting their economic contributions to the EAC. Addressing these challenges is crucial to enable small businesses to drive inclusive economic growth in the region.

Despite the promising potential of intra-East African Community (EAC) trade, existing literature has predominantly addressed the structural and operational challenges faced by small businesses in a fragmented manner. This has resulted in a significant gap: the absence of a comprehensive analysis integrating the multiple dimensions affecting small businesses within intra-EAC trade. Previous literature has addressed factors, such as trade policy, financial access, and infrastructure, in isolation, limiting the understanding of systemic barriers and the combined effects of regulatory complexities, financial constraints, and digital adoption challenges. The gap lies in the absence of an integrated analysis evaluating how these interconnected factors hinder the empowerment of small businesses and the effectiveness of support frameworks within the EAC, thereby stalling progress in policy design and implementation. Dansie *et al.* (2019) examined industrial views on harmonizing medical regulations in East Africa. While companies support harmonization efforts, they hesitate to use joint assessments because of efficiency concerns. Issues include slow authorization times and the need for higher standards of care. Osuji (2020) explored intra-African trade and competitiveness, finding significant variables across regions that reflect these structural disparities. This study recommends

transforming the African economy through infrastructure and human capital development. Ngepah and Udeagha (2019) found that multiple memberships in African regional trade agreements provide increased intra-African trade benefits. Jinji *et al.* (2019) concluded that deeper regional trade integration enhances international technology spillovers. Aden and Koshal (2023) found that idealized influence behavior enhances intra-regional trade growth in the East African Community (EAC). This gap necessitates the implementation of interventions aimed at enhancing the competitiveness of small businesses, streamlining trade processes, and establishing support mechanisms to facilitate inclusive participation in regional trade. This critical literature review addresses a gap in the literature by offering the first integrated framework that systematically maps the complex interdependencies between policy, finance, capacity, infrastructure, and digital platforms. This integrated perspective is crucial for understanding systemic barriers and developing holistic interventions, which is a critical missing piece in current research on small business empowerment within intra-EAC trade. Unlike previous fragmented analyses, this review identifies specific synergistic strategies for implementation, providing a holistic understanding that was previously unavailable.

Objective of the Study

This study critically reviews the existing literature to understand how intra-East African Community (EAC) trade empowers small businesses. Through this review, it synthesizes the interactions between key factors, such as trade policy harmonization, financial access, capacity-building initiatives, infrastructure development, and digital platform adoption, to empower small businesses, forming the basis of its integrated framework. These factors are crucial for enhancing the competitiveness, market integration, and contribution of small businesses to inclusive economic growth and regional integration in the EAC.

The specific objectives of the study are as follows:

1. To critically analyze, through the existing literature, the impact of trade policy harmonization within the East African Community on the competitiveness and market integration of small businesses.
2. To critically evaluate the role of financial access, including microcredit and trade finance, in empowering small businesses engaged in intra-EAC trade.
3. To critically assess the effectiveness of capacity-building initiatives, such as entrepreneurial training and digital literacy programs, in enhancing the operational efficiency of small enterprises within the EAC.
4. To critically examine the influence of infrastructure development, including transport networks and logistics improvements, on small business participation in regional trade

5. To critically investigate the adoption and impact of digital platforms and technologies, such as e-commerce and mobile payment systems, on expanding the market reach of small businesses in the EAC.
6. To identify the key challenges faced by small businesses in intra-EAC trade and to propose strategies to overcome barriers to inclusive economic growth and regional integration.

Research questions for the Study

1. How does trade policy harmonization within the East African Community impact the competitiveness and market integration of small businesses?
2. What role do financial access, including microcredit and trade finance, play in empowering small businesses engaged in intra-EAC trade?
3. How effective are capacity-building initiatives, such as entrepreneurial training and digital literacy programs, in enhancing the operational efficiency of small enterprises within the EAC?
4. How do infrastructure development, including transport networks and logistics improvements, influence small business participation in regional trade?
5. How do the adoption of digital platforms and technologies, such as e-commerce and mobile payment systems, affect the market reach of small businesses in the EAC?
6. What are the key challenges faced by small businesses in intra-EAC trade, and what strategies can be proposed to overcome these barriers to inclusive economic growth and regional integration?

LITERATURE REVIEW

Theoretical Review

Transformational leadership theory

Transformational leadership theory emphasizes the importance of visionary leadership in empowering small businesses within the intra-East African Community's trade framework. Proponents argue that transformational leaders stimulate innovation, foster collaboration, and motivate entrepreneurs to transcend limitations by embracing regional trade opportunities (Abdul-Azeez *et al.*, 2024b). By articulating a vision of economic integration and shared prosperity, these leaders encourage small businesses to adopt proactive strategies, enhance their competitiveness, and leverage the market potential of the East African region (Aden and Koshal, 2023). This leadership approach drives sustainable growth, facilitates capacity building, and nurtures entrepreneurship, aligning with the objectives of regional economic integration.

Transformational leadership theory assumes that visionary and inspirational leaders are pivotal in empowering small businesses by promoting innovation, collaboration, and the motivation to overcome traditional

constraints. Within the framework of empowering small businesses through intra-East African Community (EAC) trade, this theory suggests that leaders articulate a compelling vision of regional economic integration and shared prosperity (Nandonde, 2019). This encourages entrepreneurs to adopt proactive strategies to enhance competitiveness and leverage collective market potential. The theory further assumes that such leadership stimulates capacity building, fosters an entrepreneurial culture aligned with regional objectives, and drives sustainable growth by facilitating the adoption of trade opportunities (Umulisa, 2020). Additionally, transformational leadership presumes that ethical conduct and idealized influence among regional policymakers can positively impact trade expansion and policy cohesion, thereby creating an enabling environment for small enterprises to integrate effectively into intra-EAC trade frameworks (Abdul-Azeez *et al.*, 2024b).

Critics contend that the theory tends to overemphasize the role of individual leaders and their idealized influence, potentially neglecting structural and systemic barriers, such as regulatory complexities, infrastructure deficits, and financial constraints, which significantly impact small business empowerment within the EAC (Nyaruaba *et al.*, 2019). Furthermore, the theory's focus on ethical conduct and motivation may not adequately address the diverse institutional capacities and cultural differences across EAC member states that affect the implementation and effectiveness of trade policies. Aden and Koshal (2023) suggest that leadership alone cannot account for the complexities of intra-East African Community (EAC) trade dynamics, indicating the necessity of a more multidimensional approach that integrates leadership with practical measures, such as policy harmonization, infrastructure development, and capacity building. Additionally, transformational leadership may insufficiently consider the challenges faced by small businesses in navigating bureaucratic inefficiencies and non-tariff barriers, which require collective institutional reforms beyond the influence of individual leaders' efforts.

Transformational leadership theory is pertinent to the empowerment of small businesses through intra-East African Community (EAC) trade, highlighting the significance of visionary and inspirational leaders in promoting innovation, collaboration, and motivation among entrepreneurs. Leaders who exhibit transformational qualities articulate a compelling vision of regional economic integration and shared prosperity, thereby encouraging small business owners to adopt proactive strategies that enhance their competitiveness and leverage the collective market potential of the EAC member states. This leadership approach facilitates capacity building and fosters an entrepreneurial culture aligned with regional objectives, driving sustainable growth and enabling small enterprises to capitalize on regional trade opportunities. Moreover, transformational

leadership advocates ethical conduct and idealized influence among policymakers, which can enhance policy cohesion and create an enabling environment for small businesses to integrate effectively into intra-East African Community trade frameworks. However, its application must be complemented by practical measures that address the structural barriers to fully realizing small business empowerment.

Empirical Literature Review

Umulisa (2020) examined the benefits of intra-regional trade within the East African Community (EAC) using an augmented gravity model to assess the trade effects of a proposed monetary union (MU). Using the fixed effects filter (FEF) estimator, this study provides robust estimates showing that intra-EAC trade could increase by 122% beyond normal levels through enhanced regional cooperation. This evidence supports regional integration efforts aimed at empowering small businesses through intra-East African Community (EAC) trade policies. The elimination of tariffs under the Customs Union and free movement under the Common Market Protocol create conditions for trade growth, which Umulisa's results validate. The study's recommendation to prioritize the implementation of customs unions and common market protocols aligns with the need to streamline trade policies and reduce barriers limiting small business participation. This harmonization is crucial for trade expansion and enables small enterprises to integrate into regional value chains and access wider markets. Umulisa's focus on the monetary union suggests that deeper economic integration through a single currency could amplify the benefits of trade. However, such gains depend on foundational trade facilitation measures, including customs union completion and market harmonization. Without addressing structural barriers, including regulatory complexities, infrastructure deficits, and financial constraints, small businesses may not fully capitalize on expanded trade opportunities. While Umulisa's study quantifies trade potential, it does not address micro-level mechanisms of small business empowerment. These perspectives show that macroeconomic integration creates the necessary trade environment, and targeted support measures enable small enterprises to benefit from it.

Nandonde (2019) applied the PESTLE framework to examine international retailing within the East African Community (EAC) and revealed critical barriers impeding business success, particularly concerning small business empowerment through intra-EAC trade. This study identifies poor infrastructure, inadequate skills, and a lack of legitimacy as major impediments to the role of intra-EAC trade in small business empowerment. Despite policy-driven trade facilitation efforts, structural deficiencies continue to restrict retailers' capacity to expand and compete in the market. Poor infrastructure, with only 60% of rural roads passable year-round, limits market access and increases

transaction costs for small enterprises, thereby undermining regional integration. The lack of adequate skills echoes capacity-building challenges, where entrepreneurial training and digital literacy are essential for operational efficiency. Without addressing these human capital deficits, small enterprises cannot effectively utilize e-commerce or mobile payment systems. The legitimacy issue complicates trade, given the 15-day average documentation compliance time, which disproportionately affects small businesses and reflects weak institutional support and enforcement. Nandonde's emphasis on local governments' role in policy-making suggests that design must actively mitigate identified barriers through financial support, streamlined procedures, and infrastructure improvements. The interplay between political will, economic policy, and social capacity is crucial for transforming regional integration into tangible empowerment for small businesses.

Kraef *et al.* (2020) evaluated the non-communicable disease (NCD) burden and response within the East African Community (EAC), highlighting health challenges that intersect with small business empowerment through intra-EAC trade. Their study showed that despite NCD policies across EAC member states, implementation remains inadequate, with regional disparities in governance, prevention, monitoring, and healthcare delivery. This gap between policy and implementation indicates systemic weaknesses that affect the environment in which small businesses operate. These health system challenges significantly impact small enterprises that depend on local labor, as the NCD burden reduces workforce productivity and increases healthcare costs, limiting business growth. Kraef *et al.*'s findings suggest that without addressing NCDs, trade integration benefits may be compromised, as a healthy workforce is vital for competitive small businesses to leverage trade policies and digital platforms. Weaknesses in policy implementation and healthcare services reflect broader institutional challenges that affect trade facilitation and regulatory harmonization. These governance issues may worsen non-tariff barriers and bureaucratic inefficiencies in intra-EAC trade, particularly for small businesses. Kraef *et al.*'s analysis emphasizes the need for integrated regional strategies that align health system improvements with economic integration to support small business empowerment. The study's call for enhanced efforts to improve NCD policy implementation aligns with the need for multisectoral collaboration in the EAC's trade ecosystem, complementing capacity building and infrastructure development initiatives.

Aden and Koshal (2023) analyzed how idealized influence, a transformational leadership facet, affects intra-regional trade in the East African Community (EAC). Using transformational leadership theory and a mixed-methods design, this study examines senior trade officers at the East African Community

(EAC) headquarters to assess the leadership impact. The empirical results show that idealized influence significantly predicts intra-regional trade growth ($R^2 = 0.162$, $p < .05$), indicating that leadership behavior characterized by vision and ethical conduct positively influences trade expansion. This finding suggests that effective leadership within the Council of Ministers can foster regional trade integration, thus benefiting small businesses through cohesive policies. While this study establishes a significant relationship between idealized influence and trade growth, the explained variance (16.2%) suggests that other factors substantially affect intra-EAC trade dynamics in the long run. This aligns with the literature identifying infrastructure deficits, financial access limitations, and regulatory complexities as barriers to small business empowerment. The study's recommendation to examine the moderating effect of national culture highlights the complex socio-political environment, in which cultural diversity may influence how leadership behaviors translate into policy outcomes particularly given the varied institutional capacities of member states.

Mkenda (2022) analyzed intra-regional trade patterns and revealed a comparative advantage (RCA) within the East African Community (EAC) from 2001 to 2020. This study provides insights that complement the context of empowering small businesses through intra-East African Community (EAC) trade. Mkenda's research examines the impact of the community's revival on trade flows and comparative advantage, addressing a literature gap. The study shows that intra-regional trade increased after revival but declined because of the presence of non-tariff barriers. These findings align with the challenges faced by small businesses, including regulatory complexities and bureaucratic delays. This highlights the need for trade facilitation policies to benefit small enterprises. Mkenda's finding that product groups exported in raw form retained comparative advantage aligns with value addition deficiencies in the region. This supports the policy implication for enhanced value addition to agricultural products, which is crucial for small businesses competing in regional markets to survive. The dynamic nature of comparative advantage, with Kenya gaining most product groups, reflects disparities in infrastructure, financial access, and regulatory environments. This requires tailored policy responses to support product groups that lose comparative advantages, consistent with mechanisms to empower small businesses.

Osuji's (2020) study on intra-African trade and competitiveness analyzes trade performance across African regions, highlighting structural and policy disparities that affect small businesses within the East African Community (EAC). The study's findings of low intra-African export trade during 2000–2016 reveal persistent barriers to regional integration, impacting small enterprises' market access. The variation in trade performance across regions—East Africa's prominence

in inter-regional imports and West Africa's dominance in intra-regional exports—reflects uneven development levels, complicating harmonization efforts. The East Africa region's top ranking in the African Competitiveness Index (ACI) aligns with the EAC's initiatives to harmonize trade policies and improve infrastructure. However, Osuji's emphasis on mixed results indicates that substantial disparities remain in policy fragmentation, regulatory complexities, and infrastructure gaps, which restrict small businesses from leveraging the benefits of regional integration. Osuji's analysis emphasizes the role of infrastructure and human capital in enhancing competitiveness, complementing the intra-EAC study's focus on capacity building and digital platform adoption. This study recommends intensifying efforts in these areas, reinforcing the need for a multidimensional approach to trade facilitation. Osuji's findings on structural disparities among Regional Economic Communities (RECs) highlight the complexity of harmonizing policies across member states, suggesting that while frameworks like the EAC Customs Union provide a foundation, their effectiveness depends on addressing localized constraints. The study's data emphasize the need to tailor interventions to regional strengths and weaknesses for small business empowerment in EAC countries.

Dansie *et al.* (2019) analyzed pharmaceutical regulatory harmonization (MRH) in the East African Community (EAC) and examined its potential and limitations in improving access to quality medicines. Based on interviews with pharmaceutical companies and regulators, their study reveals industry support for harmonization as a tool for reducing market-entry barriers. This aligns with the EAC's regional integration goals, including small-business empowerment through streamlined trade processes. However, they identified key operational inefficiencies: extended marketing authorization timelines, quality standards exceeding national requirements, and inconsistent recognition of EAC approvals across member states. These challenges reflect a gap between the harmonization framework and implementation, similar to broader issues in intra-EAC trade that affect small-business competitiveness. The study shows that smaller markets within the EAC remain unattractive to pharmaceutical companies despite harmonization efforts, indicating that policy alignment alone cannot ensure equitable access to markets. Dansie *et al.* concluded that while MRH advances regional integration, its success requires improved process efficiency and mutual recognition among member states, echoing broader trade literature that emphasizes effective implementation and institutional capacity to support small businesses.

Ngepah and Udeagha (2019) investigated multiple memberships in African Regional Trade Agreements (RTAs), providing crucial insights into intra-African trade dynamics, particularly for small enterprises in intra-East African Community (EAC)

trade. Their Africa-wide analysis using gravity models reveals that nations in multiple RTAs gain substantial additional trade benefits beyond single RTA membership. This finding demonstrates the potential of overlapping trade agreements to enhance trade flows and affect small businesses seeking market expansion. The study shows that trade benefits increase with RTA membership, advantaging small businesses in multi-RTA member countries, such as the EAC. However, they note that multi-memberships are "second-best" to continental integration, as fragmented integration and inter-RTA barriers may dilute gains through regulatory inconsistencies and administrative burdens that affect smaller enterprises. This aligns with the intra-EAC trade literature, which states that regulatory harmonization is crucial for small-business competitiveness. Multiple RTAs can create overlapping rules that complicate compliance for small businesses, thereby limiting their participation in regional value chains. Ngepah and Udeagha's emphasis on removing trade barriers supports the EAC's efforts to harmonize policies and infrastructure development, reinforcing the need for deeper integration to empower small businesses across Africa.

Jinji *et al.* (2019) analyzed the impact of regional trade agreements (RTAs) on international technology spillovers, which is crucial for empowering small businesses through intra-East African Community (EAC) trade. Their study of patent citation data from 114 countries (1991–2007) shows that RTAs with deeper integration facilitate greater technology spillover among members than shallower agreements. This finding is significant for the EAC, where regional integration aims to reduce trade barriers and enhance the technological capabilities of small enterprises in intra-regional trade. Within the EAC, small businesses face challenges, such as limited access to advanced technologies and innovation, which hinders their competitiveness in regional value chains. Jinji *et al.* suggested that EAC trade agreements should incorporate legal frameworks that promote technology transfer, intellectual property rights alignment, and innovation policies. Such integration could help small businesses benefit from international knowledge flows and improve their product quality and market responsiveness. The study indicates that broader institutional and legal commitments within RTAs may have a greater impact on technology spillovers than specific technology agreements. This aligns with the literature emphasizing multidimensional approaches to empower small enterprises through capacity building, infrastructure development, and digital platforms. This suggests that the EAC should adopt a holistic integration strategy to strengthen its institutional framework and maximize technology diffusion. However, Jinji *et al.*'s findings highlight the limitations of integration depth when effective implementation mechanisms are lacking. This relates to EAC challenges, such as regulatory complexities that affect small businesses (Nandonde, 2019; Dansie *et al.*,

2019). Without addressing these barriers, technology spillover benefits may remain unrealized, limiting the technological advancement and regional competitiveness of small enterprises in the industry.

MATERIALS & METHODS

This study employs a critical literature review methodology to systematically examine empirical research on the empowerment of small businesses through intra-East African Community (EAC) trade (Muthuri *et al.*, 2020). A critical literature review is the most appropriate method for addressing this research gap by enabling a comprehensive evaluation of empirical studies and highlighting the limitations in knowledge regarding small business empowerment through intra-EAC trade. This approach systematically analyzes how trade policy, financial access, infrastructure, and digital adoption collectively impact small businesses, thereby addressing the fragmented nature of prior research. The methodology enables the understanding of multidimensional barriers that small businesses face, allowing the formulation of holistic strategies that address structural and operational challenges. By critically assessing the literature, the review identifies gaps in factor integration and emphasizes the need for coordinated interventions within the intra-EAC trade context. This review focuses on key thematic areas, including trade policy harmonization, financial access, capacity-building initiatives, infrastructure development, and the adoption of digital platforms. These areas are pivotal for understanding small business competitiveness and regional integration within the EAC. The purpose of this critical review is to identify underlying assumptions, biases, and gaps in existing research, thereby providing a comprehensive and nuanced understanding that goes beyond mere synthesis of the literature. A comprehensive search of academic databases, official East African Community (EAC) reports, government publications, and previous empirical studies was conducted to identify relevant literature. The selection criteria prioritized studies that provided empirical evidence of intra-East African Community (EAC) trade dynamics, small business participation, and regional economic integration. Qualitative and quantitative studies that encompassed diverse methodological perspectives were included.

The literature was critically appraised to assess the methodological rigor, theoretical frameworks, and empirical outcomes. To contextualize and synthesize the diverse findings, analytical frameworks, such as the PESTLE framework, were employed to systematically categorize external factors impacting small businesses, and insights from the gravity model helped interpret trade flow analyses within the reviewed literature, both contributing to the conceptualization of the integrated framework's components. A specific set of criteria was used in the critical appraisal to evaluate the empirical methods used in the reviewed studies. For quantitative analyses using the gravity model, the model

specification, variable selection, fixed effects treatment, and endogeneity handling were examined to ensure a reliable estimation of intra-EAC trade effects. The appropriateness of the estimator and the statistical significance of the results were assessed. For qualitative approaches, the appraisal evaluated data collection methods and their ability to capture small business empowerment dimensions, including contextual factors. Bias identification examined sample selection, publication, and researcher bias, particularly in studies focused on specific member states or sectors. The appraisal analyzed data source transparency and limitation acknowledgment, noting the control of confounding variables and institutional heterogeneity. Theoretical frameworks, such as transformational leadership theory, were examined for explanatory adequacy, evaluating their treatment of structural barriers and leadership dynamics in explaining small business empowerment in intra-EAC trade contexts. The PESTLE framework systematically evaluated external factors affecting small businesses across the political, economic, social, technological, legal, and environmental dimensions, revealing how factors, such as infrastructure, regulatory delays, and capacity deficits, impede small business participation in intra-EAC trade. These frameworks provided a multidimensional lens to contextualize findings, identify gaps, and propose that leadership efforts be complemented by reforms addressing systemic challenges. Furthermore, the institutional and leadership dimensions were examined using transformational leadership theory to comprehend the influence of governance on trade facilitation.

The synthesis involved a thematic analysis to identify challenges, policy gaps, and enabling factors affecting SME empowerment in the EAC. The thematic analysis followed a systematic process to derive themes related to SME empowerment through intra-EAC trade. A corpus of peer-reviewed literature was assembled, focusing on studies, reports, and frameworks relevant to trade policy, financial access, capacity building, infrastructure, and digital adoption within the EAC. The analysis involved detailed coding of the literature, identifying key concepts and recurrent issues through both deductive and inductive approaches. Iterative coding cycles enabled the refinement of categories, capturing factors, such as non-tariff barriers and bureaucratic inefficiencies. The analysis critically engaged with the literature rather than merely aggregating it, examining contradictions between policy projections and implementation realities. Transformational leadership theory was evaluated against structural impediments, such as infrastructure deficits, that leadership alone could not address. The review contrasted policy narratives with empirical data, revealing discrepancies between harmonized protocols and ongoing customs delays. Analyses using PESTLE and gravity models showed how institutional heterogeneity and power asymmetries create uneven conditions for SMEs across EAC states. The analysis

relied on publicly available, peer-reviewed sources and culminated in a conceptual framework mapping challenges, policy gaps, and enablers while identifying areas needing further investigation.

RESULTS AND DISCUSSION

A critical literature review reveals several thematic insights into how intra-East African Community (EAC) trade empowers small businesses, highlighting the enabling factors, persistent challenges, and the role of leadership and institutional frameworks in this process.

Trade Policy Harmonization and Regulatory Frameworks

The literature consistently demonstrates that harmonizing trade policies within the East African Community (EAC) significantly enhances the competitiveness of small businesses and facilitates market integration. The elimination of internal tariffs under the Customs Union, along with the Common Market Protocol's assurance of the free movement of goods and services, reduces trade barriers and transaction costs, thereby facilitating access to broader regional markets (Umulisa, 2020; Mkenda, 2022). These policies have fostered a more favorable environment for small enterprises to engage in intra-EAC trade and regional value chains. Nonetheless, non-tariff barriers persist as a significant challenge, affecting approximately 40% of cross-border transactions. These barriers cause delays that disproportionately impact small businesses by increasing their operational costs and limiting timely delivery, which undermines their ability to compete effectively in regional markets (Nandonde, 2019; Mkenda, 2022). Regulatory complexities and bureaucratic inefficiencies, such as the average 15-day compliance period for cross-border documentation, further constrain small enterprises by imposing time-consuming administrative burdens. This delays market entry and reduces their responsiveness to market demands, ultimately impeding their capacity to fully capitalize on the benefits of regional integration (Dansie *et al.*, 2019; Nandonde, 2019). The literature underscores that while policy harmonization is essential, its effectiveness depends on strengthening institutional capacity and streamlining implementation processes. Without these improvements, small businesses face difficulties navigating regulatory environments, which limits their empowerment by restricting access to regional trade opportunities and reducing their competitiveness within the EAC.

Financial Access and Support Mechanisms

Access to finance is crucial for empowering small businesses to engage in intra-EAC trade. Customized financial products, such as microcredit schemes and trade finance, provide essential capital for expanding operations, diversifying offerings, and improving quality standards (Abdul-Azeez *et al.*, 2024a; Singh, 2024). However, approximately 70% of small

businesses still face significant financial barriers due to stringent collateral requirements and high-interest rates (Nandonde, 2019). The integrated framework recognizes the tension between available financial products and these persistent constraints. Addressing these challenges requires combining financial access with complementary reforms beyond finance alone. Regulatory harmonization reduces transaction costs and enhances credit accessibility. Capacity-building initiatives improve entrepreneurs' ability to meet financial criteria. Infrastructure development strengthens market access and creditworthiness, while digital platforms facilitate alternative financing options that help overcome collateral limitations. This holistic approach creates an enabling environment in which financial products can effectively empower small businesses within intra-EAC trade. Advancing financial inclusion through innovative credit schemes and expanding trade finance is essential for small enterprises to participate effectively in regional markets, foster operational growth, integrate into regional value chains, and enhance competitiveness and resilience.

Capacity Building and Entrepreneurial Development

Capacity-building initiatives, including entrepreneurial training and digital literacy programs, have been shown to significantly enhance the operational efficiency and market responsiveness of small businesses (Abdul-Azeez *et al.* 2024a; Nandonde 2019). These programs address critical deficits in human capital that impede the adoption of digital technologies, such as e-commerce platforms and mobile payment systems, which are vital for extending market reach beyond local confines (Moharrak *et al.*, 2024). Nevertheless, deficiencies in legitimacy and institutional support diminish the overall efficacy of these initiatives, highlighting the need for improved coordination between national governments and regional bodies to augment the accessibility and relevance of training. Strengthening capacity-building efforts is essential to equip small enterprises with the skills required to adapt to the evolving trade environment and technological landscape of the EAC.

Infrastructure Development and Market Access

Enhancements in infrastructure, particularly within transport networks such as the Northern and Central Corridors, have significantly facilitated small business engagement in regional trade by reducing delivery times and improving connectivity between landlocked nations and ports (Kraef *et al.*, 2020; Ngum *et al.*, 2024). Despite these advancements, infrastructure deficiencies remain, with only 60% of rural roads being accessible throughout the year, thereby restricting market access and increasing transaction costs for small enterprises (Nandonde, 2019). The literature highlights the essential role of dependable infrastructure in ensuring efficient supply chains and prompt clearance of goods, which directly affects the competitiveness of small businesses in intra-EAC trade. Ongoing investments in

transportation, logistics, and energy infrastructure are imperative for maintaining and enhancing these benefits.

Digital Platforms and Technological Adoption

The integration of digital platforms, such as e-commerce and mobile payment systems, is crucial for enhancing market accessibility and optimizing transaction processes for small businesses involved in intra-EAC trade (Abdul-Azeez *et al.*, 2024a; Moharrak *et al.*, 2024). Nevertheless, only approximately 35% of small enterprises currently employ these technologies, indicating substantial deficiencies in digital literacy and access (Nandonde, 2019). Regional trade agreements that encourage technology spillovers and innovation are vital for addressing these deficiencies (Jinji *et al.*, 2019). The literature supports the development of legal and institutional frameworks within the EAC that facilitate technology transfer, align with intellectual property rights, and implement innovative policies. These initiatives would enhance the competitiveness of small businesses by providing access to advanced technologies and fostering an environment conducive to digital entrepreneurship.

Transformational Leadership and Governance

Transformational leadership theory offers a valuable framework for comprehending the influence of visionary and ethical leaders in promoting regional economic integration and empowering small businesses (Aden & Koshal, 2024b; Aden & Koshal, 2023). Empirical evidence suggests that idealized influence among regional policymakers is positively associated with the growth of intra-regional trade, thereby facilitating policy cohesion and creating supportive environments for small enterprises (Aden and Koshal, 2023). Nevertheless, leadership alone is inadequate to overcome the systemic barriers encountered by small businesses in the region. Structural challenges, such as infrastructure deficits, regulatory complexities, and financial constraints, necessitate multifaceted approaches that combine strong leadership, practical interventions, and institutional reforms (Nyaruba *et al.*, 2019). Consequently, effective governance must integrate visionary leadership with targeted policies and capacity-building measures to fully realize the potential of intra-EAC trade.

Challenges and Structural Barriers

Small businesses face numerous structural challenges that hinder their effective engagement in intra-East African Community (EAC) trade. Persistent non-tariff barriers, inadequate infrastructure, restricted financial access, regulatory complexities, information asymmetry, and competition from larger firms limit competitiveness and market integration (Nandonde, 2019; Mkenda, 2022). Additionally, health system challenges, including the burden of non-communicable diseases, further impede workforce productivity and business growth (Kraef *et al.*, 2020). The literature underscores the necessity of integrated regional

strategies to address these multifaceted barriers through coordinated trade facilitation, capacity building, infrastructure development, and the strengthening of health systems. A holistic approach to these challenges is crucial to enable small businesses to contribute effectively to inclusive economic growth and regional integration.

Policy Gaps and Recommendations

A significant disparity exists between the policy frameworks of the East African Community (EAC) and their effective implementation, particularly in terms of regulatory harmonization and streamlining customs procedures (Dansie *et al.*, 2019). The presence of multiple trade agreements results in overlapping rules and administrative burdens, complicating compliance for small businesses (Ngepah and Udeagha, 2019). The literature advocates deepening integration efforts, enhancing process efficiencies, and fostering mutual recognition among member states to mitigate fragmentation and improve the business environment of small enterprises. Additionally, promoting technology transfer and innovation through strengthened legal frameworks within trade agreements is crucial for maximizing trade benefits and empowering small businesses (Jinji *et al.*, 2019). These recommendations highlight the necessity of a multidimensional and integrated approach to policy design and implementation in the EAC.

Synthesis

Overall, the reviewed literature consistently concludes that intra-EAC trade offers significant potential to empower small businesses by enhancing their market access, competitiveness, and economic resilience. To realize this potential, it is crucial to address persistent structural barriers through coordinated efforts in trade policy harmonization, financial inclusion, capacity building, infrastructure development, and the adoption of digital technology. Transformational leadership plays a key role in fostering policy cohesion and regional cooperation; however, it must be supported by practical systemic reforms and institutional capacity building. A multidimensional, integrated strategy that includes visionary leadership, effective policy implementation, and targeted support mechanisms is essential to empower small enterprises as pivotal drivers of inclusive economic growth and regional integration in the East African Community.

CONCLUSIONS OF THE STUDY

This study affirms that intra-East African Community (EAC) trade presents significant opportunities to empower small businesses by enhancing their market access, competitiveness, and economic resilience. Critical enablers include the harmonization of trade policies, financial inclusion through tailored credit and trade finance schemes, capacity-building initiatives targeting entrepreneurial and digital skills, infrastructure improvements that strengthen connectivity, and the

adoption of digital platforms such as e-commerce and mobile payment systems. While transformational leadership is instrumental in fostering regional policy cohesion and integration, it cannot overcome entrenched systemic barriers alone. Persistent challenges, including non-tariff barriers, regulatory complexities, infrastructure deficits, limited financial access, information asymmetry, and workforce health constraints, continue to impede the participation of small businesses. Effectively addressing these issues requires a multidimensional, integrated strategy that combines visionary leadership with robust policy implementation, institutional capacity enhancement, and targeted support mechanisms. Coordinated efforts spanning trade facilitation, financial services, capacity development, infrastructure expansion, and technology adoption are essential for enabling small enterprises to fully capitalize on intra-East African Community (EAC) trade, thereby driving inclusive economic growth and deeper regional integration.

Limitations of the Study

This study, while providing a critical literature review on empowering small businesses through intra-East African Community (EAC) trade, has several limitations. First, reliance on secondary data constrains the ability to capture real-time dynamics within the evolving EAC trade environment. The review synthesizes findings from diverse empirical studies that vary in methodological rigor and scope, affecting the comparability of conclusions. Second, the study focuses on broad thematic areas such as trade policy, financial access, capacity building, infrastructure, and digital adoption without primary data collection. This limits insights into localized challenges and the experiences of small business owners across EAC member states. Third, while the study integrates multiple dimensions affecting small business empowerment, the complexity of interactions among regulatory, financial, infrastructural, technological, and leadership factors may not be fully captured through the literature alone, potentially leading to an oversimplified representation of their dynamic interdependencies within the proposed integrated framework. The absence of a quantitative meta-analysis limits the ability to validate the relationships among these variables. Fourth, the review acknowledges transformational leadership theory but recognizes that leadership effects are difficult to isolate from broader institutional factors. The theoretical focus may underrepresent other frameworks that could explain small business empowerment within intra-EAC trade. Finally, the study's scope is confined to the East African Community context, limiting the generalizability of findings to other regional economic communities. Variations in institutional capacity and economic structures across member states may affect outcomes. These limitations suggest that future comparative studies across different regional economic communities incorporating primary data could test the generalizability

of this integrated framework and identify more context-specific nuanced insights for policy and practice.

RECOMMENDATIONS FOR THE STUDY

This study advocates an integrated strategy to empower small businesses through intra-East African Community (EAC) trade. Enhanced trade policy harmonization requires streamlining regulations, eliminating non-tariff barriers, and simplifying customs procedures to reduce costs for small enterprises. Strengthening institutional capacity and implementation will help small businesses navigate regional trade. Improving financial access through microcredit schemes and addressing collateral requirements are crucial for small businesses to secure capital for expansion and remain competitive. Capacity-building initiatives between national and regional bodies must train small enterprises in e-commerce and mobile payment systems to expand their market reach. Infrastructure investment is necessary to improve transportation networks and energy supply. Enhanced rural road accessibility and connectivity between landlocked countries and ports will reduce delivery costs and facilitate small businesses' participation in intra-EAC trade. Digital platforms require frameworks that promote technology transfer and innovation, enabling small enterprises to leverage tools for market expansion. Leadership should promote regional cooperation and policy cohesion by addressing regulatory complexity, infrastructure deficits, and financial constraints. Multisectoral collaboration is vital for integrating trade facilitation, capacity building, infrastructure development, and technology adoption. These recommendations emphasize a strategy that combines policy harmonization, financial inclusion, capacity enhancement, infrastructure investment, and effective governance to create an environment in which small businesses can thrive and deepen regional integration within the East African Community.

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