

Regional Economic Integration: Prevalence of Institutional-based Trust and Its Use to Enhance Trade

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Abstract

Regional Integration (RI) has been a growing phenomenon in the last decades because the benefits associated with it, particularly in terms of trade. Despite the benefits, the issue of Non-Tariff Barriers (NTBs) has become a major concern, thus triggering a number of trade disputes among nations. To improve trade relationship with one another, three African regional trade blocs, namely, Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and the Southern African Development Council (SADC) entered into an agreement to form a single market through launch of a grand Tripartite Free Trade Area (FTA). An important issue that followed this agreement was the use of an On-line Complaint Reporting, Monitoring and Eliminating Mechanism starting in year 2009 and formally launched in June 2011. This mechanism was meant to enhance transparency and easy follow-up of reported and identified NTBs from participating members and would possibly reduce complaints.

Despite this launch, a review of the website indicates surfacing of new NTBs and even some recurrence previously reported ones. The online reporting mechanism has become a paradox. Complaints have continued to proliferate in different forms, hence NTBs that destabilize the objective of realising free trade in the COMESA, EAC and SADC area. Trust Theory is used to help understand the main cause/source of many complaints and the resultant NTBs. The subsequent implication of these NTBs on the status of trade among the concerned economies also needs investigation. Complaints registered on-line in COMESA, EAC and SADC Website from 2009 to 2017, are used as data for the study. This paper, contributes to knowledge by enabling understanding of trust in regional integration literature and future prospects of this on-line reporting mechanism.

Keywords: Institutional Trust; Institutional Environment; On-line Complaints; Non-tariff

Barriers; Regional Economic Integration

1. Introduction

Regional Integration (RI) has been a growing phenomenon in the last three decades (Muhabie, 2015, Hartzenberg, 2011). The upsurge in RI indicates the importance to which nations associate it with benefits in trade and the subsequent growth in their economies, given shrinking resources and hence the need to become more efficient. Member nations can take new opportunities that result from a fall in trade barriers and associated costs to grow their trade and subsequently, the economies. However, Non-Tariff Barriers (NTBs) have become a major concern, thus triggering a number of trade disputes among nations involved. The proliferation of RI has seen the formation of several Free Trade Areas (FTAs) in Africa (Hartzenberg, 2011). Three RIs in Africa mainly, Common Market for Eastern and Southern Africa (COMESA), Economic African Community (EAC) and Southern African Development Community (SADC) form the context of this study. The COMESA membership is made up of the following countries: Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda and Zimbabwe. EAC consists of Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda. Members of SADC are Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

In an effort to enhance trade amongst their member states COMESA-EAC-SADC entered into an inter-regional agreement to form, first, a single enlarged market through a grand Tripartite Free Trade Area (FTA), secondly to develop infrastructure to enhance connectivity and reduce costs of doing business and lastly, to broaden their industry to address productive capacity constraints

(<http://www.sadc.int/about-sadc/continental-interregional-integration/tripartite-cooperation/>). An important issue in the enlargement of the market involved an On-line Complaint Reporting, Monitoring and Eliminating Mechanism. On-line Complaint Reporting is meant to enhance transparency and easy follow-up of reported and identified NTB from participating members. COMESA, EAC and SADC are made up of 18, 6 and 15 member countries respectively. Altogether there are 26 member countries in this grand Tripartite FTA. However, some of the countries have double membership to these regional integrations.

The regional integration and inter-regional integration and hence the aspect of cooperation in trade can be beneficial to the members, despite the overwhelming NTBs. Benefits of cooperation are well known and have been studied in various disciplines (Zineldin, 2004; Phambuka-Nsimbi, 2011; Schmitz, 1995). However, benefits of cooperation are not a concern for the current paper. In this study, the Theory of Trust, as a precursor to cooperation, is brought into context to understand the main source of NTBs that undermine the achievement of one of the main objectives of COMESA-EAC-SADC Inter-regional integration of attaining an enlarged single market and enhancing trade amongst members. This is despite the establishment of the On-line Complaint Reporting, Monitoring and Eliminating Mechanism. According to Fehr (2009, pp236), “aggregate measures of trust at country level have been

related to important economic variables such as Gross Domestic Product growth (GDP), inflation, or volume of trade between countries.” Knack and Keefer (1997) have observed the importance of trust in expanding economic activity and attributed the expansion to cooperation and solidarity that enables groups to resolve collectively or collective action. Specifically, the fundamental role of trust and thus the resultant co-operation is to enhance trade between COMESA, EAC and SADC.

The organization of this paper is as follows: (i) Statement of the problem (ii) Objectives of the study (iii) Literature Review (iv) Methodology (v) findings (vi) Discussions and Conclusions.

1.1 Problem Statement

While RI is proliferating in Africa, the issue of co-operation to enhance trade remains a challenge (Makochekanwa, 2014, Muhabie, 2015). This paper is inspired by the observation that despite the inception of the On-line Complaint Reporting, Monitoring and Eliminating Mechanism by the COMESA-EAC-SADC member countries to facilitate on-line reporting of problems experienced by companies doing cross border trade in the area, a review of their website shows a continuation and in some cases recurring complaints (http://www.tradebarriers.org/active_complaints). The on-line mechanism started operating in 2009 but was formally launched in June, 2011. Most complaints that emerged and were reported were resolved. However, apparently some are still recurring and many new ones are being reported. This is a major concern on the issue of trust among countries in the grand tripartite area and thus, further raises a question about the subsequent level of co-operation in the FTA in achieving a large single market. These complaints are part of barriers in addition to other constraints of trade among these African nations hence an increase in transaction costs (Hartzenberg, 2011).

1.2 Objectives of the Study

The number of Regional Economic Integrations is forever increasing. Thus relationship development and co-operation amongst all countries involved at any stage is paramount. The current study explores the extent of trust that exists amongst the COMESA-EAC-SADC states in terms of their trade relations. The purpose here is to investigate the extent to which trust exists amongst members of the regional integrations and their component institutions, that is, all those responsible for manning the On-line Complaint Reporting, Monitoring and Eliminating Mechanism. The extent of trust can possibly explain the nature and main source of complaints and hence the many NTBs that occur amongst these member states. The subsequent extent to which the NTBs affects the level of co-operation and the future prospects on trade between these states needs to be looked into. The current barrage of NTBs threatens the very existence of the COMESA-EAC-SADC grand Tripartite Free Trade Area.

2. Literature Review

2.1 Understanding Theory of Trust

The Theory of trust has been studied or borrowed from many disciplines including Marketing

(Schurr et al., 2008; Palmer, et al., 2013; Huang, et al., 2014), Management (Child et al., 1998; Serva, et al., 2005; Bachmann, et al., 2011), Economics (Benson, 2001; Fehr, 2009), Psychology (Simpson, 2007), Politics (Ostrom, 1998) and so on. Huang et al. (2014) defines trust as the individual's willingness to depend on the behavior of others, while Palmer, et al (2013) describe it as an implied belief by one party that their partner will not behave in an opportunistic way against them. According to Dowell et al., (2013, pp438) it is a "decision to rely on another party based on a calculated risk." It entails beliefs and behavior about how other people are likely to be reliable, cooperative and helpful in daily life contexts (Simpson, 2007). Mollering (2006) views trust as embedded agency where the parties involved or actors, being the trustor and the trustee continuously interpret the social context in which they are embedded. Thus, according to Mollering, activities done on trust are mainly a leap of faith based on the party's interpretation. A party trusting another indicates that there is a likelihood of cheating (Hagen & Choe, 1998).

Palmer et al. (2013) observe that trust is viewed as central to many marketing models that inform principles and practices of marketing. The authors note that trust is considered a key explanation why buyers continually seek out and buy a particular brand. Huang et al. (2014) emphasizes that trust is a dynamic phenomenon which is being continually shaped by interactions that happen between parties involved. The experiences and interpretations given by parties to such interactions can develop into trust or non-trust. Child et al. (1998) observe that despite the many definitions of trust, all have one common theme, that is, one party is willing to relate with another believing that the other party will reciprocate and their action in return will not be detrimental.

Benson (2005) argues that when information is freely available and complete, thus amounting to complete knowledge of any interaction taking place around, people would have no assurance problem. However, information is barely available in most cases and therefore, calling upon parties to depend upon trusting one another to fulfill their promises. Simpson (2007) and Fehr (2009) observe that trust serves as a foundation to all theories underlying interpersonal relationships and thus may be the most important ingredient to help in development and maintenance of healthy relationships.

Trust is viewed as a broad concept that has many facets or dimensions and these dimensions can be investigated or interpreted at a micro (individual) level or macro (organizational) level (Bachman & Inkepen, 2011). Trust at the macro level or institutional-based is of interest in this study with particular reference to Regional Economic Integration. Specifically, the study looks at how the On-line Complaint Reporting, Monitoring and Eliminating Mechanism of the COMESA-EAC-SADC grand tripartite Free Trade Area operates as an umbrella institution with the assistance of country specific institutions, for example National Focal Points and related government departments operating within it.

2.2 Regional Integration and Trust

In the Regional Economic Integration process, some or all decisions concerning the running of the integrated nations are taken at a regional level with the aim of closer policy co-ordination and ability to monitor compliance by members. The expectation is that members in an

integrated community grow faster, become competitive due to economies of scale and overtake competitors with larger markets and growth potential (Kugler et al., 2015). Closer co-operation of states is required in many areas including the political field, economic policies to remove trade barriers, security, environment and so on (<https://helda.helsinki.fi/bitstream/handle/10138/21770/regional.pdf?sequence=2>). In simple terms, co-operation means interaction between the individuals to achieve a target or for mutual benefit (Chalotra et al., 2015). However, an individual's behaviour is often motivated or characterised by self-interest thus creating a strong potential for conflict in any human interaction (Ostrom, 1998). This conflict usually will turn into a situation where one individual would only cooperate and continue to do so, as long as others do. In reference to business, Chalotra et al., (2015) argues that cooperation fosters numerous benefits like offering competitive advantage, enhancement of market share, information sharing and dissemination and overall business improvement. Chalotra et al., further observe that business success is enhanced by cooperation among nations which promote trade among them. It is at this point therefore, that to enjoy the benefits that accrue due to co-operation, Hoffman (2002), Child et. al. (1998) and Gupta and Cawthorn (1996) argue that the element of trust should always be at the forefront.

Almost every commercial transaction calls for some element of trust to forge business relationships (Huang and Wilkinson, 2014). Trust reduces the transaction costs that are often associated the uncertainty with context within which the transaction takes place. According to Fehr (2009, pp1), trust “permeates friendship relations, family relations, and economic relations”. Fehr emphasizes the importance of trust in economic exchanges as the author observes that lack of trust severely hampers market transactions. Kroeger (2011), noted that over the last two decades trust in economic relationships has been acknowledged and likely to become even emphasized with time. Benson (2001) observes that the economies of Eastern Europe, East Indies, Africa and Latin America are growing, though some are becoming stagnant because of the institutional environments and particularly, their ascription to low-trust. High-trust economies perform better while with low trust are trapped in poverty (Zak and Knack, 2001). Benson (2001) notes that trust supports trade and argues that in the absence of trust, sanctions or legal recourse will be a necessary substitute. However, Hagen and Choe (1998) point out that though sanctions may be viewed as a substitute to trust, sanctions do foster trust and ultimately cooperation is enforced.

The contributions by Fehr (2009); Kroeger (2011); Benson (2001) and Zak et al, (2001) in the preceding paragraph create a need to understand trust in the context of a Regional Economic Integration. Regional Economic Integrations are part of business. However, Bachman and Inkpen (2011) observed the need for research on institutional-based trust when explaining business behaviour. Fuglsang and Jagd (2015) also emphasized that institutions are a source of trust. Kroeger (2011), notes the plenty of literature on trust has been discussed much based on individuals and argues that trust is capable of institutionalization. The general argument is therefore, that the research community lacks interest in the phenomenon of institutional trust (Fuglsang and Jagd, 2015; Kroeger2011, and Bachman and Inkpen, 2011). Bachman and Inkpen (2011) observe that institutional-based trust is the least understood areas of research,

hence argues on the urgency of trust research at a macro-level, but drawing lessons from the micro level. These authors observe that institutions matter in trust building, noting the 2008 global financial crisis was trust crises at a macro-level that is, between banks and large organizations. Trust is a major issue in the discussion of business behaviour and has been associated with the reduction in transaction costs and leads to creation of new ideas. In their contribution to trust on Post-Agreement negotiations French and German Security relations Brugger et al. (2013) argue that trust stabilizes one's expectations about future behaviour of important partners. They note that trust reduces costly controls associated with risk of defection and increase efficiency of cooperation by promoting policy integration.

Fuglsang and Jagd (2015) argue that institutional-based trust can bring about efficient functioning of advanced economies. When studying trust from a micro-level, psychology is the dominating factor and as such the psychological perspective is that what matters most is the frequency of contacts between individuals. Therefore institutions are not factored in as important in the development and quality of relationships. In fact institutions are considered as external factors that can even sabotage individual relations or at best, an alternative way to manage uncertainty in inter-organizational relationships.

2.3 Definition of Institution and Conceptualization of Institutional-Based Trust

Fuglsang and Jagd (2015) define institutions as cognitive and regulative structures and activities that provide stability to social behaviour. These are mainly shared expectations that come from formal social structures like membership to associations, legal regulations and so on. Leftwich (2006) defines institutions as complex networks of social interactions of human societies, whether political, economic or cultural which need agreed and predictable rules. Nooteboom (2007) described institutions as a set of rules that constrain action and applies to particular group and carries sanctions of non-compliance. There is an existence of formal ties that are pre-established and even imposed on parties involved. In the context of definitions by Fuglsang and Jagd (2015), Leftwich (2006) and Nooteboom (2007) of an institution, Regional Economic Integrations and some structures with them can be classified as such. Thus based upon these definitions of institutions, the institutional based trust is relevant to this study.

Wicks and Berman (2004) advance the view that institutional-based trust is much affected by context, that is, forces exerted by the relevant institutions. They contend that context matters specifically when decisions are made about whom to trust and how much to trust them. Different authors have proposed forces that matter or can be exerted by institutions in order to deduce trust. For example, in conceptualizing the institutional-based trust, Bachman and Inkpen (2011) observe that institutions influence the patterns of behaviour between parties involved and cite institutional safeguards like legal rules and regulations of the institution, professional codes of conduct, corporate reputation and standards of employments contracts as points of a reference when parties make various decisions in their mandates. Therefore, parties do not necessarily have to depend on the individual interaction to build trust, but rather depend on something set by the institution. Institutions have templates that guide interactions between these parties once they start the relationship. In a similar note Fuglsang

and Jagd (2015) argue that parties involved in any business transaction collectively formulate the framework within which to operate. The framework and thus their collective work form the basis of trust amongst themselves. Child, et al., (2003) cites the adequacy of legal protection, involvement of officials and officials' arbitrariness as important in the institution's contextual environment.

However, Wicks and Berman (2004) are of the view that most scholars still assume the context is constant. They argue that the ability to and costs associated with creating particular levels of trust differ as one moves from country to country because of the amount of support for trust and trusting behaviour. A counter argument was brought forward by Cai et al. (2010) as they observed that much as they may various forces imposed by institutions, only a few of the forces would predominantly put pressure under certain conditions and also the factors may be unique for different countries. Mollering (2006) warns parties guided by institutions not to be passive. The parties should work more actively towards contributing to the constitution of trust even beyond what is provided by the pre-established institution. According to Fuglsang and Jagd (2015, p. 24), institutional-based trust mainly depends on "*micro strategies of social interaction and sense-making*". Sense-making was defined as a continuous retrospection of on-going activities to help rationalize on what people are doing and serve to bridge the gap between institutional-based trust and interpersonal trust as perceived at an individual level. In this case institutions are therefore not ready-made structures but are continuously emerging during the process of interaction. Kroeger (2011), notes that institutionalization of trust takes the form of roles and routines that also need creativity in the action of partners. In his acknowledgement to the capability of institutionalizing trust Kroeger further argued that interaction of parties is ongoing process that contributes to, but does not fully determine the production of trust. Parties act within the institution boundaries which are constraining but with some freedom that allows variable degrees of identity. Meyer and Rowan (1977) also assert that institutional rules may conflict with logic of efficiency

Of critical importance however, is that institutional trust should come from trusted institutions. In fact Mollering (2006, p. 355) observes that "*Clearly, without trust in institutions those institutions cannot be the source of institutional-based trust' in other actors.*" Kong (2012), also notes that institutions can be competent or incompetent in handling issues or problems.

For this study the COMESA-EAC-SADC On-line Complaint Reporting, Monitoring and Eliminating Mechanism, is working towards bringing all the member countries to creating one single large free trade market. Cai et al. (2010) argument is adopted, thus this research is conducted on the assumption that the context or the institutional environment needs to be held closely as possible to constant, though dealing with different countries. The view is that the umbrella institution, COMESA-EAC-SADC On-line Complaint Reporting, Monitoring and Eliminating Mechanism and its sub-constituents that is, National Focal Points and different government department in each country herein, are working towards a common goal of increasing inter-regional trade and thus will advance the goal of achieving a single market. A further assumption is that these on-line mechanism and its sub-constituents are trusted

institutions. Thus the conceptual is depicted as below:

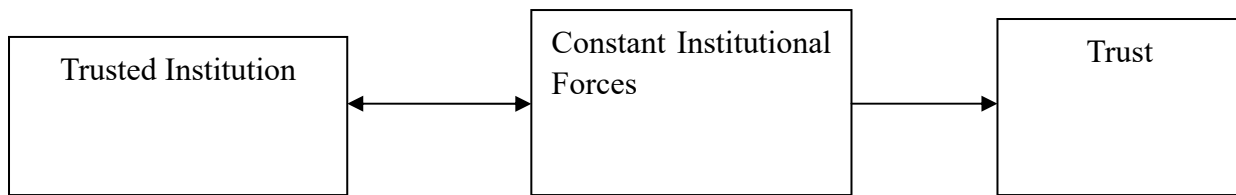


Figure 1. The conceptual

3. Research Methodology

Qualitative data was contextualized in the form of challenges or barriers experienced mostly by companies based and trading across borders within the COMESA-EAC-SADC grand tripartite free trade area. Thus data for this paper was obtained from the region's website (http://www.tradebarriers.org/active_complaints). The focus was mainly on the on-line registered or posted complaints as from 2009 to 2017 by these companies. Complaints could also be from countries and regions in the area. These were not studied in any order and further, were studied holistically, that is, no company or country or region in particular was being tracked for any complaints posted on-line. There were two categories of complaints, that is resolved and active, that included among others, detention of goods by custom's officials, impounding of truck, high fees for road users, intimidation of transporters and inhuman treatment of drivers, impromptu institutional or government officials decisions, retaliation by country based institutions and so on. Effort was made to read as many posted complaints, however, it was impossible to go read all them. These complaints are in fact non-tariff barriers that hinder smooth trade amongst the COMESA-EAC-SADC nations. Puri (2007) observes that online research has used the internet tool to reach respondents efficiently and further that the internet is a space where people meet and live their lives.

For this paper, a content analysis was used, specifically to identify the main source of the aforesaid complaints hence the non-tariff barriers that have become so prevalent in grand tripartite free trade area in spite COMESA-EAC-SADC agreement to improve trade in the region. Denzin and Lincoln, (2005) observes that content analysis is a qualitative approach for examining data. Yin (2003) emphasizes data analysis that consists of examining and combining evidence. Content analysis provides real live experiences or close to natural conversations from those immediately affected with little or no alteration. Thus, this offers spontaneous opportunity to accessing more natural data, that is still vivid in the mind of the affected and captures most if not all the experiences with less noise or disturbing circumstances (Denzin & Lincoln, 2005).

Therefore, the narrative complaints as posted on the COMESA-EAC-SADC website resemble undisturbed life experiences of the companies based and trading across borders within that region and in some cases countries or regional integrated areas. Reading as many as possible of these online complaints and understanding them was a key step. Key or prominent words or phrases from such complaints were extracted for further analysis. In this way the researcher believes that this would later help to maximize the interpretations that may be given to the data.

This is, according to Denzin (1989), this is thick description. Thus the main source of non-tariff trade barriers will be identified and better understood.

4. Data Analysis and Findings

The COMESA-EAC-SADC on-line Complaint Reporting, Monitoring and Eliminating Mechanism as an institution and its sub constituent institutions, have been mandated into creating the COMESA-EAC-SADC grand tripartite into one single market by specifically looking non-tariff barriers that deter trade between these regional member states. Among the sub constituent institutions are, the National Focal points of member countries and associated government departments. The focus of this study was more into understanding the extent of trust that is developing among the member states and the relevant institutions in order to reduce or alleviate the non-tariff barriers and ultimately serve as a hinge to the attainment of a one large single market. The model depicted in figure 1 above indicates, in short, that institutional-based trust is a result of trusted institutions applying or exerting constant forces in the environment in which they are established to operate or guide.

In an attempt to achieve the objective of single large free trade market area, does the COMESA-EAC-SADC follow model of trusted institutions applying constant institutional forces? In a rational choice framework, that is, where an institution is operational, the behaviour of the parties involved should be under control. In other words the establishment of the on-line reporting mechanism is an institutionalized process to reduce complaints and thus the subsequent NTBs should be eliminated or at-most manageable. However, this has not the case in the COMESA-EAC-SADC trade area. The complaints have become a pervasive stain in grand tripartite trade area. Generally there is a barrage of complaints seemingly far from solving. Despite the current categorization of the complaints as indicated in the COMESA-EAC-SADC on-line Complaint Reporting, Monitoring and Eliminating Mechanism, an in-depth content analysis and further conversing with these, some words and phrases were extracted and appear common among the registered complaints. In-depth analysis found words and phrases that are salient and could have predominant pressure on the extent of trust among member states and institutions and hence the subsequent, unending non-tariff barriers to this grand tripartite trade area. Included among these words and phrases were the following:

Tit for tat, arbitrariness by officials, violation of the letter and spirit of the Free Trade Area, confusion, exclusion of member states in some decisions, retaliation by members, intimidation of drivers, use of impromptu statutory instrument, lack of recognition of some policies despite formerly accepted, lack of coordination among government institutions, despite the passing and acceptance, but still insisting, inadequate or no information on the change of export & import procedures.

These words and phrases are not encyclopaedic, though. Given ample more could be extracted from the registered on-line complaints. Table 1 further shows typical extracts from online registered complaints that are a reflection of the application of non-constant forces by some of the institutions that are supposed to facilitate the development of a one single market of the COMESA-EAC-SADC grand tripartite.

Table 1. Typical complaints

Complaint Number	Year of registration	Complaint
NTB-000-697	2009/07/16	<u>Lack of coordination</u> among numerous institutions involved in testing and clearance of goods at the borders
NTB-000-302	2009-09-09	<u>Differing paperwork</u> and processes for COMESA and SADC causes <u>confusion</u>During the 15th SCTF held in may 2017, the SADC Secretariat reported that this NTB would be addressed through the Tripartite FTA work programme therefore any progress will be determined by the progress under the Tripartite programme.
NTB-000-499	2012-03-14	Non-harmonized road user charges / road tolls in EAC Partner States..... The EAC, in collaboration with SADC and COMESA, is working on a model for harmonizing the principles for road user charges.
NTB-000-670	2015-05-08	<u>Despite the passing and acceptance</u> of EAC Vehicle Overload Bill of 2012, whereby it states that the maximum vehicle combination length permissible is 22 m and which includes and covers the South African designed and developed Interlink combination of 22 m maximum. Tanzania are <u>still insisting</u> on abnormal vehicle permits to be issued to these vehicles on entry into Tanzania at Tunduma Border Post at a cost of US \$20 per entry or face heavy penalties including the <u>impounding</u> of vehicles if they are not in possession of an abnormal permit. This is in breach of the Bill which has been accepted by all EAC Member Countries including Tanzania and this policy needs to be revoked ASAP.
NTB-000-721	2016-06-17	Zimbabwe introduced surcharges on certain products in <u>violation of the letter and spirit of the COMESA Free Trade Area</u>, controlling the volumes of imports of products exported by Zambia to Zimbabwe. The instrument is in force and is being implemented
NTB-000-750	2017-03-01	There are approximately 600 hundreds trucks ferrying "mukula" logs legally from DR Congo. The loads had genuine documents from Congo and the trucks were checked at kasumbalesa border

		<p>upon entry to Zambian soil. We understand that Zambia banned mukula harvesting within its territories but the activity is not banned in Congo. It is unfortunate that the trucks from Tanzania underwent the legal custom check at the border only to be impounded through <u>an impromptu statutory instrument.</u> It also unfortunate that after impounding the said trucks, the relevant authorities in Zambia kept quiet. Going by SADC protocol on transit/transportation protocol there is evidence of breach/contravention of the same.We do need each other and <u>we'll always need each other owing the same to globalization.</u></p>
NTB-000-764	2017/05/05	<p>Tanzania <u>does not recognize quality marks</u> issued by Kenya authorities <u>despite the fact that Partner States</u> are implementing harmonized regional standards. Tanzania expects all products imported into that country to meet Tanzania standards.</p>
NTB-000-751	2017-05-01	<p>On the 11th November 2016, Zambia issued SI 85 of 2016, The Tolls Act in which the Second Schedule Section A and B outlines Entry Tolls for COMESA/SADC and other Countries. Botswana <u>was not included under SADC</u> and awarded tolls higher than other SADC States. On the 1st May 2017, Botswana <u>retaliated</u> by issuing an Amendment of the Road Traffic and Road Transport (Permits) regulations, 2017. Under this Amendment, tolls were increased and in turn, Zambian Transporters handed a hefty penalty. The result is that as a Zambian Transporter our Transit Fees through Botswana increased by 70%..... Surely the whole idea of building the Kazungula Bridge is to improve the flow of traffic through Botswana and create economic advantage? With the increase in the tolls in a <u>tit for tat</u> manner, building the bridge is a waste of time.</p>
NTB-000-747	2017-05-03	<p>On the 5th of March 2010, the Governments of DRC, Namibia and Zambia signed an agreement which established the Walvis Bay – Ndola – Lubumbashi Development Corridor and since then, we have seen a significant growth in the movements of goods along that corridor.....A number of trucks from various countries, primarily Namibia, Zambia, DRC, Tanzania and South Africa started taking timber from the DRC as a return load. It is unfortunate and regrettable that the Zambian authorities decided to impound trucks for such a long time instead of impounding the products which they were trying to protect. The Zambian Government implemented laws</p>

		affecting the operations on the corridor <i>without consulting</i> other member states as required by the agreement they signed in Livingstone in March 2010. In fact, the Zambian Government has violated that very same agreement. adhere to this agreement strictly in order to ensure that the corridor plays its rightful role in the development of trade within SADC.

Source: Extracted from (http://www.tradebarriers.org/active_complaints), Accessed, 2017

Overall, idea of having one large single market, that is, the grand tripartite free trade area seems rather paradoxical. There are questions on how the COMESA-EAC-SADC countries interpret the on-line mechanism set before them. Members seemingly never lose sight of their individual country interests hence, the benefits of a large COMESA-EAC-SADC single market is be well understood. Specifically, the COMESA-EAC-SADC on-line data of registered complaints indicates some characteristics of non-constant institutional forces that are at play and are implicitly embedded in the registered complaints. These forces therefore, are highly likely to have (negative) implications on trust. This lack of trust negates cooperation and solidarity that enables groups to conduct collection action or resolve problems collectively. The complaints cited in table 1 above are just very few examples that have pressing issues that are more likely to hinder an enhanced trade in the COMESA-EAC-SADC region.

5. Discussions and Conclusions

Trust is very important in Regional integration and Regional integration has economic developments benefits as already mentioned in some literature elsewhere (Hartzenberg, 2011). Making integration policy a priority for all countries involved is therefore critical. A prerequisite for effective adaptation to integration calls for people or parties to first understand the general change in the global world. However, particular priority should be given to understanding institutions, as well as trust amongst the institutions involved in the integration process. It has been noted that institutions are both a source and an object of trust Fuglsang and Jagd (2015). Trust responds to problems complexity and uncertainty during the process of interaction (Brugger et al., 2013). Trust opens doors to exchange of idea and distrust will shut the doors to ideas. However, in the COMESA-EAC-SADC countries more is yet to be done to realise the effects of institutionalized trust in the whole process of achieving a free trade in the region. Because of less or no trust there have been more disruptive situations towards the achievement of a free trade or a large single market of COMESA-EAC-SADC countries. Trust is expected to lessen the any disruptiveness in the states cooperation.

The greatest difficulty in forming a large COMESA-EAC-SADC single market is getting each member country and related institutions to see beyond their narrow country interests. There is a dilemma that attends to the choice between co-operating and competing. Institutions that are designated to institutionalize trust are themselves creating conflicts

through exerting or exercising non constant institution forces. The National Focal Points and related government institutions assigned to deal with registered complaints in most instances, still have more self-interest at heart. This is shown, for example by lack of consultation among different institutions, government officials' arbitrariness in an attempt to resolve certain problems, impromptu decisions and so on, as reflected or embedded in the registered complaints. This easily defeats the notion of institutional-based trust and hence the ultimate purpose to integrate and improve trade in the region.

However, it is co-operation that is needed for growth and success of the single market. The achievement of a single free trade large market will remain a subject of high debate pending the institutionalization of trust. In fact, Mollering (2006) emphasized that institutions need to be trustworthy for them to be a source institutional-based trust. There is still a lack of constant institutional forces exerted by the different COMESA-EAC-SADC institutions that have the mandate to develop the grand tripartite free trade area. This has most likely resulted in distrust and unstable transaction flows among the countries in the region as reflected in the registered complaints and the subsequent non-tariff barriers. Further, this can stifle growth of companies, countries and the region as a whole as non-tariff barriers perpetuate the trading. Overall, these institutions are therefore yet to be trusted. Trust is needed to encourage professional interaction and collaborative behaviour. Knack and Keefer (1997) argued in favour of trust in facilitating economic activity expansion and acknowledge that in societies where there are high levels of trust, there is less dependency on formal institutions to enforce agreements and government officials are perceived as trustworthy and thus their policy pronouncements are credible. Kong (2012), also noted that trust is instrumental to progressive public policy and economic development. Mollering (2006) emphasized on the fact that parties involved not only depend on institutions, but also work towards contributing to what is already advanced by the institutions. Also summing up the notion of trust were Zak and Knack (2001), who observed that trust was an important factor in economic development and hence argued that high-trust economies are performing better while the low trust are trapped in poverty.

Given the finding in this paper, the mobilization of all different stakeholders to take serious participation in the regional integration process and finally to relay important messages to day to day implementers is essential. In this sense, it is considered very urgent for example that companies, should take serious consideration into training that employees on how to respond to challenges experienced with non-tariff barriers. With trust, other barriers between nations, regions and inter-regions can be negotiated and be broken. Furthermore, COMESA-EAC-SADC single market will facilitate the region to embrace globalization for its economic development and growth.

6. Limitation and Future Direction

Regional Economic Integration is very critical for economic development and growth in trade given the competitive environment businesses are faced with. Regional Economic Integration also plays a major role in embracing the economies into the globalization. The study was concerned with Regional Economic Integration, specifically looking the

COMESA-EAC-SADC On-line Complaint Reporting, Monitoring and Eliminating Mechanism and brought into perspective the institutional-based trust as a way that could possibly increase efficiency of trade as concerned nations and partners begins to trust each other more. In order to make a meaningful contribution, a longitudinal study could be conducted to ensure a full track of the complaints in an even more orderly and any progressive resolutions achieved in addressing the complaints. It would also be best to keep track of the amount of time it takes to resolve some of the major complaints. Interviews with some institutions would help enlighten the challenges experienced when resolving the complaints.

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