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ATHI RIVER EXPORT PROCESSING ZONE**

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**ABSTRACT**

*Export processing zones have been in existence for decades but have attracted renewed attention in recent years. However, their success in promoting trade across countries is mixed. This study aims at analysing the determinants of project performance in export processing zones. Neutralization of dis-incentives, infrastructure and good governance, along with the overall investment climate in a country are found to contribute to the success of its zones. This paper, therefore, reinforced earlier recommendations that call for the removal of red tape and bureaucracy better. The specific objectives were to find out how Government policy and Project Resources affect project performance in Export processing zones. Primary data was collected using a questionnaire. This study collected quantitative data using a self-administered questionnaire. The data was then coded to enable the responses to be grouped into various categories. The findings were presented using tables and charts. From the finding in the table above, the study found that there was positive correlation coefficient between Export Processing projects and Government Policy, this relationship was found to be statistically significant. The study found weak positive correlation between Export Processing projects and Project Resources.*

**Key Words:** Government Policy, Project Resources, Project Performance

## INTRODUCTION

The growth of EPZs in export oriented regimes may be explained within the realm of new growth theory, neo institutionalism and the developmental state theory evolved in the 1980s (Baissac, 2003). These theories reaffirm that economic, social and political institutions have a 5 key role to play in the development process. In contrast with advanced economies, developing countries face a chronic lack of capable institutional actors. Economic development can only result from state-led policies designed to address the numerous production failures and bottlenecks that characterise the economies of underdeveloped countries. EPZ is one such state led policy.

EPZs thus make up for infrastructural deficiencies and procedural complexities that characterise developing countries and offer a more conducive investment climate. Trade related infrastructure and institutional framework are generally deficient in these countries. Besides, too many windows in the administrative set up, bureaucratic hassles and barriers raised by monetary, trade, fiscal, taxation, tariff and labour policies further increase production and transaction costs of exports. Since country-wide development of infrastructure is expensive and implementation of structural reforms require time due to socio-economic and political realities, export processing zones (EPZs) are considered an strategic tool for the promotion of exports in these countries (see Mondal 2001 also). According to this modern view, the EPZ offers quality infrastructure and hassle free business environment permitting an economy to promote and diversify exports and develop a competitive industrial base.

According to Jugdev and Muller (2005), Though EPZs are increasingly sponsoring technical skills training for their employees and/or applicants; the increasing demand for higher-skilled labour has not

been met with a concomitant supply. In Sri Lanka, for example, EPZs are still short 15,000 workers (ILO 2008b). As a result of an expanding global labour force and the spread of mass production technology, productive capacity has increased in both textile industries and electronics (two major EPZ-based outputs), driving down prices of these goods and the profit margins of EPZ-intensive businesses. This has dovetailed with an employer strategy to exploit inter-state rivalries and exert downward pressure on wages and labour standards, the so-called race to the bottom (Costello, Smith, and Brecher 2006). Because of new opportunities for capital and new conditions for developing economies, the growth of EPZs has been substantial in the last two decades, as they have expanded in terms of the absolute number of countries using them, the scope of industrial diversity they cover, and their size.

Export processing zones are special regulatory areas within countries established to promote export-led growth. The ILO has defined EPZs as “industrial zones with special incentives set up to attract foreign investors, in which imported materials undergo some degree of processing before being exported again.” Unless otherwise stated, this is the definition referenced in this report. EPZs have been called the “vehicles of globalization” (Van Heerden, 2008). While nation-states have developed “exceptional” spaces of economic activity for over a century, the recent phenomenon and proliferation of EPZs refers to a period beginning in the late 1960s, when developing countries sought to attract investment by exploiting a comparative advantage through concessionary incentives.

While EPZs were originally introduced as enclaves into developing countries’ economies, and are now found all over the globe, most are concentrated in less than a dozen countries (World Bank 2008).

Moreover, they take a variety of forms, including “single-industry, single-commodity, single-factory, and single-company zones” (ILO 2008b). Their industrial purpose has also changed, as scholars now describe a slight shift towards semi- and higher-skilled production and services, in contrast to earlier models of low-skill apparel assembly, footwear, and electronics industries. The World Bank (2008) estimates that today there are 3,000 zones in 135 countries, accounting for over 68 million direct jobs and over \$500 billion of direct trade-related value added within zones.

In this current era of globalization, export promotion is seen as an important policy for economic growth in developing countries. Various measures are being adopted to promote export competitiveness by governments in these countries. As a policy means of achieving this goal, the concept of export processing zones (EPZs) has gained noticeable significance in recent years. There were 176 zones across 47 countries in 1986. By 2003, the number of zones increased to over 3000 across 116 countries (Table 1.1). A large number of them are operating in developing countries.

Kenya’s EPZ programme was initiated in 1990 as a tool in the export-led growth strategy. 48 The programme aims to attract export-oriented investments and achieve “job creation, diversification and expansion of exports, increase [...] productive investments, technology transfers and creation of backward linkages between the zones and the domestic economy” (KEPZA, 2013). The zone programme has a central role in the country’s development plan, ‘Kenya Vision 2030’, which aims to develop, split, and distribute the existing EPZ and develop three additional zones in Mombasa, Kisumu, and Lamu. The zones are also to allow a wider range of commercial activity. The construction of the new zones is however behind

schedule, and has yet not started.<sup>49</sup> The zones offer investors a number of tax benefits, among them a 10-year corporate tax holiday followed by a 25% tax rate, and incentives such as unrestricted repatriation of profit on capital and dividends from foreign exchange earnings, unrestricted foreign borrowing and capital, and exemption from certain licensing requirements. Additional incentives are listed in table A2 in the appendix. Investments in the zones must be export-oriented within manufacturing, commercial activities, or export-related services, and domestic sales are restricted. The EPZ firms are in general to locate within the existing zones in Kenya, which are situated in Nairobi, Voi, Athi River, Kerio Valley, Mombasa, and Kilifi. The country had 47 zones in 2012, but about half are single firms, or EPU’s (see, e.g., McCormick, 2012). The largest zone is Athi River, one of two public zones controlled by the EPZ Authority. Athi River is situated 30 km from Nairobi in the Mavoko municipality; the EPZ is thus close to the capital of Kenya; the Jomo Kenyatta Airport, which is the largest airport in Eastern Africa; and the Nairobi–Mombasa railway (USITC, 2008). The Kipevu EPZ, the second public zone, is located close to Mombasa. The port of Mombasa is one of the busiest ports in Africa and also provides access by road and railway to Kenya’s neighbouring countries.

Establishing infrastructure for the Athi River zone was estimated to cost about US\$30 million, or KSh2,536 million, to develop. The World Bank was to cover about 80% of the costs, and the Kenyan government the rest. 51 The Kenyan EPZ Authority (KEPZA) constructed most of the zone’s industrial buildings that were built by 2005. Private contractors have since constructed a number of buildings for leasing within the zone, reducing the government’s direct costs and hence the financial risk of the zone programme. The cost of establishing the Kipevu EPZ was estimated to cost US\$18 million.

Funds were requested from the African Development Bank and the African Development Foundation (KEPZA, 2012; KEPZA, 2013).<sup>52</sup> Services within the zones are provided to tenants for a charge. The lease of the industrial buildings differs between the different zones from US\$2.00 per square foot per annum in Mombasa, US\$2.80 in Athi River, to US\$3.60 in Nairobi (KEPZA, 2013).<sup>53</sup> The government further charges the EPZs for services such as water utilities and electricity. The EPZ firm's expenditure on utilities such as power, water, and electricity is presented in table 3.4, and elaborated later in the thesis. Due to insufficient data on infrastructure costs it is difficult to assess the zones' full costs for the government. <sup>54</sup> The indirect costs, e.g., lost tax revenues from EPZ firms in Kenya, are furthermore especially difficult to assess due to a high number of EPU's and the difficulty in ascertaining if these are new investments.

### **Statement of the problem**

Project Investment within the zones remained rather low and stagnant in the years prior to the establishment of the AGOA in 2000. In 1995 there were 12 zones. Investments within the zones were only KSh3.9 million, and zone output was negligible in terms of GDP (Mwenga & Ndung, 2001; Omolu, 2006). The number of enterprises and the level of investments increased considerably following the initiation of AGOA, mainly within the textile and apparel sectors. The exchange rate and the inflation rate were relatively stable in this period, which contributed to the increase in FDI (CBK, 2005).

The number of firms within the textile and apparel industries increased from 10 to 40 in 2003 alone, and investments within the zones increased from KSh0.5 billion in 2000 to about KSh17 billion by 2004, as seen in table 3.1. <sup>55</sup> The increase in investments raised the amount of zone exports by 287% between 2001 and 2004, as seen in table 3.2.

It is estimated that between 70 and 90% of zone exports were textile and apparel products to the US, aided by the AGOA. Kenya became and remains today one of the largest SSA exporters of textiles and apparel to the US (KEPZA, 2013; McCormick et al., 2006).

Following the end of the MFA in January 2005, the level of investment within the textile and apparel sector declined by 11.5%, from KSh8.6 billion in 2004 to KSh7.6 billion in 2008. By 2010 there were only 26 firms left within the textile sector (Chemengich, 2010; Farole, 2011). Investments within other sectors, including "horticulture and food processing, call centres, human and veterinary pharmaceuticals" did, however, see an increase causing investments within the zones to still grow in the period (Farole, 2011, p. 91).<sup>56</sup> Total sales from the EPZs also increased, despite a drop in exports in 2004–2005, as can be seen in table 3.2 and figure 3.3. <sup>57</sup> Production became increasingly more diverse and somewhat less concentrated in garment production. In 2008 the share of exports to the US had declined to 57.5% of EPZ output, though about 98% of US exports from the zones were still apparel products (KEPZA, 2008; Farole, 2011).<sup>58</sup> Compared to a number of other African and non-African zone programmes the absolute levels of investment within zones in Kenya are low, but the zones did attract about 20% of foreign investments in the period from 2000 to 2008 (Farole, 2011).

### **Research Objectives**

The general objective is to ascertain determinants of project performance in export processing zones in Kenya. The specific objectives were:

- To find out how Government Policy affects project performance in export processing zones in Kenya.

- To determine the influence of Project Resources on project performance in export processing zones in Kenya.

## LITERATURE REVIEW

### Theoretical Review

#### Max Weber's Theory of Bureaucracy

(Weber, 1947) in his book entitled, „The Theory of Social and Economic Organization“ introduces his theory of Bureaucracy. (Weber, 1997) argues that Bureaucracy describes a particular form of organization structure based on the acceptance of authority arising from the office of the job-holder, as bounded by a set of rules and procedures. The word bureaucracy is derived from two words; “bureau” and “kratos”. While word “bureau” refers to the office, the Greek suffix “kratos” means power or rule. Thus word “bureaucracy” refers to the power of the office (Hummel, 1998). According to Weber, the evolution of societies is facilitated by three types of authority that he identifies as traditional, charismatic, and legal-rational authority (Fry, 1989).

Traditional authority is based on tradition and custom. Thus hereditary rulers are accepted by those they govern on the basis of their birth, rather than on personal merit, or by election (Weber, 1947). On the other hand, charismatic authority is based on the personal qualities of the leader. Charismatic leaders win the confidence of their followers by sheer personality as much as by other factors. Rational-legal authority is derived from the formal office, or position, of the job-holder, as bounded by the rules and procedures of the organization (Weber, 1947). It is the legal-rational type of authority that constitutes the basis of Weber's concept of bureaucracy and the foundation of modern civilization as it is premised on “a belief in the legitimacy of the pattern of normative rules and the rights to those elevated to authority under such rules to issue commands”

(Stillman, 2000). Key features of the ideal type of bureaucracy that Weber presents are division of labour, hierarchal order, written documents, well trained staff and experts, full working capacity of the officials, and application of impersonal rules (Crozier, 1964).

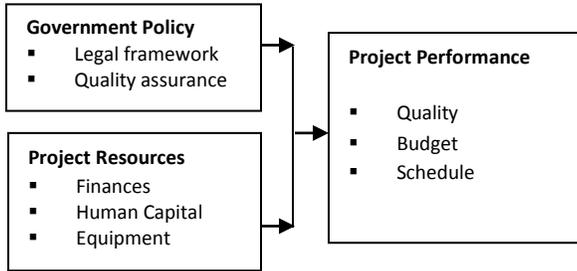
#### Theory of constraints

(Goldratt & Cox, 1986) formulated this theory in production environment explaining that the throughput rate of a system is determined by bottleneck. This introduced theory of constraints as a means of managing a factory production process with an aim of maximizing throughput rate. Maximizing throughput rate would in turn maximize profit, cash flow and return on investment. In the multi-project environment, theory of constraints is applied as critical chain methodology using the same principle of a capacity constrained resource. This critical chain methodology is used by large companies such as Hitachi (Umble Umble & Murakami, 2006), ABB, Boeing, Hewlett Packard and others (Stratton, 2011) for project management. Even a small company can implement the full Critical Chain as the software is available at USD250 (Stratton, 2011).

Critical chain was shown to be an approach with significant differences to traditional critical path scheduling (Steyn, 2001) (Rand, 2000) (Lechler, Ronen &Stohr, 2005). In a large multi-project environment, like construction industry, (Jyh-Bin Yang, 2007) pointed out that a construction industry would benefit greatly from critical chain scheduling. The construction industry uses multiple costly resources in the context of multiple projects executed by a single company. He pointed out that there are definite benefits and did so from a theoretical basis. Case studies exists for large companies such as Impala Platinum (Phillis & Gumedde, 2011) and complex project such as refurbishment of C-5 aircraft (Best, 2006) but

literature is sparse for small to medium OMEs(Original Equipment Manufacturers).

**Conceptual Framework**



**Dependent Variable                      Independent Variables**

**Figure 1: Conceptual framework**

**Government Policy**

In recent years, The policy of EPZs evolved out of this concern of providing special incentive package to offset the anti-export bias and promote exports. In the neo classical theory therefore EPZs are considered as the second best policy choice consisting of compensating for one distortion (import duties) by introducing another (a subsidy). This would however mean that the relative attractiveness of the system declines under free trading regime (Madani 1999). On the contrary, the recent experience shows that the adoption of export-led growth strategies by developing countries has led to a considerable increase in the number EPZs across the world. The traditional or the orthodox perspective of EPZs thus fails to explain the recent proliferation of EPZs in developing countries.

The new theories also stress the possible external effects generated by EPZs that may take the form of learning, human capital development, demonstration effects and so on (Johansson 1994) and accelerate the process of industrialisation of developing countries. The EPZ, in the new theoretical framework, is both a catalyst for fast learning for all major national stakeholders (policy

makers, entrepreneurs and labour) and a pioneer in the attraction of export oriented FDI and promoting exports.

Within an ISI policy framework, export promotion had also been a concern of the government. Thus, attempts to promote the EPZ as an export platform on the basis of economic incentives, such as the provision of better infrastructure and tax holidays became a feature of Indian development. The first zone was set up in 1965. The country has had four phases in the evolution of the EPZ policy since then.

**Project Resources**

Government coordination and facilitation in funding EPZ-enhancing infrastructures, utilities and services has been inadequate, thus resulting in a costly and less conducive business environment for EPZs. Stemming from this are the erratic supply of power/electricity, water and other utilities; and an unsatisfactory level of locally available skills, hence limiting the speed of domestic learning and technology absorption. In addition, inefficiencies at the Mombasa port have been causing loss of sales (due to delays in bringing imported raw materials to factory, as well as in delivering goods to customers abroad) and loss/theft of goods or parts of imported items (e.g. motor vehicle spares). The current global economic downturn has pushed the demand for exports further down, including those originating from Kenya EPZs. The above shortfalls add production and operational costs to EPZ investors and they stand to further erode Kenya’s competitiveness as an attractive investment destination. The government and its relevant agencies should view this matter with urgency and thus coordinate stakeholders in the EPZ industry for a timely redress. Possible solutions include special purpose vehicles to undertake PPPs in infrastructural development, temporary insurance covers for imported/exported goods before reaching their final destinations in their intact

forms, as well as exploring regional markets rather than depending largely or entirely on developed world markets.

### **Project performance**

Rao (2001) defines planning as a common thread that intertwines all the activities from conception to commissioning and handing over the clockwork to client. This shows that planning encompasses the essential activities such as scheduling, break down structures, time estimates and statement of work.

It involves the choice of technology, the definition of work tasks, the estimation of the required resources and durations for individual tasks, and the identification of any interactions among the different work tasks. Chris Hendrickson (2004) argues that a good construction plan is the basis for developing the budget and the schedule for work. Rao (2001) defines project scheduling as a process of converting a plan into an operating timetable given resources and time constraints. It involves identifying appropriate resources to enable optimum utility of the available scarce resources at each aspect of the project.

The various variables affecting the success factors are identified. There are Top Management, Support and Client Involvement, Information availability, Adequate Resources/funding, Project planning/control and Project performance monitoring and feedback. Furthermore, a new conceptual framework that includes the identified variables of project success.

### **Empirical Review**

#### **Government Policy**

One area that has recently attracted attention among Kenya's policymakers and public alike is the high cost of the existing incentive regime package. Rolfe et al. (2004) and Matambalya (2007, p.41) find that commitments to EPZs are increasingly associated with high costs. Tariff/tax revenue

reductions associated with EPZs reduce the welfare of the host economy; and net costs may outweigh net gains, leading to a win-lose situation (the host economy loses; the foreign investor gains). This has prompted a policy proposal to replace the existing EPZ incentive package with a service-based package (Lim and World Bank, 2008, p.8).<sup>i</sup> The Kenya Revenue Authority was recently quoted in the media as saying that tax exemptions cost the country about US\$ 451 million in the ten-month period running from July 2008 to April 2009.<sup>ii</sup> This loss makes up 6.4 percent of the total 2009/10 national budget, and 9.6 percent of the projected domestic revenue collections for the budget.

### **Project Resources**

Warr (1990) concludes that infrastructure costs were a major determinant of outcomes. In the Philippines, infrastructure costs in the Bataan EPZ were very high, because the government chose an isolated area that required operations from grounding all the way up to buildings and provision of utilities. On the other hand, the EPZs in Masan (Korea) and Penang (Malaysia) used existing infrastructure or selected the locations near pre-existing industrial areas, which kept these costs at a minimum. Foreign exchange earnings steadily increased and employment creation was substantial. All three zones (Masan, Bataan and Penang) were projected to further contribute to foreign exchange earnings and employment creation. As for business linkages, the local suppliers to Bataan and Penang did not appear to have expected to increase their linkages with MNC operations in the EPZs, as they offered few inputs. In the case of Masan, local suppliers were projected to increase over time because they supplied a significant share of raw materials to the EPZ production processes.

Regarding the pronounced infrastructural challenges in the EPZ project, Chowdhury (2006) and Domician (2006, p.6-10) call for concerted efforts from the government and private sector – including the development of special purpose vehicles (SPVs) for the successful undertaking and financial control of specific infrastructure-related public-private partnership (PPP) projects. Under this arrangement, financing of infrastructure projects depends on the anticipated financial performance (cash flows) of the return-generating projects managed under the SPV mechanism. It is thus noted that the overambitious and improper setup of an SPV may cause damage to the project, force the restructuring of debt mechanisms and even bankruptcy/losses to involved stakeholders – mainly the government and private companies. Chowdhury (2006) finds, further, that more efficient SPVs, with respect to the financial framework for infrastructure projects, require strong and reliable financial bases, a legal and regulatory environment for the enforcement of contracts/agreements and sovereign (government) support.

### **Project performance**

Despite the preceding largely favourable empirical analysis, EPZs have had a record of lower than expected performance; and negative effects in some cases. Kusago and Tzannatos (1998, p.13) note non-uniformity and low upgrading among EPZ factories in terms of technology transfer resulting from training practices. Matambalya (2007, p.31) highlights the footloose nature of EPZs in terms of the high propensity of short-term investments, little backward/supply linkages with the domestic economy and no or limited transfer of skills/knowledge and technology. In the same line of argument, EPZs have also been blamed for tending to crowd out domestic investments, especially in developing countries.

Export Processing Zones have been associated with the creation of enclaves in host countries. These are characterised by weak backward (i.e. supply) linkages where domestic entrepreneurship is underdeveloped and/or EPZ firms continue to rely on foreign supplies. Also, where the EPZ project is not properly managed in terms of government policies and regulations, EPZ firms may continue to import even those materials that are locally available. However, host countries vary with respect to local sourcing (the share of domestic raw materials to total raw materials used by firms in EPZs). Kusago and Tzannatos (1998) argue that some EPZ host economies have high levels of local sourcing, such as the Republic of Korea, Taiwan (China) and Malaysia, while others have low, such as Sri Lanka, China, and Mexico. Interestingly, the countries with a higher ratio of local content experienced a leap from low levels of local sourcing to high levels over a short period. This happened over four years (3.3 percent in 1971 to 24.4 percent in 1975) in the Republic of Korea; and over 5 years (2.7 percent in 1982 to 17.7 percent in 1987) in Malaysia. Limited local sourcing was (is) largely due to lack of information linking potential buyers (in EPZs) and sellers/suppliers, low delivery, high prices and poor quality.

### **RESEARCH METHODOLOGY**

The study adopted a descriptive research design. The population of the study consisted of Project Managers, Assistant Project Managers, Project Supervisors and Project Officers (100) within Athi River Export Processing Zone. The study adopted a Census due to the small number of the population. The study collected both primary and secondary data. In order to extract the explanatory factors, Factor Analysis technique in Statistical Package for Social Scientists (SPSS) was used.

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

The respondents comprised of of Project Managers, Assistant Project Managers, Project Supervisors and Project Officers (100 ) within Athi River Export Processing Zone, where they offered in-depth responses in relation to the subject of the study. The response rate was 93% of the total sample size and the non-response was 7%. The response of 93% facilitated towards gathering sufficient data that was generalized to reflect the opinions of respondents.

The study sought to establish the age of the respondents in order to determine if the age corresponded with project performance. Majority (58%) of the respondents who were project officers were in the age category of 15-20 years, 20% both project assistants and supervisors were in the age category of 21-25 years, 18% of the managers were in the age category of 25- 30 years and 4% of the managers were in the age category of above 31 years. The study sought to establish the education level held by the managers in order to ascertain if they were equipped with relevant knowledge and

skills to understand project performance. From the study findings, majority (49%) of the respondents were university graduates followed by 25% who had post graduate education level and 15% who had college education level.

### Government Policy

From the result in table 1 below, it showed that Government Policy improved Export Processing projects performance by a mean of 4.231, Export Processing projects costs reduction with a mean of 4.205 and Export Processing projects resources utilization with a mean of 3.897. On other hand the respondent support on conflict of interest reduction and meeting performance indicators with a mean of 3.872 while the meeting organizations objectives by a mean of 3.821. Further respondent on uniform project systems and increase number of projects completed on time were supported by a mean of 3.744, increases number of orders by a mean of 3.6667 and finally reduction on number of complaints by a mean of 3.615.

**Table 1: Government Policy**

Indicators	Mean	Std. Deviation
Improves Export Processing projects performance	4.231	.777
Reduces Export Processing projects costs	4.205	.801
Utilized Export Processing projects Resources	3.897	.754
Reduces Conflict of interest	3.818	.656
Meeting performance indicators	3.872	.767
Meeting organizations objectives	3.821	.796
Uniform project systems	3.746	.880
Increases number of projects completed on time	3.744	.966
Increases number of orders	3.667	.898
Reduces number of complaints	3.615	.935

### Project Resources

This section of the questionnaire sought to get from the respondents on the effect of Project Resources on effective Export Processing Projects. From the table 2 below, reduction of costs in supplier selection was highly supported by a mean score of 4.1026 while reduction in conflict of interest and improvement of performance was seconded by a

**Table 2: Project Resources**

Indicators	Mean	Std. Deviation
Reduces costs	4.103	.718
Reduces Conflict of interest	4.077	.839
Improves performance	4.077	.774
Meeting organizations objectives	3.923	.739
Meeting performance indicators	3.872	.615
Uniform procurement systems	3.718	.857
Resources are utilized	3.692	.950
Increases number of projects completed on time	3.564	.754
Increases number of orders	3.513	.885
Reduces number of complaints	3.488	.942

**Export Processing Projects**

This section of the questionnaire sought to get from the respondents on the Export Processing Project performance.

The findings indicate that most respondents acknowledge that the firms level of competitive advantage of the company has improved as a result of project implementation with a mean of 3.744, EPZ getting value for money on projects implemented by a mean of 3.641 and mean score of 3.615 on reduction number of complaints received

mean of 4.0769. However, effective selection of suppliers was found to moderately reduce the number of complains with a mean of 3.4872. Therefore, the supplier selection practice generally improves the operational efficiency of the firm through reduction of employee conflict of interest with the suppliers.

from customers. The study further revealed that corporate social responsibility were part of the projects, stakeholders involved during project implementation and environmental factors consideration had mean score of 3.539. However, the EPZ considers to a moderate extent green procurement as project implementation and quality projects are achieved at the long run by a mean of 3.4872. The organization had clear policies on projects by a mean of 3.4615 and mean of 3.4359 on project completion on time.

**Table 3: Export Processing Projects**

Indicators	Mean	Std. Deviation
Competitive advantage of the company is enhanced	3.744	.849
Organization gets value for money on projects implemented	3.641	1.088

Reduced number of complaints are received from customers	3.615	.847
Corporate Social Responsibility are part of the projects	3.539	.854
Key stakeholders are involved during project implementation	3.539	.756
Environmental factors are considered	3.539	.962
KenGen considers green procurement in project implementation	3.487	.757
Quality projects are achieved at the long run	3.487	.855
Organization has clear policies on projects	3.462	.854
Projects are completed on time	3.434	.912

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

The study established that Government Policy improved performance of the Export Processing projects. Lysons and Farrington (2010) argued that Government Policy as an aspect of planning in the process of the project implementation strategy formulation which clearly revealed that retail chains used Government Policy which assisted in the costs reduction and proper resources utilization. The study further revealed that proper management of Government Policy at a great extent resulted to increase number of orders and reduces number of complaints.

The study found that Project Resources increased the success of Export Processing projects. The study showed that Project Resources had influence on the improvement of performance of Export Processing projects and enabled in meeting objectives which emphasized that Project Resources was an essential strategic issue imperative for Export Processing projects. The study also showed that well utilization of organization resources results in improvement in Export Processing project implementations.

### **Conclusion**

From the finding, the study concludes that Export Processing Project implementation is affected by Government Policy and Project Resources. The study found out that EPZ was facing challenges in product management which lead to not achieving its objectives. On the other hand, the organization was faced by conflict of interest.

### **Recommendations**

The study established that product management affect during the implementation of Export Processing projects, therefore they needed to be checked in a more appropriate for a successful implementation of the project. The resources needed to be more utilized to enable more development and less wastage in the company. The study also recommended the company stakeholders involved during Export Processing project.

EPZ also needed to handle on the issue of conflict of interest from the management and the outsiders when dealing with the private brands and project implementation section.

### **Suggestions for Further Research**

The results of this study can be further utilized to suggest several directions for future research. A field study can focus on investigating on product management and Export Processing project

implementation in other sectors in Kenya. Finally, more research on this area is needed because this study has investigated a subset of the variables found to be important determinants. Other

variables that may affect Export Processing projects need to be investigated. Further research can examine these possibilities and the extent of their influence.

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