A STUDY OF THE COMPETITIVE ADVANTAGES, OBSTACLES AND THE EXTENT OF IMPLEMENTATION OF E-COMMERCE WITHIN THE KENYAN EXPORT PROCESSING ZONE

A RESEARCH PROPOSAL SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULLFILMENT OF THE REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MARKETING) OF KENYATTA UNIVERSITY

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AUGUST, 2005
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A study of the competitive
DECLARATION

This research proposal is my original work and has not been submitted for a degree in any other university.

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This research proposal has been submitted for examination with my approval as University Supervisor

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This research proposal has been submitted for examination with my approval as Chairman of the Department of Business Administration

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Dr. George Gongera
DEDICATION

To the Lord God Almighty who provided me with all the resources that I needed during my time of study. ‘’Apart from Him we can do nothing’’, John 15: 5
ACKNOWLEDGEMENT

I give thanks to the almighty God for making the whole program a success.

Special thanks to my supervisor Dr. Francis Kerre for his invaluable guidance, support and advice.

Significant contributions were also made by my colleagues throughout the MBA program and I am deeply indebted to them.

My most sincere gratitude to my family for their encouragement, support and prayers.
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Definition Of Terms

**E-Business** describes the use of electronic means and platforms to conduct a company's business (Chaffey; 2002).

**Intranets** enable employees of an organisation to communicate with one another and to facilitate downloading and uploading information to and from the company's computers (Kotler, 2003).

**Extranets** facilitates information exchange between an organization and its major suppliers and distributors. It allows orders, transactions and payments to be carried out electronically (Kotler, 2003).

**E-Commerce** is more specific than e-business. In addition to providing information to visitors about the company, its history, policies, products and job opportunities the company through e-commerce also offers to transact or facilitate the selling of products and services online. E-commerce has given rise to e purchasing and e-marketing (Czerniawska & Potter; 1998).

**E Purchasing** is when the company decides to purchase goods, services and information from a various online suppliers (Czerniawska & Potter; 1998).

**E Marketing** describes the company's efforts to inform, communicate, promote and sell its products and services over the Internet. The e term is also used in terms such as e-finance, e learning, and e-service (Czerniawska & Potter ;1998).

**Inbound Logistics** include the receiving, warehousing and inventory control of input materials (Lumpkin et al; 2002).

**Operations** are the value creating activities that transform the inputs into the final product (Lumpkin et al; 2002).
**Outbound Logistics** are the activities required to get the finished product to the customer including warehousing and distribution (Lumpkin et al.; 2002).

**Marketing & Sales** are the activities associated with getting buyers to purchase the product including channel selection, advertising and pricing (Lumpkin et al.; 2002).

**Service** activities are those that enhance the product's value including customer support and repair services (Lumpkin et al.; 2002).

**Strategy** is the direction and scope of an organisation over the long term within which it intends to achieve competitive advantage, through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations (Phan; 2002).

**Brand** refers to an offering from a known source (Kotler; 2003).

**Value** is the ratio between what the customer gets and what he gives i.e. benefits versus costs (Kotler; 2003).

**Value Chain** refers to a series of activities within an organisation which if performed create value for the organisation (Porter; 1980).

**Supply Chain** refers to channel stretching from raw materials to final products, which are delivered to the customer. It represents a value delivery system (Kotler; 2003).

**Customisation** refers to individualising offerings rather than selling the same offer in the same way to everyone in the target market (Kotler; 2003).
Benchmarking refers to studying world-class performers and adapting best practices rather than relying on self-improvement (Kotler; 2003).

Firm Infrastructure covers the cost of general management, planning, finance, accounting, legal and government affairs that are borne by organisations primary and support activities (Porter; 1980)

ISDN, which stands for Integrated Services Digital Network, is a system of digital phone connections, which has been available for over a decade. This system allows voice and data to be transmitted simultaneously across the world using end-to-end digital connectivity (http://www.internet.com)

SDSL, Short for symmetric digital subscriber line, a technology that allows more data to be sent over existing copper telephone lines (POTS). SDSL supports data rates up to 3 Mbps. SDSL works by sending digital pulses in the high-frequency area of telephone wires and cannot operate simultaneously with voice connections over the same wires (http://www.internet.com)

ADSL similar technology to SDSL, it supports different data rates for upstream and downstream data i.e. called asymmetric digital subscriber line (ADSL) (http://www.internet.com)
ABSTRACT

An organization creates value by performing a series of activities identified as the value chain (Porter; 1980). In addition to an organisation's own value creating activities, the value system also includes the activities of the organisation's upstream suppliers and downstream channel members. To achieve a competitive advantage, the firm must perform one or more value creating activities in a way that creates more overall value than its competitors. Superior value is created through lower costs or superior benefits to the customers (Porter, 1980).

Implementation of e-commerce within an organization can provide a great opportunity for the organisation to streamline its operations. It is anticipated that such an organization can achieve competitive edge over its rivals through reduced costs, efficient productivity and enhanced marketing (May; 2000).

This study highlights the competitive advantages, which can be derived by firms within the Kenyan Export Processing Zone through the implementation of an e-commerce strategy vis-à-vis the current status quo within the firms and the response of the various firms on the implications of implementing e-commerce.

The study will make use of primary data collected through a questionnaire administered to persons who are best placed to provide information concerning the operations of the EPZ firms and existing literature from secondary sources.
CHAPTER ONE: INTRODUCTION

1.1 Background

The rise of the information economy and the challenges of the global market have secured a strategic place for e-commerce in all organizations. The origin of e-commerce is tied to the creation of the Internet. The Internet is a worldwide network of computers that was originally developed by the United States Department of Defense. It started as a small network referred to as ARPAnet (Advanced Research Project Agency Network) in 1969, whose sole purpose was that of supporting government needs and research laboratories. In the 1970s the Internet began to be interconnected with large universities. Finally, in April 1995, control over the Internet backbone was granted to commercial carriers and the public got access to the network (Aaker et al; 2003).

E-Commerce takes place over four major Internet domains i.e. B2C (Business to Consumer), B2B (Business to Business), C2C (consumers to consumers) and C2B (consumers to business) (Kotler, 2003). According to Forrester Research (Kessler, 2003), electronic commerce was a $12.2 billion industry as of 2003 with inter-company (B2B) e-commerce representing 80% of the total activities.

In Africa, the Biannual Internet Domain Survey, the world's most elaborate measure of Internet connectivity, at the end of July 1998, ranked South Africa, which is the leading African country, in the 20th place in the world in terms of the magnitude of connectivity of computers to the Internet. During the same period, the Internet industry in South Africa was estimated to be worth $333 million, with a subscriber base of more than 250,000 individuals and more than 2,000 corporate clients. South African consumers, in 1998, were expected to spend $166 million on e-commerce, up 100% from $83 million. (Web Commerce Survey, 1997). According to BMI-Techknowledge, South Africa's main information research organization, it was projected that by 2002 spending on e-commerce was to reach $2.5 billion.
In Kenya, the Internet first became available in 1993. The Africa Regional Center for Computing (ARCC), an NGO based in Nairobi, became the first provider of web-based Internet service. The first commercial Internet Service Provider (ISP), Formnet, began operating in 1995. As the number of Internet Service Providers (ISPs) grew so did the pressure for bandwidth (Njoroge; 2002). In February 1999, the government officially liberalized the telecommunication market in Kenya. The Communication Commission of Kenya (CCK) was formed to regulate the sector (http://www.cck.go.ke).

As of 1st July 2000, forty Internet Service Providers (ISPs) had been registered and the connectivity was estimated to be between 30,000 and 50,000 users during the same period. The main users of the Internet in Kenya are multinational corporations, international organizations, Non-Governmental Organizations together making more than 50% of all subscribers. The government and educational institutions contribute less than 5% of all subscribers (Njoroge; 2002).

The Kenyan government recognizes the important role that e-commerce can play in trade development. In this regard, the National Task Force On E-Commerce (NTFECOM) was established in 1999 with the mandate of enhancing the use of e-commerce (Njoroge; 2002).

1.2 Statement of the Problem

E-commerce has the potential of restructuring organizational processes and functions to allow for greater and more efficient utilization of resources. By implementing e-commerce organizations are able to build a competitive strategy that in turn influences their culture, procedures, resources and supply chains (Atakan et al.; 2000).

The few studies carried out on e-commerce in Kenya have focused on areas such as revenue implication of e-commerce in Kenya (Kiuru, 2002) and promotion of e-commerce in Kenya (Njoroge; 2002).
This study attempts to bridge the gap between the competitive advantages which firms within the Kenyan Export Processing Zone can gain through implementation of e-commerce vis-à-vis the current status quo and the response by the firms to the effects of implementation of e-commerce. It attempts to answer the question: What are the implications of implementation of e-commerce on the competitive strategies used by firms within the Kenyan export-processing zone.

1.3 Objectives Of The Study

- To highlight the competitive advantages which can be derived by firms within the Kenyan Export Processing Zone through implementation of a e-commerce strategy
- To highlight the current level of implementation of e-commerce by the firms within the Kenyan Export Processing Zone
- To highlight the obstacles encountered by firms in the implementation of e-commerce.
- To come up with recommendations based on these gaps having a clear comparison with other countries all over the world (benchmarking).

1.4 The Research Questions

- What are the competitive advantages, which can be derived by the Kenyan EPZ firms through implementation of e-commerce?
- What is the level of implementation of e-commerce within the Kenyan Export Processing Zone?
- What are the obstacles encountered in the implementation of e-commerce.
- What are the research findings and recommendations for successful e-commerce implementation within the Kenyan Export Processing Zone?
1.5 Significance Of The Study

- The study will provide information concerning the implications of implementing an e-commerce strategy within the Kenyan Export Processing Zone.
- The findings and recommendations can be integrated into the Information and Communications Technologies (ICTs) sector policy.
- The information obtained can be used by the existing firms within the Kenyan Export Processing Zone to improve their services
- The information can also be useful to prospective investors who intend to venture into the Kenyan Export Processing Zone.

1.6 Limitations Of The Study

- One of the limitations of the study is that e-commerce is a relatively new concept. Adequate local research has not been undertaken in the field. Therefore limited local secondary data is available on the subject.
- Another anticipated limitation was non-response from some of the targeted firms, which could result to a bias on the final findings and recommendations.
CHAPTER TWO: LITERATURE REVIEW

2.1 E-COMMERCE ISSUES AND CONCERNS

The rapid development of the Internet has become the driving force for the innovation of every industry (Atakan et al., 2000). The belief is that the increased levels of information technology usage provide enhanced economic benefits and opportunities for economic growth (Nawawy & Ismail, 1999). The advances in information and communication technologies are quickly transforming most industries through redefinition of products, services and markets. Organizations that cannot properly adapt to the economic changes could be excluded from the international economy (Davis, 1999).

However, developing countries lag behind in e-commerce because they have technological, financial and human resources constraints. Lack of a national IT policy, insufficient communication infrastructure, and shortage of skilled personnel, political, social and economical factors are the obvious barriers to e-commerce in developing countries (Atakan, et al.; 2000). The advent of e-commerce has come with various issues and concerns. These include security and privacy concerns, customer attitudes, ethical issues and e-commerce hazards.

2.1.1 SECURITY AND PRIVACY

With the increase in usage of the Internet, certain concerns about security arise. Privacy violations, pornography, transaction security breaches, unsolicited e-mail and other questionable and illegal activities being conducted on-line have become hotly debated issues (Kopowski, 1995). Regulation has been suggested as the only answer to protection from unwelcome intrusion, but due to the universal nature of the Internet, regulation is extremely difficult, if not impossible (Peeples, 2002).

As indicated in the study findings by Udo (2001), the majority of online IT users today have serious concerns about their privacy and security while shopping on the Internet. They are also concerned about the safety and confidentiality of their e-mails.
Although much of the publicity about Internet security has focused on the potential risks to consumers who use credit cards to make purchases electronically, payment fraud is also a major threat to Internet-based merchants (Murphy, 1998). Security threats not only consist of break-ins and technology disturbance, but also stalking, impersonation and identity theft (Janal, 1998). According to Udo (2001), computer hacking is another serious problem. Fraudulent or non-creditworthy orders account for as much as one-sixth of all attempted purchases on the Internet (Udo, 2001).

2.1.2 CUSTOMER ATTITUDES

Another factor that affects the use of online purchasing is the attitude of the customer (Klobas, 1995). Attitudes have a strong influence on persons' adaptation of computer technologies (Klobas, 1995). Moreover, Jeong and Lambert (2001) show that customers' attitudes towards using a website together with the perceived usefulness of the website information are the best indicators for predicting customers purchasing behavior. Attitudes are a learned predisposition to respond to an object in a consistently favorable or unfavorable way. Although an attitude is a complex construct, it represents the kind of things people like or dislike (Allport, 1935). Attitudes towards purchase behavior are believed to be shaped by many factors such as direct experience with the product, information acquired from others or exposure to mass media (Cobanoglu et al, 2001). Attitudes towards purchasing, the demographics of customers and information processing behavior are essential elements for explaining customers purchasing behavior (Reynolds; 2000).

2.1.3 ETHICAL ISSUES

Until recently customers were generally unaware that Internet sites could collect information on their surfing and buying habits. The fact that this information is collected and sold to interested parties without the customer's knowledge and permission raises real ethical concerns. In addition, unsolicited e-mail from e-marketers has become a problem for many. Mailboxes full of junk mail often have the effect of visually obscuring important business or personal messages. Productive time may be lost in the process of
attempting to sort out the wheat from the chaff. Generally accepted guides to ethical behavior are being developed and adopted by professional organizations. These guidelines often have common themes such as customer consent to the dissemination of their private information (Peeples; 2002).

2.1.4 E-COMMERCE HAZARDS
Reducing the cost of information gathering represents perhaps the most obvious and immediate benefit of the Internet. However, problems such as uncertainty about the very identity of one’s trading partner are a common occurrence in e-commerce. Fundamentally, all one needs to enter e-commerce is a website. This lowering of entry barriers is often touted as one of the great promises of e-commerce. Ease of entry and exit can result to lower prices. However, minimal barriers to entry are not an unequivocal plus. When firms can effectively change identity at a moment's notice, then new dimensions of fraud appear (Larsson and Lundberg; 1988)

One novel type of Internet fraud involves "page-jacking". This refers to misdirecting web surfers to false copies of legitimate businesses and tricking them into revealing passwords and personal identification numbers, or diverting them from seemingly genuine sites to online pornography sites (Biersdorfer; 1999).

Even for legitimate businesses, web technology makes it simple to change the name and appearance of the company, in order to shake off a bad reputation or escape the consequences of unethical behavior. Thus "entry" and "exit" take on quite different meanings when compared to the meaning in traditional product markets. A disreputable company may exit the business and re-enter with a different identity at very low cost, with no perceptible break in activity (Biersdorfer; 1999).

The global reach of e-commerce is also double-edged in its impact on consumers. While e-commerce can bring far-flung and highly competitive suppliers to the buyer's doorstep, this may be at the cost of uncertain recourse in the event of a dispute. Tracking down a delinquent trading partner and pursuing litigation in a different state or a foreign country
may be prohibitively costly, particularly if the value of the transaction is relatively low (Dalton, 1999).

2.2 E-COMMERCE MODELS

Every business can be modeled with three business roles namely customers, providers, and intermediaries. An e-commerce business model consists of the product, service and information flows, including a description of the various business actors and their roles. The model consists of a combination of several phases namely advertising, negotiation, ordering, payment, and delivery (Timmers; 1998).

The e-commerce phenomenon may be used in different ways. The first option is to start an e-commerce operation with 100% of commercial activities carried out over the Internet. In this way they become pure-play or virtual businesses. This means that all exchanges between sellers and buyers are carried out electronically. Consumers do not necessarily know where the companies they deal with are located and will probably never meet the people who work there. The second option is to use the Internet as an additional way of doing business. In this way, business owners operate as multi-channel players by adding to traditional distribution channels. Two avenues are therefore possible, namely independence, which means creating a company dedicated to electronic business, or integration, which means integrating electronic business into the existing traditional company (Davis & Jeffrey; 2000).

Behind the shop window of an e-commerce, there is a swarm of activity, which is invisible to the user of an online transaction service. The steps involved in the B2C e-commerce process includes attracting potential buyers, providing information concerning products and services, negotiating the price of product or service, making payment and providing after sales service. Finally, each time a consumer visits an e-commerce site, the customer's identity and the characteristics of the desired products is stored in databases. This information is obtained using filter or "data-mining" software. This software studies the site visitors behavior, the information they seek and how much time they spend on the site. The information allows an analysis of customer's behavior and eventually helps in
the development of products and services, which in turn will ensure repeat customer purchases (Austrian et. al.; 2000).

On the contrary, the steps in the e-procurement process include the organizations intending to place an order checking the e-procurement applications available to them together with list of available suppliers. The organization then accesses the available merchandise. After one or more items are selected, the completed order is transferred to the buyer's server. The order is then routed to management for approval. The approved order is sent to the supplier for processing. The buying organization arranges for payment through a corporate purchasing card. The supplier in turn delivers the merchandise to the buyer (Austrian et. al., 2000).

Several e-commerce models have been developed and patented and are currently in use worldwide. These include the catalogue, auction, value chain, community alliance, buying group and hub models (Davis & Jeffrey; 1999).

The catalogue is the most frequently encountered e-commerce model. It is the main distribution method used by retail businesses. Business owners, act as intermediaries between producers and potential buyers. They manage the platforms where their virtual catalogues are presented (Davis & Jeffrey; 1999).

The auction model plays an intermediary role between buyers and sellers allowing access to a wide variety of goods and services. Exchange is done through negotiation or bargaining between two entities or a group of companies. The price is revealed at the moment the transaction takes place and the bidding can be raised or lowered. Auctioning for the lowest bid is done between companies. On the other hand, auctioning for the highest bid is possible when companies are looking for something rare on the market or when there is a shortage of merchandise (Davis & Jeffrey; 1999).

The value chain model groups together companies that consult each other in the making of a product with superior value through an organized process. The partners meet the specific needs of clients by offering customized products. The main objective is to
maximize the creation of added value through an efficient operational process. The community alliance (or barter) model allows goods and services to be exchanged without money. For example a company that manufactures wooden furniture can barter sawdust and old wood with a company that produces plywood. The model is also used for sharing of expertise and knowledge (Davis & Jeffrey; 1999).

The buying group model is used to buy products or services in bulk on behalf of several organizations, which in turn allows for greater negotiating power. Equipped with vast market knowledge, buying groups play the role of intermediaries for research and negotiation with suppliers. They also handle financial transactions and the delivery of merchandise (Davis & Jeffrey; 1999).

Vertical hubs are used within a vertical market. They provide detailed information for a specific sector for specific activities. Horizontal hubs or functional hubs, on the other hand, provide the same services to different types of industries (Davis & Jeffrey, 1999).

2.3 Value Chain Analysis

The value chain is a systematic approach to examining the development of competitive advantage within an organization. The chain consists of a series of activities that create and build value. They culminate in the total value delivered by an organization. The 'margin' depicted in Fig 2.1 below is the same as added value. The organization is split into 'primary activities' and 'support activities' (M. E. Porter; 1980).
The primary activities of an organization include inbound logistics, operations, outbound logistics, marketing and sales, and service. Inbound logistics include the receiving, warehousing and inventory control of input materials. Operations are the value creating activities that transform the inputs into the final product. Outbound Logistics are the activities required to get the finished product to the customer including warehousing and distribution. Marketing and Sales are the activities associated with getting buyers to purchase the product including channel selection, advertising and pricing. At this stage the organization prepares the offering to meet the needs of targeted customers. This area focuses strongly upon marketing communications and the promotional mix. Service activities are those that enhance the products value including customer support and repair services (Porter; 1980)

Support activities of an organization include procurement, technology development, human resource management and the organizations infrastructure. The procurement function involves purchasing inputs such as supplies and equipment. Technology development refers to the development of technologies that support value-creating activities. Human Resource management function includes employee recruiting, hiring, training, compensation and development. The infrastructure includes organizational structure, culture and control systems (Porter; 1980)

The organizations' margin then depends on its effectiveness in performing both the primary and support activities efficiently. It is in these activities that a firm has the opportunity to generate superior value. A competitive advantage may be achieved by reconfiguring the value chain to provide lower cost or better differentiation (Porter: 1980)

2.3.1 COST ADVANTAGE

A firm may create a cost advantage either by reducing the cost of individual value chain activities or by reconfiguring the value chain. The following are cost drivers of the various value chain activities i.e. economies of scale, earning, capacity utilization,
linkages among activities, interrelationships among business units, degree of vertical integration, timing of market entry, firm’s policy of cost or differentiation, geographic location and institutional factors (regulation, union activity, taxes e.t.c.). An organization develops a cost advantage by controlling these drivers better than its competitors. A cost advantage can also be pursued through reconfiguring the value chain. Reconfiguration means structural changes such as a new production process, new distribution channels or a different sales approach (Lumpkin et al.; 2002).

Internet technology offers new ways for cost leaders to minimize costs. It enables the cost leaders to decrease prices through decreased transaction costs. This applies to both B2C and B2B organizations. Cost reduction can occur all the way from procurement to distribution and after-sale service (May; 2000).

The Internet offers the cost leaders abilities to reduce costs in both primary and support activities. Inventory costs can also be reduced by employing web-based inventory control systems, which reduce storage costs by ensuring real-time ordering. Direct access to status reports enables customers to check work-in-progress. On-line bidding and order processing eliminates the need for sales calls and decreases sales force expenses (May; 2000).

E-commerce solutions, therefore, are means that facilitates the reconfiguration of the Value Chain. For a product-oriented company (B2B) or for a business owner (B2C), e-commerce can provide several advantages which include reduction in operational costs, increase in efficiency due to increased precision and speed, easy access to local, national and international markets, customized products and services, and specialized marketing. For businesses or consumers seeking products, e-commerce can result to the several advantages which include giving access to a wider selection of products and services, giving access to products at lower costs, convenient transactions and availability of wide rage and timely information (Phan; 2002).
2.3.2 DIFFERENTIATION ADVANTAGE

A differentiation advantage can arise from any part of the value chain. Examples include procurement of inputs that are unique, use of distribution channels that offer high service levels or a different sales approach. A differentiation advantage may be achieved either by changing individual value chain activities to increase uniqueness in the final product or by reconfiguring the value chain. Porter identified several drivers of uniqueness which include policies and decisions, linkages among activities, timing, location, interrelationships, learning, integration, economies of scale, institutional factors (Porter; 1980).

Differentiation often results in greater costs resulting in tradeoffs between cost and differentiation. There are several ways in which an organization can reconfigure its value chain in order to create uniqueness. It can forward integrate in order to perform functions that once were performed by its customers or it can backward integrate in order to have more control over its inputs. It may also implement new process technologies or utilize new distribution channels (Lumpkin et al; 2002).

Internet technology has enabled several organizations to offer differentiated products and services through mass customization. Flexible manufacturing systems have been developed which employ more specialization and customization. Strategies of on-line mass customization have enabled firms to reduce costs while enhancing product offerings, maintaining reputations of quality, and preserving brand image (May; 2000).

Due to technological developments, customers have changed the way they view quality. Rather than forming relationships with sales representatives or connecting with brand image, customers now demand speed of response and delivery, accuracy in order processing, and customization capabilities (Chaffey: 2002).

Many organizations now anticipate situations where they can capitalize on Internet advantages throughout the value chain. These includes having Internet-based
management systems linking all parts of the organization to shorten customer response times. The systems enable real-time access to manufacturing operations status such as scheduling and delivery information, which in turn empower sales force and channel partners. The systems provide customers (upstream or downstream) with their own “site within a site” to track orders and process new orders. The systems also allow for rapid responses to service requests and provide fast feedback to customer surveys and product promotion, which in turn enhances marketing efforts. Finally the system allows access to real time sales and service information, which enables continuous update of research and development efforts. Automated procurement and payment systems provide suppliers and customers with detailed status reports and purchasing histories (Guo; 2002).

2.3.3 FOCUS

A focused strategy targets a narrow market segment with customized products or services (Czerniawska & Potter; 1998). The Internet offers new ways to compete by accessing markets less expensively (low cost) and providing specialized services and features (differentiation). This is especially important for small firms, the Internet has opened markets for small players that were previously inaccessible. Scale economies have perennially created barriers to entry for smaller firms. However the Internet offer provides new opportunities, which include chat rooms for customers with common interests and niche portals targeting specific groups with specialized interests (Chang; 2002).

2.4 The Concept of Free Trade Zones

A zone is defined as a geographical area in which goods enter duty free for processing and export, and in which investors are offered a variety of incentives such as tax holiday’s liberal labor and environmental concessions. It is an alternative policy framework, developed by government, to promote policy objectives of government. Sometimes this involves a specified geographical region, but just as often it involves a specific industry such as banking or insurance, or companies with some common behavior such as export orientation, high technology content or sometimes activities with low moral content such as gambling (Roberts & Mathews ; 1992).
As compared to free trade areas like the EAC, EU or COMESA, free trade zones are generally established within a single country. On the other hand, free trade areas are established between countries (UNCAD; 1985)

However, free trade zones are not free as the name might imply. On the contrary, they are regulated environments in which the regulations are different compared to the regulations in the rest of a national economy. Ironically in many cases, they are effectively more controlled environments and often following the rules of law more closely than the rest of the economy. For example, while many industrial zones have no duty charged on imports or exports, they are tightly controlled by customs to prevent smuggling into the domestic customs territory (Currie & Jean; 1979).

Zones may be both small in scale and restricted to industry or performance criteria. The typical Export Processing Zone is an example of a small-scale export industry zone. The small-scale zone is what is typically thought of as a zone, and does not present any extraordinary difficulties in either understanding or regulation. They may cover up to a few square mile or a few thousand hectares. Most are about 50-500 hectares. The wide area zones are quite different. One covers about 31,000 square km and they can have resident populations that can be in the millions. Most of the larger Special Economic Zones (SEZs) nest smaller special purpose zones inside themselves. The Chinese Special Economic Zones were some of the first wide area zones (Warr & Peter; 1989)

Chinese SEZs have both legislative, executive, and in some cases even some judicial functions. They are organized along the lines of an autonomous province or state. For example, most SEZs have their own customs service, tax collection system, and even department of foreign affairs. This independence has allowed some of the zones to succeed, but has made control of the activities in these zones a serious regulatory problem. Nevertheless the SEZ's is one the most effective development tools ever created. Many have growth rates in excess of 20% per year, and have doubled their populations' income every four years for more than a decade (Warr & Peter; 1989)

Indeed, the zone concept is so powerful, that more and more countries are recognizing a new paradigm of free zones. While the old free zone was often described as a static,
labor-intensive, incentive-driven, exploitive enclave, the new zone paradigm is a
dynamic, investment-intensive, management-driven, enabling, and integrated economic
development tool (Liebau et.al; 1992)

The better zones of the world have moved from low-end labor-intensive production to
capital and skill intensive research and development centers, corporate headquarters, and
global logistics centers. The zone management organizations have stayed in the forefront
of the national development policy (Philippe; 1987).

Rather than focusing on fiscal incentive such as tax holidays or low lease rates, the
modern zones have focused on providing an internationally competitive business
environment. This means improved infrastructure such as providing sophisticated
communication, reliable power, and transport, well educated workers, and efficient
administration. This includes efficient customs operations, which focus on facilitating
legal trade without neglecting its responsibility to detect and suppress illicit activities
(Kreye et al.;1987).

Africa's EPZs have played a negligible role in both the static and dynamic contribution to
growth and development. To the exception of a handful of countries (Mauritius, Tunisia,
Egypt), EPZs have had marginal employment impact, minimal linkages with the domestic
economy, and limited foreign exchange contribution. Balanced against the direct, the
indirect and opportunity costs of developing the EPZ, maintaining its infrastructure and
administering the incentive regime, the total balance for the region as a whole may well
have been negative (Claude Baissac; 2003).

Africa has been a latecomer to EPZs, and where and when it has embraced them; it has
only done so half-heartedly. EPZs in Africa have been not more than marginal
contributors to national economic growth and development, their involvement being
limited to an off center provision of employments, foreign exchange and the attraction of
foreign direct investment in non strategic sectors of economic activity (Currie;1979).
However, cases in East Asia, and the case of Mauritius clearly show the potential of EPZs in playing a crucial role in turning economies into export power houses, with significant macro and micro economic benefits (Roberts; 1992).

Mauritius is one of the most spectacular examples of economic development through the use of an export-processing zone. A sugar cane monoculture economy at independence in 1968 characterized by chronic dependency on the sugar market, Mauritius has succeeded since the mid 1970s in progressively changing the structure of its productive sector. In 1985, the Mauritius Export Processing Zone (MEPZ) created in 1971, overtook sugar as the prime source of exports, foreign exchange earnings, and employment, symbolizing the gradual diversification of the economy. Although the relative importance of the MEPZ has declined since the early 1990s due in part to the continued effort at diversification, the MEPZ is a vital pillar of the Mauritius economy (Roberts; 1992).

Without a doubt, one of the single most important measures adopted by the government as regards the export-processing zone was the authorization granted to domestic firms to invest in the export-processing zone. This measure, which was dedicated to limit capital flights allowed the export-processing zone to play a decisive catalytic role in the development of the island (Philippe; 1989).

The MEPZ, therefore, has constituted the environment within which the private sector has been able to efficiently use domestic factors to produce internationally competitive products, inserting itself within several international commodity chains. Through a number of institutional arrangements, private domestic concerns have heavily invested in the export processing zones introducing stability in the EPZ sector and creating the foundation for technology and knowledge internalization (Roberts; 1992).

Over time, therefore, the export-processing zone has fostered the development of a competent core of domestic firms who have progressively increased their capability to serve foreign markets under a number of production arrangements. This has been made possible by extensive cooperation between foreign and domestic firms. the latter rapidly
following, the initial led by the former. Under a number of arrangements, including subcontracting, joint-venturing, and observation, domestic firms progressively learned production techniques. In addition, domestic firms, by integrating themselves in international commodity chains under a number of production arrangements, internalized elements of the production, distribution, and marketing processes that they use to upgrade their competitive position. Soft technology transfers, consequently, played the defining role in the process of productivity improvement. Therefore, contrary to what has been advanced by numerous perspectives, the export-processing zone's success as a development instrument, has not simply been the expression of Mauritius' post 1982 attractiveness to foreign capital, but rather is the result of a dedicated strategic focus toward economic growth and development (Philippe; 1989).

As early as the 1970s, the government of Kenya attempted to promote export oriented manufacturing. The policy incentives initiated to promote manufacturing exports included the development of industries in a wider sub-regional and continental basis. This initiative was accompanied by export promotion measures such as export compensation schemes. These early attempts to promote export oriented manufacturing did not succeed for two reasons. First, prolonged protectionism made it more profitable for firms to sell their products in the domestic market rather than in global markets. Second, firms were discouraged from taking advantage of export promotion schemes by bureaucratic delays, inefficiencies, and the corruption that surrounded them (McCormick; 1999).

In the mid 1980's the government introduced the Manufacturing Under Bond (MUB) legislation and the green channel system for administrative approvals in order to promote industries manufacturing for export. Firms operating under MUB were exempted from VAT on imported plant machinery, raw materials and other imported inputs. The first MUB firms were founded in 1988 and as of 2001, 79 MUB firms had been approved by the Investment Promotion Center. Of these 79 firms, only 15 were operating in mid-2002. The majority of MUB firms closed down after the withdrawal concessions for Kenya garment in the US market. With the signing of Africa Growth and Opportunity Act (AGOA) into law on May 18, 2000, growth in exports has again increased. The Act offers tangible incentives for African countries to improve their economies and build free
markets. The agreement also allows duty-free importation of many items by qualifying African countries from the American market. Regional exports are boosted by Kenya’s membership in the East African Community (EAC) and the Common Market of Eastern and Southern Africa (COMESA). The Act offers tangible incentives for African countries to continue their efforts to open their economies and build free markets. The AGOA act expires on September 30, 2008 (McCormick; 1999).

Export Processing Zones (EPZ) were initiated in the 1989-1993 Development Plan Period. A government body known as Export Processing Zone Authority manages the EPZs. Currently there are 24 EPZs in Kenya. EPZ firms are involved in many activities of which include garment making which is the most important. Other activities in the EPZs include manufacture of veterinary and pharmaceutical products, chemicals, agro processing, currency and molasses.

Investors in the Kenyan EPZ are drawn from Denmark, the US, Taiwan, Belgium, South Africa, Pakistan, Germany, China, India, the Netherlands, the UK, Sri Lanka and Hong Kong. The firms operate in designated areas and produce exclusively for export. Firms in EPZs enjoy several benefits including tax holidays, exemption from VAT and duties on machinery, and lower priced raw materials and intermediate inputs (EPZA; 2004).

2.5 Conceptual Framework

Every organization is a synthesis of activities that are performed to design, produce, market, deliver and support its product. The value chain identifies nine strategically relevant activities that create value and cost. These nine value-creating activities consist of five primary and four support activities.

The primary activities represent the sequence of bringing materials in to the business (inbound logistics), converting them in to final products (operations), shipping out final products (outbound logistics), marketing them (marketing and sales) and servicing them.
The support activities include procurement, technology development, human resource management and firm infrastructure (Kotler; 2003).

The organizations task is to monitor its costs and performance in each of the value creating activities. By adapting e-commerce an organization can improve the efficiency of each of the nine activities. It should be able to easily access new markets, optimize realization of new offerings, easily acquire new customers, build deeper understanding with existing customers and efficiently fulfill management process of ordering, delivery, reception and payment for goods and services (Kotler; 2003).
The Figure 2.2 below shows conceptual framework, which will be used in the study:

**Dependent Variable**

**Organization Primary Activities**
- Inbound Logistics
- Operations
- Outbound Logistics
- Marketing and Sales
- Service

**Organization Support Activities**
- Procurement
- Technology Development
- Human Resource Management
- Firm Infrastructure

**Output**
- Easy access to new markets
- Efficient realization of new products
- Easy acquisition of new customers
- Efficient Customer Relationship Management (CRM)
- Efficient fulfillment of management process of ordering, delivery, reception and payment

**Independent Variable**

E-Commerce

---

Figure 2.2: Conceptual Framework
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design
The study is a descriptive survey, which will seek to explore the impact of implementation of E-commerce solutions on competitive strategy for firms within the Kenyan export-processing zone.

3.2 Population
The population of the study was the 23 Export Processing Zone firms operating in Kenya. These firms are spread out in Nairobi and Mombasa. The firms are drawn from the following sub-sectors: - garments, veterinary, pharmaceutical products, agro processing, currency and molasses. Sampling therefore will not be necessary.

3.3 Data Collection
The study made use of primary data collected through a questionnaire (Appendix I) with both open and closed-ended questions. The closed-ended questions enabled collection of quantitative data for analysis, while the open-ended questions were used in collecting qualitative data on the respondent's view towards implementation of e-commerce. The questionnaires were administered to factory managers and operations managers who were best placed to provide details regarding the operations of the firms. The "drop and pick later" method backed by telephone follow up will be used.

3.4 Data Analysis
The data collected was edited for accuracy, uniformity, consistency and completeness and arranged to enable coding and tabulation before final analysis.

Data was analysed using descriptive statistics. The descriptive statistics included use of tables, percentages and proportions in order to show the relationship between the variables collected across the firms covered by the study.
CHAPTER FOUR: DATA ANALYSIS

4.1 Years Of Operation
The Kenyan Export Processing Zones were initiated in the 1989-1993 Development Plan Period. The frequency table below shows how the Kenyan Export Processing Zone has grown over the years after their initiation into the Kenyan economy.

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of firms</td>
<td>5</td>
<td>6</td>
<td>17</td>
<td>23</td>
</tr>
</tbody>
</table>

Table 3: Years of Operation

4.2 Company Ownership, Employment Size, Annual Turnover and Type of Product
Out of the 12 companies surveyed, 8 (67%) are locally owned and four (33%) are foreign owned. The employment size and the annual turnover for each of the twelve firms is as shown on the frequency table below:

<table>
<thead>
<tr>
<th>Employment Size</th>
<th>Turnover (Ksh million)</th>
<th>Type of Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>130</td>
<td>60</td>
</tr>
<tr>
<td>2</td>
<td>115</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>1250</td>
<td>420</td>
</tr>
<tr>
<td>4</td>
<td>45</td>
<td>40</td>
</tr>
<tr>
<td>5</td>
<td>2600</td>
<td>800</td>
</tr>
<tr>
<td>6</td>
<td>330</td>
<td>80</td>
</tr>
<tr>
<td>7</td>
<td>220</td>
<td>70</td>
</tr>
<tr>
<td>8</td>
<td>135</td>
<td>65</td>
</tr>
<tr>
<td>9</td>
<td>150</td>
<td>160</td>
</tr>
<tr>
<td>10</td>
<td>450</td>
<td>50</td>
</tr>
<tr>
<td>11</td>
<td>65</td>
<td>60</td>
</tr>
<tr>
<td>12</td>
<td>740</td>
<td>320</td>
</tr>
</tbody>
</table>

Table 4: Employment Size, Annual Turnover and Type of Product
Responses received indicated that seven of the firms are involved in garment manufacture, one in horticultural product exports, one in agro-processing, and finally two firms are involved in the manufacture of industrial chemicals and pharmaceutical products respectively.

4.3 Input Sources and Export Destinations

The input source and export destinations for each of the twelve firms is as shown on the table below:

<table>
<thead>
<tr>
<th>Input Source</th>
<th>Export Destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Malaysia, Thailand, Korea, Indonesia and Germany</td>
<td>Uganda, Tanzania, European Union and U.S.A</td>
</tr>
<tr>
<td>2 Malaysia, Thailand, India</td>
<td>COMESA, European Union, and U.S.A</td>
</tr>
<tr>
<td>3 Kenya</td>
<td>U.S.A, Netherlands</td>
</tr>
<tr>
<td>4 South Africa, India</td>
<td>Uganda, Tanzania, U.S.A</td>
</tr>
<tr>
<td>5 China, India, Mauritius, Swaziland</td>
<td>Rwanda, Uganda, Burundi</td>
</tr>
<tr>
<td>6 Indonesia, India, Malaysia, U.K., Italy</td>
<td>U.K., Uganda, Burundi, Democratic Republic of Congo</td>
</tr>
<tr>
<td>7 Hong Kong, India</td>
<td>U.S.A and European Union</td>
</tr>
<tr>
<td>8 Hong Kong, India, Malaysia</td>
<td>Tanzania, Rwanda, Uganda, U.S</td>
</tr>
<tr>
<td>9 Britain, Germany, United Arab Emirates</td>
<td>Tanzania, Uganda, Ethiopia</td>
</tr>
<tr>
<td>10 Taiwan, U.K., South Africa</td>
<td>Tanzania, Uganda, Sudan, U.S and European Union</td>
</tr>
<tr>
<td>11 Switzerland, South Africa</td>
<td>Tanzania, Uganda, Sudan, Ethiopia</td>
</tr>
<tr>
<td>12 India, Indonesia, Austria, Korea</td>
<td>U.S.A, UK, COMESA, EAC</td>
</tr>
</tbody>
</table>

Table 5: Input Sources and Export Destinations

The respondents reported that the firms source their inputs from both local and international markets. The seven firms involved in the manufacture of garments mainly
import their raw materials from the Asian countries of India, Malaysia, Indonesia and Hong Kong. The firm involved in horticultural product exports sources its inputs locally while the two firms involved in the manufacture of industrial chemicals and pharmaceutical products source their inputs from as far as South Africa and Switzerland.

On the other hand, the responses received indicated that all the firms targeted local, regional and international markets. The regional market comprises Uganda, Tanzania, Rwanda, Burundi, Democratic Republic of Congo, Sudan and Ethiopia. The international market included the U.S., U.K., the Netherlands and Switzerland.

4.4 Types Of Connection

Although both analogue and high speed digital connections are available in Kenya, all the firms in the sample were using modem based analogue network connections. None of the interviewees reported the use of high-speed digital connections as depicted in the frequency table below:

<table>
<thead>
<tr>
<th>Type Of Connection</th>
<th>Number Of Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Analogue</td>
<td>12</td>
</tr>
<tr>
<td>ISDN</td>
<td>0</td>
</tr>
<tr>
<td>SDSL</td>
<td>0</td>
</tr>
<tr>
<td>ADSL</td>
<td>0</td>
</tr>
<tr>
<td>Cable</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 6: Types Of Connection

The main reasons for the lack of use of high-speed digital networks was given as lack of awareness about newer technologies and concerns about the higher cost of their use.
4.5 E-Commerce Network Access

The firms in the study indicated that they have several options for obtaining network access. The first and the easiest is the use of public Internet, which provides access to foreign company websites and specialised trading sites. Other options include the use of Intranets, Extranets and Wide Area Networks (WANs). Intranets are effectively internal mini-webs that typically hold directory information, company documentation and information on employee benefits that may be open to all employees (Flood, 2002). One of the garment-manufacturing firms uses intranet to transmit financial data and other records from one office to another hence creating a form of intra-company trade i.e. it uses intranet to sell fabric from its textile mill to its clothing factory.

Extranets link company specific networks enabling business partners and suppliers to share corporate data (Mansell and Wehn 1998). Wide Area Networks, on the other hand, are data communication networks that span an extended geographical distance. Examples include airline or hotel reservation systems, automated teller machines (ATMs), and networks connecting libraries. Authorised users can search for information and carry out transactions using central databases.

The frequency table below indicates the responses received from the twelve firms concerning e-commerce network access.

<table>
<thead>
<tr>
<th>Network Access</th>
<th>Number Of Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Direct to Public Internet</td>
<td>12</td>
</tr>
<tr>
<td>Intranet</td>
<td>1</td>
</tr>
<tr>
<td>Extranet</td>
<td>0</td>
</tr>
<tr>
<td>WAN</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 7: E-Commerce Network Access

All the respondents reported that they had a direct connection to the public Internet. One firm had an intranet. None of the firms had both extranet and WAN.
The respondents observed that their firms were connected directly to the public Internet because it is easily and readily available. Lack of information about the potential usefulness of both Extranets and WANs appeared to be the main reason why they are not in use.

4.6 Frequency Of Use Of E-Commerce Network Applications

The use of the various e-commerce network applications for each of the twelve firms is as shown on the frequency table below:

<table>
<thead>
<tr>
<th>Application</th>
<th>Always</th>
<th>Frequently</th>
<th>Seldom</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Mail</td>
<td>4</td>
<td>8</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>WWW</td>
<td>1</td>
<td>7</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Extranet</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>EDI</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>12</td>
</tr>
</tbody>
</table>

Table 8: Frequency Of Use Of E-Commerce Network Applications

Of the four networks that are frequently used in e-commerce (e-mail, the World Wide Web, Extranets and Electronic Data Interchange), e-mail and World Wide Web were the mostly used by all the firms. None of the firms reported using of both the extranet and electronic data interchange. E-mail was being used for initial and follow up communications with suppliers and customers. According to the interviewees, e-mail is particularly useful because the postal service is very slow and telephone service is expensive. However, it was noted that the respondents placed a high priority on face-to-face communication. Several of the firm owners travel extensively in order to maintain contacts with distant customers and suppliers.

One respondent reported using the web ‘always’, while seven were using it ‘frequently’ and four ‘seldom’. The firms that are using the web have their own web sites. They also access other websites to compare products, prices and to view new designs.
The respondents were sceptical about any complete reliance on computer-mediated communication suggesting that it is not possible to access the colour, finishing of products, and quality of goods using electronic forms of communication.

4.7 Use Of Internet in Purchasing of Inputs and Selling of Finished Products

The respondents were asked about the extent of their use of the public Internet for purchasing inputs and selling finished products. The use of the various e-commerce network applications by each of the twelve firms is as shown on the frequency table below:

<table>
<thead>
<tr>
<th>E-Commerce Activity</th>
<th>Number Of Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of Inputs Only</td>
<td>2</td>
</tr>
<tr>
<td>Sell Products Only</td>
<td>1</td>
</tr>
<tr>
<td>Both Purchase and Sell</td>
<td>4</td>
</tr>
<tr>
<td>Neither Purchase nor Sell</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 9: Use Of Internet in Purchasing of Inputs and Selling of Finished Products

Six firms indicated they use the public Internet to purchase their inputs and five firms to sell their finished products. The inputs acquired through the use of public Internet range between 5% and 80%. On the other hand, the finished products sold through the Internet range between 5% and 100%. The inputs are acquired from Japan, Malaysia, Germany, U.K., Dubai, Hong Kong, India and China while export of finished products is made to the East African Community (EAC), COMESA, European Union (EU) and the U.S. The firms using the Internet indicated that they were doing so as a result of their own initiative. However, one respondent reported that a client demanded that the firm post its product on a web site. To meet this requirement, the firm is registered with a local e-market place referred to as e-sokoni.
4.8 Obstacles In the Implementation Of E-Commerce

Five firms (see Table 7 above) neither use the Internet to buy their inputs nor sell their finished products. The frequency table below gives the breakdown of the obstacles indicated by the various respondents as hindering the implementation of e-commerce.

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>Very Significant</th>
<th>Moderately Significant</th>
<th>Not Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Difficulties</td>
<td>3</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Skills Deficiency</td>
<td>4</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Government Policies</td>
<td>10</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Lack Of Political Will</td>
<td>0</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Poor Infrastructure</td>
<td>11</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Ownership</td>
<td>2</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Absence Of Public Pressure</td>
<td>0</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>Resistance To Change</td>
<td>0</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Lack Of Appropriate Technology</td>
<td>0</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Inadequate Legislation</td>
<td>10</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 10: Obstacles In the Implementation Of E-Commerce

From the above results it is evident that the major obstacles to e-commerce implementation within the Kenyan Export Processing Zones are poor communication
infrastructure, inadequate legislation and current government policies. Lack of skills, inappropriate technology, resistance to change and business ownership only cause minor hindrance to implementation of e-commerce.

Respondents who indicated they do not use the Internet reported that they had been barred by the high cost of installation and maintenance of web sites considering the current economic conditions. Some respondents expressed the view that at local levels, fax, telephone and face-to-face contacts is adequate for conducting all their business transactions. Others attributed non-use of e-commerce to lack of security. One respondent observed that “you never know in to which hands our firms’ secrets will land…. competitors may access such information and use it against our firm”.

Respondents who indicated that lack of skills was a major obstacle attributed the same to some firms unwilling to sponsor workers for training. They indicated that lack of skills was compounded by the fact that the education system in Kenya offers only limited courses in computer use unlike in other countries where the same is mandatory at primary, secondary school level of education.

### 4.9 Competitive Advantages Of Using E-Commerce

The table below shows the responses from the various firms to various competitive advantages attributed to e-commerce.

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Number Of Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Very Significant</td>
</tr>
<tr>
<td>Easy Access To New Markets</td>
<td>5</td>
</tr>
<tr>
<td>Easy Acquisition Of New Customers</td>
<td>4</td>
</tr>
<tr>
<td>Easy Product Development</td>
<td>2</td>
</tr>
</tbody>
</table>
Table 11: Competitive Advantages Of Using E-Commerce

The above results show that the main competitive advantages gained by the use of e-commerce are easy access to new markets and customers and easy ordering, delivery, reception and payment for inputs. Only one respondent indicated that they use the Internet for customer relationship management through ‘data mining’. Also, only two respondents indicated that they use the Internet in research and development of new products.

One respondent indicated that prior to the introduction of e-commerce, their firm was communicating with overseas suppliers using the DHL courier service and sending a sample to a customer for verification took three to four days. With e-commerce he is able to send digital photographs as e-mail attachments in a matter of minutes.

After engaging in e-commerce, four firms reported having changed international suppliers and customers due to exposure to wider choice while five reported having increased their revenues and profits.
CHAPTER FIVE: FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.1 Findings

Of the four networks that are frequently used in e-commerce (e-mail, the World Wide Web, Extranets and Electronic Data Interchange) e-mail and World Wide Web were the mostly used by all the firms. Only one firm reported using intranet while none of the firms reported using of both the extranet and electronic data interchange. Intranets are internal mini-webs that hold company information; extranets link company specific networks enabling business partners and suppliers to share corporate data (Mansell and Wehn 1998). Wide area networks, on the other hand, are data communication networks that span an extended geographical distance.

The findings indicate that of the five types of connectivity technology at their disposal i.e. analogue, ISDN, SDSL, ADSL and Cable all the 12 firms were using modem based analogue technology, which is relatively slow, and an outdated technology. It is recommended that the firms invest in the other technologies, which offer relatively faster speeds.

The results also show that by engaging in e-commerce, the interviewee firms can gain several competitive advantages, the main ones being easy access to new markets and customers and easy ordering, delivery, reception and payment for inputs. Other advantages, which can be gained, include effective customer relationship management, research and new product development.

The major obstacles, which were cited as preventing e-commerce implementation within the Kenyan Export Processing Zones, are poor communication infrastructure, inadequate legislation and current government policies. However, lack of skills, inappropriate technology, resistance to change and business ownership were also other hindrances to implementation of e-commerce.
5.2 Recommendations and Conclusions

The objective of the study was to document the implications of adaptation of e-commerce on the competitive strategies used by firms within the Kenyan export-processing zone. The study explored the extent and form of the usage of e-commerce and the various obstacles, which prevents its effective implementation. The study targeted 23 firms, which are currently governed by the Kenya Export Processing Zone Authority. Responses were received from 12 firms. This represents a response rate of 52%.

It was established that all the firms in the study are involved in the purchase of inputs and selling of finished products from and to external markets, which makes them prime candidates for involvement in e-commerce. Although it would have been expected that firms exporting to the U.S. and Europe would be making extensive use of the public Internet, five firms indicated that they were neither purchasing inputs nor selling their products using the Internet.

Other than e-mail and the World Wide Web, the firms should invest in other network options, which offer additional advantages. These include intranets, extranets and Electronic Data Interchange (EDI). It is also recommended that the interviewee firms invest in modern type of connectivity, which includes ISDN, SDSL, ADSL and cable other than using modem, based analogue technology, which is relatively slow and an outdated technology.

It is also recommended that the government invest heavily in the communication infrastructure, put in place good policies and adequate legislation to accelerate growth within the Kenyan Export Processing Zone. The owners of the firms should also invest on training of their staff so that they acquire the necessary skills.
5.3 Areas Of Further Study

Limited literature on e-commerce issues currently exist in Kenya. A lot of research would therefore be necessary in the following areas:

• Revenue and Cost Implication involved in the implementation of e-commerce (Cost/Benefit analysis)
• Ethical Issues in e-commerce
• Customer Attitudes towards e-commerce
• Security and Privacy in e-commerce
• E-Commerce Hazards
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APPENDIX I
RESEARCH QUESTIONNAIRE

This research questionnaire is aimed at getting an understanding of the implications, challenges and benefits of implementing e-commerce in firms within the Kenyan Export Processing Zone. The responses to this questionnaire will be purely used for academic purposes and will be treated with strict confidence.

Thanks in advance for your assistance.

A. GENERAL INFORMATION

Date of Interview: ________________________________

Company Name: __________________________________

Company Address: P.O.Box _________________________

City/Town ________________________________________

Name of Respondent: ______________________________

Position: _________________________________________

Telephone Number: ________________________________

Email: ____________________________________________

Year Established: __________________________________

Type of Company: [ ] Producer [ ] Broker [ ] Other: __________________

What are the main product(s) and/or services provided to customers by your company?
__________________________________________________
__________________________________________________
__________________________________________________

Which products and/or services are your company's most significant sources of revenue?
__________________________________________________
__________________________________________________
__________________________________________________

No. Of employees at business
Unit: ________________________________________________

Is this business unit part of a
Larger company? [ ] Yes [ ] No

No. Employees overall: ________________________________

Annual turnover at business Unit: ________________________________

Most important countries to which the firm’s Products are exported:

________________________________________________________________________

________________________________________________________________________

Most important countries from which the firm buys inputs:

________________________________________________________________________

________________________________________________________________________

What type of network(s) do you use? (Please tick the box(es) that corresponds with your response).

<table>
<thead>
<tr>
<th>Internet</th>
<th>Intranet</th>
<th>Extranet</th>
<th>WAN</th>
<th>Other (please specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
</tbody>
</table>

What type of connection(s) do you use? (Please tick the box(es) that corresponds with your response).

<table>
<thead>
<tr>
<th>Modem-Based</th>
<th>High Speed Connection</th>
<th>Other (please specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analogue</td>
<td>ISDN</td>
<td>[ ]</td>
</tr>
<tr>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>SDSL</td>
<td>ADSL</td>
<td>Cable</td>
</tr>
<tr>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

B. IMPLICATIONS OF E-COMMERCE IN A FIRM’S PRIMARY AND SUPPORT ACTIVITIES

I) INBOUND LOGISTICS (WAREHOUSING AND STOCK CONTROL)

What are the main raw materials sourced locally by your firm?
1. ________________________________
2. ________________________________
3. ________________________________

What are the main raw materials sourced internationally by your firm?
1. ________________________________
2. ________________________________
3. Do your suppliers have access to real time information about your firms' stock levels?
   [ ] Yes [ ] No

What method do you use to conduct business with your suppliers? (Please tick the box(es) that corresponds with your response).

<table>
<thead>
<tr>
<th>Internet</th>
<th>Intranet</th>
<th>Extranet</th>
<th>WAN</th>
<th>Other (please specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
</tbody>
</table>

On a scale of 1 to 5 (where 5= Always used, 4= occasionally used, 3= rarely used and 2= being introduced, 1=not used), indicate the extent of use of each of the connections below by your firm to purchase raw materials: -

- Internet
- Extranet
- WAN
- Other (Specify..........)

Is your firm registered with any e-market place for the purpose of purchasing raw materials?  
   [ ] Yes [ ] No

What is the URL of the trading site?______________________________________________

What are the main raw materials purchased locally by your firm through the e-market place?
1. _____________________________________________
2. _____________________________________________
3. _____________________________________________

What are the main raw materials purchased internationally by your firm through the e-market place?
1. _____________________________________________
2. _____________________________________________
3. _____________________________________________

II) INTERNAL OPERATIONS

To what extent are your internal operations computerized? Please elaborate______________________________________________

Which of the connection(s) below is available to your staff for use in your firm?
On a scale of 1 to 5 (where 5= Always used, 4= occasionally used, 3= rarely used and 2= being introduced, 1=not used), indicate the extent of use of each of the connections below in your firms’ for the purpose of facilitating internal operations:

- Internet [ ]
- Intranet [ ]
- Extranet [ ]
- WAN [ ]

Do your suppliers have access to real time information about the internal operations of your firm?
[ ] Yes [ ] No

Do your customers have access to real time information about the internal operations of your firm?
[ ] Yes [ ] No

III) SALES

What are the main products sold locally by your firm?
1. ________________________________
2. ________________________________
3. ________________________________

What are the main products sold internationally by your firm?
1. ________________________________
2. ________________________________
3. ________________________________

Do your intermediaries and customers have access to real time information about your firms’ products?
[ ] Yes [ ] No

What connection do you use to conduct business with your intermediaries and customers? (Please tick the box(es) that corresponds with your response).

<table>
<thead>
<tr>
<th>Internet</th>
<th>Intranet</th>
<th>Extranet</th>
<th>WAN</th>
<th>Other (please specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
</tbody>
</table>
On a scale of 1 to 5 (where 5= Always used, 4= occasionally used, 3= rarely used and 2= being introduced, 1=not used), indicate the extent of use of each of the connections below in your firms’ transactions with intermediaries and customers: -

• Internet [ ]
• Intranet [ ]
• Extranet [ ]
• WAN [ ]

Is your firm registered with any e-market place for the purpose of sales of its products? [ ] Yes [ ] No

What is the URL of the trading site? ________________________________

What are the main products sold in the local market by your firm through the e-market place?
1.____________________________________________________________
2.____________________________________________________________
3.____________________________________________________________

What are the main products sold in the international market by your firm through the e-market place?
1.____________________________________________________________
2.____________________________________________________________
3.____________________________________________________________

IV) MARKETING

What type of connection does your firm use to get information about the market place? (Please tick the box(es) that corresponds with your response).

<table>
<thead>
<tr>
<th>Internet</th>
<th>Intranet</th>
<th>Extranet</th>
<th>WAN</th>
<th>Other (please specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

On a scale of 1 to 5 (where 5= Always used, 4= occasionally used, 3= rarely used and 2= being introduced, 1=not used), indicate the extent of use of each of the connections below in your firms’ marketing efforts: -
Is your firm registered with any e-market place for the purpose of advertising its products?  
[ ] Yes  [ ] No

What is the URL of the trading site?  ________________________________

What are the main products advertised by your firm through the e-market place?
1. ____________________________________________
2. ____________________________________________
3. ____________________________________________

V) HUMAN RESOURCE MANAGEMENT

Do you have adequate staffs that have the right skills in e-commerce?
[ ] Yes [ ] No

VI) TECHNOLOGY DEVELOPMENT

Does your firm have a research and development department dedicated to research and product development?

What type of connection does your firm use to conduct research?  (Please tick the box(es) that corresponds with your response).

<table>
<thead>
<tr>
<th>Internet</th>
<th>Intranet</th>
<th>Extranet</th>
<th>WAN</th>
<th>Other (please specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td></td>
</tr>
</tbody>
</table>

On a scale of 1 to 5 (where 5= Always used, 4= occasionally used, 3= rarely used and 2= being introduced, 1=not used), indicate the extent of use of each of the connections by your firm when conducting research:

- Internet [ ]
- Intranet [ ]
- Extranet [ ]
C. COMPETITIVE ADVANTAGES OF USING E-COMMERCE

Listed below are some of the advantages which a firm may realise though the implementation of e-commerce. Please tick (✓) in the appropriate box to indicate the extent to which you consider these advantages significant.

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Very Significant</th>
<th>Moderately Significant</th>
<th>Not Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy access to new markets</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Easy acquisition of new customers</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Easy Product development</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Efficient Customer Relationship Management</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Efficient fulfilment of management process of ordering, delivery, reception and payment</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

b) Please list any other advantages, which can be realised by engaging in e-commerce other than the above

i. ...........................................................................................

ii. ...........................................................................................

iii. ...........................................................................................

iv. ...........................................................................................

v. ...........................................................................................

A firm may want to engage in e-commerce due to several reasons. (Please tick the box that best describes your reasons for engaging (or not engaging) in e-commerce).

- Increase profits [ ]
- Gain Competitive edge [ ]
- Reduce Costs [ ]
- Reduce Lead times [ ]
- Others (Specify) .............
Has your company changed suppliers and/or buyers since the introduction of e-commerce?
[ ] Yes [ ] No

Would you say that having access to the Internet has played a role in increasing the number of international suppliers and/or business customers your company now deals with on a regular basis? Please elaborate.

Has the use of e-commerce applications resulted to increase revenues? Please elaborate and give an approximate percentage.

Has the use of e-commerce applications resulted to decrease in costs? Please elaborate and give an approximate percentage.

Approximately what percentages of your local and international inputs are supported through the use of e-commerce?

Local inputs %
International inputs %

Has the use of e-commerce applications resulted to decrease in lead times? Please elaborate and give an approximate percentage.

Approximately what percentage of your international and local sales is supported through the use of e-commerce?

Local Sales %
International Sales %

D. OBSTACLES TO IMPLEMENTATION OF E-COMMERCE

Listed below are some of the challenges, which prevent firms from adopting e-commerce. Please tick (√) in the appropriate box to indicate the extent to which you consider these challenges significant.
<table>
<thead>
<tr>
<th>Challenge</th>
<th>Very Significant</th>
<th>Moderately Significant</th>
<th>Not Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical difficulties</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Skills Deficiencies</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Government Policies</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Lack of Political will</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Poor Infrastructure</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Ownership</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Absence of public pressure</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Resistance to change</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Lack of appropriate Technology</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Inadequate legislation</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

b) Please list any other challenges faced when conducting e-commerce other than the above:

i. ................................................................................................................................

ii. ................................................................................................................................

iii. ................................................................................................................................

iv. ................................................................................................................................

v. ................................................................................................................................
APPENDIX II
TIME SCHEDULE

It has been estimated that the whole data collection and analysis process will take one month as per time schedule given below:

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>MONTH &amp; YEAR (AUGUST 2005)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>WEEK 1 (1&lt;sup&gt;ST&lt;/sup&gt; - 5&lt;sup&gt;TH&lt;/sup&gt;)</td>
</tr>
<tr>
<td>1. PILOT STUDY &amp; DATA COLLECTION</td>
<td></td>
</tr>
<tr>
<td>3. DATA ANALYSIS, REPORT COMPILATION &amp; SUBMISSION</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Time Schedule
### APPENDIX III

## BUDGET

<table>
<thead>
<tr>
<th>Activity/Task</th>
<th>Type of Expense</th>
<th>Amount (Ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pilot Study</td>
<td>Travelling and Accommodation</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>Telephone Communication</td>
<td>1,500</td>
</tr>
<tr>
<td></td>
<td>Stationery Expenses</td>
<td>500</td>
</tr>
<tr>
<td>2. Data Collection</td>
<td>Travelling and Accommodation</td>
<td>30,000</td>
</tr>
<tr>
<td></td>
<td>Telephone Communication</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>Stationery Expenses</td>
<td>2,500</td>
</tr>
<tr>
<td>3. Report Compilation</td>
<td>Printing &amp; Typing 8no. Copies @ 1,200</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>Binding 8no. Copies @ 1,000</td>
<td>8,000</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT (KSH)</strong></td>
<td></td>
<td><strong>67,500</strong></td>
</tr>
</tbody>
</table>

Table 2: Budget
### APPENDIX IV
### LIST OF COMPANIES

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>CONTACTS</th>
<th>PRODUCT</th>
<th>CONTACT PERSON</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Al-Borj EPZ Ltd.</td>
<td>P.O. Box 1139, Nairobi – 00606 Tel: +254-20-862090</td>
<td>Sale of textile &amp; garment making machinery</td>
<td>Shaffat Ali Baqari</td>
<td>Rafiki EPZ, Nairobi</td>
</tr>
<tr>
<td>2 Alltex EPZ Ltd.</td>
<td>P.O Box 30500, Nairobi Tel: +254-20-228026/7/8, 226074/5 Fax: +254-20-214563 Email: <a href="mailto:Ipskoffice@form-net.com">Ipskoffice@form-net.com</a></td>
<td>Garments</td>
<td>F. Marekia</td>
<td>Athi River EPZ</td>
</tr>
<tr>
<td>3 Ancheneyar EPZ Ltd.</td>
<td>P.O Box 43832, Nairobi Tel: +254-20-862078/802216</td>
<td>Garments</td>
<td>S.Balachandran</td>
<td>Rafiki EPZ, Nairobi</td>
</tr>
<tr>
<td>4 Apex Apparels EPZ Ltd.</td>
<td>P.O. Box 199, Village Market Nairobi Tel: +254-20-862142/3 Fax: +254-20-861915</td>
<td>Garments</td>
<td>Deepak V. Bhojwani</td>
<td>Indigo EPZ, Nairobi</td>
</tr>
<tr>
<td>5 Ashton Apparel EPZ Ltd.</td>
<td>P.O. Box 43371, Mombasa Tel: +254-41-434251, 435439, 0733-634400 Fax: +254-41-435436 Email: <a href="mailto:Admin@Ashton-Apparel.com">Admin@Ashton-Apparel.com</a></td>
<td>Garments</td>
<td>Ashutosh Tiwari</td>
<td>Own zone, Mombasa</td>
</tr>
<tr>
<td>6 Asia Resources EPZ Ltd.</td>
<td>C/O P.O Box 43832 Nairobi Tel: +254-20-862078/802216 Email: <a href="mailto:asiresources@wananchi.com">asiresources@wananchi.com</a></td>
<td>Garments</td>
<td>Ruchira Gajanayake</td>
<td>Rafiki EPZ, Nairobi</td>
</tr>
<tr>
<td>7 Baraka Apparels EPZ Ltd.</td>
<td>P.O Box 9959 Nairobi 00100 Tel: +254-20-652076-89 Fax: +254-20-652077/652078/745301 Email: <a href="mailto:baraka@barakaapparel.com">baraka@barakaapparel.com</a> or <a href="mailto:shafaat@barakaapparel.com">shafaat@barakaapparel.com</a></td>
<td>Garments</td>
<td>Pendiala Balusubramaniam</td>
<td>Unique Sun Apparels EPZ Ltd., Nairobi</td>
</tr>
<tr>
<td>No.</td>
<td>Company Name</td>
<td>Address</td>
<td>Sector</td>
<td>Contact Person</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------</td>
<td>--------------------------</td>
<td>--------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>8</td>
<td>Birch Investment EPZ Ltd.</td>
<td>P.O. Box 81579, Mombasa</td>
<td>Garments</td>
<td>Dhiru Shah</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tel: +254-41-432626/609</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fax: +254-41-434147/222289/434438</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>E mail <a href="mailto:sysop@birchkenya.com">sysop@birchkenya.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>BlueBird Garments (K) EPZ Ltd.</td>
<td>P.O. Box 81034, Mombasa</td>
<td>Garments</td>
<td>Burhan Kapadia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tel: +254-41-434147/222289/434438</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fax: +254-41-434147/222289/434438</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td>E mail <a href="mailto:sysop@birchkenya.com">sysop@birchkenya.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>California Link EPZ Ltd.</td>
<td>P.O. Box 86198, Mombasa</td>
<td>Garments</td>
<td>P.L.C Jinadasa</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tel: +254-41-435086/7</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fax: +254-41-433342</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>E mail <a href="mailto:ravi@califolink.com">ravi@califolink.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Cybel Agri EPZ Ltd.</td>
<td>P.O. Box 48385, Nairobi</td>
<td>Veterinary Products</td>
<td>Rakesh Thaker</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tel: +254-20-223369</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fax: +254-20-241680</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>E mail <a href="mailto:rakesh@cybelagri.com">rakesh@cybelagri.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>De La Rue Currency &amp; Security Print Ltd.</td>
<td>P.O Box 38622, Nairobi</td>
<td>Currency &amp; security documents</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tel: +254-20-860085/6</td>
<td></td>
<td>Ron Feenan</td>
</tr>
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<td>Fax: +254-20-860787</td>
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<td>E mail <a href="mailto:ronfeenan@ke.delarue.com">ronfeenan@ke.delarue.com</a></td>
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<td>13</td>
<td>E.A. Molasses EPZ Ltd.</td>
<td>P.O Box 86562, Mombasa</td>
<td>Lease of industrial godowns, storage &amp; sale of molasses, vegetable oil, petrochemicals</td>
<td>Khamisa Vayani East Africa Molasses EPZ, Mombasa</td>
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<tr>
<td></td>
<td></td>
<td>Tel: +254-41-224910/313606</td>
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<td>Fax: +254-41-213447/340266</td>
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<td>E mail <a href="mailto:vayani@form-net.com">vayani@form-net.com</a> or <a href="mailto:emcol@africaonline.co.ke">emcol@africaonline.co.ke</a></td>
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<td>14</td>
<td>Equitea EPZ Ltd. (In Receivership)</td>
<td>P.O. Box 88807, Mombasa</td>
<td>Agro processing (packed tea, Livingstone)</td>
<td>Luc Pirard</td>
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<td></td>
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<td>Tel: +254-41-485555/485483</td>
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<td>Fax: +254-41-222624</td>
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<td>Email. <a href="mailto:equitea@Africaonline.co.ke">equitea@Africaonline.co.ke</a></td>
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<td>15</td>
<td>Far East Technologies EPZ Ltd.</td>
<td>P.O. Box 39820, Nairobi</td>
<td>Electronics</td>
<td>Anil Pawar</td>
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<td></td>
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<td>Tel: +254-20-580177</td>
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<td>Email: <a href="mailto:fareast@nbi.ispkenya.com">fareast@nbi.ispkenya.com</a></td>
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<td>16</td>
<td>Film Studios EPZ Ltd.</td>
<td>P.O. Box 21393, Nairobi</td>
<td>Films</td>
<td>S.O Simpson</td>
</tr>
<tr>
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<td>Tel: +254-20-573224/5</td>
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<td>Fax: +254-20-571765</td>
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<td>Email: <a href="mailto:filmsstud@Africaonline.co.ke">filmsstud@Africaonline.co.ke</a></td>
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<td>17</td>
<td>Forum International EPZ Ltd.</td>
<td>P.O Box 81579, Mombasa</td>
<td>Chemicals, machinery, accessories</td>
<td>Sanjev Nair</td>
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<td>Tel: 072-703720</td>
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<tr>
<td>No.</td>
<td>Company Name</td>
<td>Address</td>
<td>Contact</td>
<td>Industry</td>
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<td>18</td>
<td>Global Apparels (K) EPZ Ltd.</td>
<td>P.O. Box 322, Athi River</td>
<td>Tel: +254-54-22575 +254-72-713524/ 846555 Fax: +254-54-22452</td>
<td>Garments</td>
</tr>
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<td>19</td>
<td>Golden Light EPZ Ltd.</td>
<td>P.O. Box 14616, Nairobi</td>
<td>Tel: +254-20-861962, 747596</td>
<td>Electronics (bulbs &amp; batteries)</td>
</tr>
<tr>
<td>20</td>
<td>Indigo Garments EPZ Ltd.</td>
<td>P.O. Box 64969, Nairobi</td>
<td>Tel: +254-20-862142-3/861915/ 861796/ 802179-80</td>
<td>Garments (godowns coming up)</td>
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<tr>
<td>21</td>
<td>Indu Farm EPZ Ltd.</td>
<td>P.O. Box 42564, Nairobi</td>
<td>Tel: +254-20-352362/ 550215-7</td>
<td>Horticultural (vegetables &amp; fruits)</td>
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<td>22</td>
<td>Insight Digital Graphics EPZ Ltd.</td>
<td>P.O. Box 45521, Nairobi</td>
<td>Tel: +254-20-862139/ 802192</td>
<td>Printing of Posters</td>
</tr>
<tr>
<td>23</td>
<td>Insta Products EPZ Ltd.</td>
<td>P.O Box 1231- 00606 Sarit Centre, Nairobi</td>
<td>Tel: +254-20-823075 Fax: +254-20-823077</td>
<td>Relief Foods</td>
</tr>
</tbody>
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