

Strategic Management Practices, Transformational Leadership and Performance of Exports in the Athi River Export Processing Zone Authority (Epza), Kenya

Reagan Shimba Mwanyungu¹, Dr. Stanley Kavale², Dr. Jane Sang³

¹Department of Management Science & Entrepreneurship, Moi University

^{2,3}Department of Entrepreneurship & Business, The Open University of Kenya

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ABSTRACT

The main objective of this research was to investigate the effect of strategic management practices, transformational leadership and the performance of exports in the Athi River Export Processing Zone Authority (EPZA). The specific objectives of the study were to; determine the influence of Situation Analysis (SA) practice, Organizational Alignment (OAL) practice, Competitor Analysis (CA) Practice, and to Continuous Learning (CL) Practice on the performance of exports in the Athi River EPZA and to examine moderating effect of Transformational Leadership (TL) on the relationship between Strategic Management Practices (SMP) and the performance of EPZA Kenya. The Resource-Based View Theory and Transformational Leadership Theory anchored the study. The explanatory research design was adopted and the target population was 323 staffs with a sample size 179 as determined by Yamane's formulae. Structured questionnaire was used to collect primary data. The study found out that situation analysis practice, organizational alignment practice, competitor analysis practice, continuous learning practice, and transformational Leadership positively and significantly affected performance of EPZA. Further, transformational leadership moderates the relation between situational analysis practice, organizational alignment practice, competitor analysis practice, continuous learning practice and performance of EPZA. The study concluded that transformational leadership is an important enhancing factor on performance of EPZs through situational analysis practice, organizational alignment practice, competitor analysis practice, continuous learning practice. The study recommended that managers should prioritize situational analysis practice, organizational alignment practice, competitor analysis practice, continuous learning practice and transformational leadership so as to increase the performance of EPZA.

Key words: alignment, analysis, competitor, continuous, learning, organizational, performance, practice, situational, transformational.

INTRODUCTION

Organizational performance is a multifaceted concept that encompasses various dimensions, including financial success, product market performance, and shareholder return. The attainment of organizational performance is contingent upon the ability of an organization to effectively respond and adjust to shifts in the external environment. In the realm of literature, performance pertains to the extent to which an organization, functioning as a social system, effectively attains its predetermined goals through the utilization of specific resources and methods (Lasater et al., 2019). Organizations may have had difficulties in achieving optimal performance due to inadequate policy frameworks and a lack of appropriate strategic management techniques within their departments. The success of exports is contingent upon the strategic measures implemented by an

organization to attain predetermined goals. The effective implementation of strategies significantly impacts the overall performance of an organization. According to Abdulrahman (2021), the measurement of the balance of payment in a specific time frame is determined by the performance of imports and exports of commodities and services. Similar to private firms, public sector organizations participate in strategic management, which is evident in many policy-making and administrative endeavors (Tsui & McKiernan, 2022). Due to technological advancements and the emergence of alternative markets for importers of goods and services, firms have increasingly embraced strategic management approaches as a means to implement policy initiatives aimed at enhancing their export activities. The performance of exports in the Athi River Export Processing Zone are directly influenced by the application of strategic management practices. Strategies serve as a mechanism for achieving a particular objective. Hence, it is imperative for an organization to implement appropriate measures in order to maintain the competitiveness in the market.

Leadership is the ability of a superior to influence the behavior of his subordinates and persuade them to follow a particular course of action (Mansaray, 2019). An organization requires a leader to shape the behavior of the employees and lead them to the desired direction. Organizations that adopt effective leadership approaches tend to propel their performance in a business environment (Bass & Riggio, 2014). Good leadership style is imperative to improved organizational performance. (Avolio & Bass, 2016). Transformational leadership can be either directive or participative and is not an either-or proposition. Transformational leadership, however, raises leadership to the next level. Transformational leadership involves inspiring followers to commit to a shared vision and goals for an organization or unit, challenging them to be innovative problem solvers, and developing followers' leadership capacity via coaching, mentoring, and provision of both challenge and support (Levinson (2014). Transformational leaders motivate others to do more than they originally intended and often even more than they thought possible. They set more challenging expectations and typically achieve higher performances. Transformational leaders also tend to have more committed and satisfied followers (Conger & Kanungo, 2017). Moreover, transformational leaders empower followers and pay attention to their individual needs and personal development, helping followers to develop their own leadership potential performance beyond the effects of transactional leadership. The transformational leader is consistent with people's prototypes of an ideal leader (Bass, 2016).

Global Performance of Export

One of the renowned multilateral trade Agreement that Kenya is party to is the World Trade Organization. Kenya has been a WTO member since 1 January 1995. The Government of Kenya has sustained the momentum of trade negotiations in the European Union (EU) market access by transitioning into Economic Partnership Agreement (EPA) under the EAC-EU Economic Partnership Agreement (EPA) framework. Through this framework Kenya's exports to the EU enjoy duty free and quota free market access, even as the EAC region seeks to regularize and sign the EPA (Waihenya, 2021). Further, Kenya signed an EPA with the UK to safe guard her interests especially the exports to the UK market before the BREXIT. Kenya along with other African Caribbean and Pacific (ACP) countries were granted duty free market access into the European Union for most of the products originating from this regional bloc. The horizon for support of Kenya's export led approach received further boost from the United States of America (USA) under the African Growth and Opportunity Act (AGOA) which was enacted in May 2000, opening up the USA market for about 6,000 tariff lines. The preferential trade arrangement regime remains in force until 2025 following its recent extension by the USA government. This action worked favorably towards further opening the horizon for Kenya's exports into the global market consisting of over 140 countries that are WTO members.

Regional Performance of Exports

Regional export markets consist of the Common Market for Eastern and Southern Africa (COMESA), the Commonwealth, the Indian Ocean Rim Association (IORA), the African Continental Free Trade Area (AfCFTA), and the East African Community (EAC), among others. The East African Community (EAC) represents a prominent trading bloc in Kenya. The East African Community (EAC) is one of the Regional Economic Communities (RECs) that has achieved significant degrees of integration, serving as a foundational component for the establishment of the African Continental Free Trade Area (AfCFTA) Agreement. In 2020,

the entire value of Kenya's imports from the East African Community (EAC) Region amounted to US\$506.2 million, indicating a decline of 16.7 percent in comparison to the previous year, 2019. The exports of Kenya have exhibited a relatively consistent trend, with a modest average growth rate of 5.4 percent observed for the period spanning from 2016 to 2020. The COMESA region, which encompasses a population exceeding 580 million and a Gross Domestic Product surpassing \$805 billion, is a significant commercial bloc for Kenya due to its substantial worldwide export/import commerce in goods valued at US\$ 324 billion. Kenya's trade involvement in the region has exhibited a notable enhancement throughout the course of time. In the year 2021, Kenya achieved the second-highest ranking among the exporting nations within the COMESA area. The country's exports of commodities amounted to a value of US\$ 2 billion, placing it behind Egypt, which held the top position with exports of US\$ 2.8 billion to the region.

The African Continental Free Trade Area Agreement was ratified by the National Assembly on 3rd May 2018. Subsequently, Kenya demonstrated its commitment by submitting the necessary paperwork to the African Union Commission, so establishing itself as one of the pioneering nations to deposit ratification instruments with the said commission. The available evidence indicates that exporters from Sub-Saharan Africa exhibit a relatively poor performance, particularly in the realm of exports. The phenomenon under consideration is distinguished by diminished levels of engagement, reduced rates of survival, and elevated rates of admission and exit within export markets (Kulu & Bentum-Ennin, 2023). The observed phenomenon of elevated rates of business closures and subpar performance implies the existence of substantial market access expenses that hinder the ability of enterprises to sustain and expand their presence in foreign markets. The acquisition of further evidence regarding the trade patterns of firms when making export decisions might provide valuable insights for formulating targeted policy interventions aimed at improving the performance of firms in Sub-Saharan Africa (SSA) within international markets. Intra-Africa commerce is currently at a relatively low level of approximately 16%, in contrast to the intra-European Union (EU) trade, which stands at a significantly higher rate of 60%. It is worth noting that the export composition of many African nations is mostly focused on primary commodities, with only a limited number of exceptions such as South Africa, Tunisia, and Morocco.

Kenyan Performance of Exports

The Export Processing Zones are allowed by EAC regulations to sell up to 20% of their total production to domestic market. This policy has negatively impacted on the performance of EPZ considering the potential of the domestic market. The domestic market has experienced significant impact as a result of evolving international and regional arrangements. Exports play a crucial role in the process of economic development, as evidenced by the international trade theory, which posits that the expansion of exports has a beneficial impact on overall economic growth. The expansion of exports plays a crucial role in the process of economic growth, as it can be assessed by the increase in output through many mechanisms. One such mechanism is the facilitation of economies of scale for small open economies (Kulu & Bentum-Ennin, 2023), which occurs as a result of accessing larger international markets. Secondly, the enhancement of efficiency and productivity is achieved by fostering heightened rivalry and specialization. Thirdly, the incorporation of advanced technologies embedded in capital goods produced abroad leads to the acquisition of knowledge and skills. Lastly, the generation of employment opportunities is also a significant outcome. Likewise, the generation of export earnings might facilitate a nation in amassing foreign reserves to support its import coverage (Esaku, 2021).

The contribution of multilateral trading arrangements, such as the World Trade Organization (WTO), and regional trading arrangements, including the Common Market for Eastern and Southern Africa (COMESA), the East African Cooperation (EAC), and the European Union (EU), to Kenya's export demand has been significant. The challenges associated with achieving multilateral resolutions within the World Trade Organization (WTO) that sufficiently address development requirements have prompted some developing nations to pursue the reduction of trade barriers through regional agreements with nearby countries and, more recently, across continents. The facilitation of south-south commerce and the establishment of regional economic and trade arrangements, as permitted by the regulations set forth by the World commerce Organization (WTO), can create a conducive setting for enhancing export performance. According to the

INEDPS (2017) study,

The primary factors contributing to the subpar export performance appear to be the limited range of target markets, as evidenced by the fact that 13 countries constituted around 70% of Kenya's total exports in 2016. Additionally, the export portfolio is characterized by a restricted product base, with only five broad categories of goods accounting for 56% of the overall export volume (INEDPS, 2017).

Statement of the Problem

In 2019, Export Processing Zones exports accounted for 11.49% of Kenya's total exports, down from 11.78% in 2018 (EPZA, 2019). The narrow range of destination markets largely explains the modest share of the Athi River Export Processing Zones in total Export Processing Zones merchandise trade. The dismal export performance seems to stem from a narrow range of destination markets, with 13 countries accounting for about 70% of all Kenya's exports in 2016, and a limited product base, with five broad categories of products accounting for 56% of total exports (INEDPS, 2017).

The contribution of EPZs to the manufacturing sector's output was 3.00% in 2019, down from 3.21% in 2018. The Athi River Export Processing Zone faces challenges with fluctuating performance in manufactured exports (EPZA, 2019). According to the Economic Survey of 2022, apparel exports grew by 11% from Ksh. 41,578 million to Ksh. 46,066 million between 2018 and 2019. However, from 2019 to 2020, apparel exports fell by 8% from Ksh. 46,066 million to Ksh. 42,278 million, then peaked by 15% to Ksh. 48,830 million in 2021. These fluctuations in apparel exports performance may be due to the failure to apply effective strategic management practices. Issues such as limited regional market access, inadequate raw material supply, the emergence of brokers, global competition, and inadequate marketing initiatives contribute to these challenges (EPZA, 2019).

Kenya's exports are dominated by agricultural products such as tea, coffee, and horticultural products, primarily to the European Union (EU), making the export sector vulnerable to global price fluctuations. While non-traditional exports such as horticultural products have grown rapidly over the past few decades, manufactured goods in the EPZs only account for 7% of total exports (Namada, 2020). Despite various strategies, it is unclear whether proper strategic management practices have been implemented to guarantee improved performance (Ofunya, 2017). The erratic performance of manufactured exports in the Athi River Processing Zone is attributed to the failure to adopt appropriate strategic management practices. This study aims to explore the relationship between strategic management practices and their effects on export performance, providing deeper insights and answers to this ongoing debate.

General Objectives

The general objective of the study was to investigate moderating effect of the transformational Leadership on the relationship between strategic management practices and the performance of exports in the Athi River Export Processing Zone Authority in Nairobi.

Specific Objectives

The specific objectives of the study include:

1. To determine the effects of Situation Analysis practice on performance of exports in the Athi River Export Processing Zones in Nairobi.
2. To assess the effects of organizational alignment practice affects performance of exports in the Athi River Export Processing Zones in Nairobi.
3. To establish the effects of competitor analysis practice on performance of exports in the Athi River

Export Processing Zones in Nairobi.

4. To examine the effect of continuous learning practice on performance of exports in the Athi River Export Processing Zones in Nairobi
5. Investigate the moderating effect of transformational Leadership on the relationship between strategic management practices and the performance of exports in the Athi River Export Processing Zone Authority in Nairobi.

Research Hypothesis

H01: Situational analysis practice has no significant influence on the performance of exports in the Athi River Export Processing Zones in Nairobi.

H02: Organizational alignment practice has no significant influence on the performance of exports in the Athi River Export Processing Zones in Nairobi.

H03: Competitor analysis practice has no significant influence on the performance of exports in the Athi River Export Processing Zones in Nairobi.

H04: Continuous learning practice has no significant influence on the performance of exports in the Athi River Export Processing Zones in Nairobi.

H05: Transformational Leadership has no significant moderating effect on the relationship between strategic management practices and the performance of exports in the Athi River Export Processing Zone Authority in Nairobi.

Theoretical Review

This part covers theories of strategic management practice, the theories include; Resource Based View theory, Dynamic capabilities theory and the transformational leadership theory.

Resource Based View Theory

The resource-based theory is credited to Penrose (1959) from her description of the importance of firms' use of their resources to gain competitive advantage. The theory is used to examine the relationship between the internal organizational capabilities and the tangible and intangible assets that firms use to conceive and implement their strategies (Nason & Wiklund, 2018). The Resource Based View theory has three important concepts – resources, capability, and competencies. The resource-based theory contends that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantages over its rivals. A strategic resource is an asset that is valuable, rare, difficult to imitate, and not substitutable. Firm resources and sustained competitive advantage. Competitors have a hard time duplicating resources that are difficult to imitate. Some difficult to imitate resources are protected by various legal means, including trademarks, patents, and copyrights. Other resources are hard to copy because they evolve over time and they reflect the unique aspects of the firm (Barney, 2018). Organizational resources have a direct impact on the firm's performance, for instance finance, information, assets and human resource determine the direction an organization should take. Such resources are key in the management of the Export Processing Zones. This theory is important as it supports leadership as a firm's resource.

Transformational Leadership Theory

Transformational leadership theory, proposed by Burns, (2014). It emphasizes the importance of leaders

inspiring and motivating their followers to achieve their full potential and work towards a common goal. This theory suggests that transformational leaders are able to create positive change within an organization or group by empowering and developing their followers. The ultimate goal of transformational leadership is to create a positive organizational culture that fosters growth, collaboration, trust among members as well as achieving higher levels of performance towards achieving organizational goals. Overall, this theory suggests that transformational leadership has a significant impact on follower attitudes (e.g., job satisfaction) and behaviors (e.g., performance), ultimately leading to improved organizational effectiveness. Both Burns (2016) and Bass's (2014) theories explained the interaction between employees and management especially how the relationship between employee and management is managed in ways that ultimately leads to employees going beyond their self-interest in support of organizational targets.

The Empirical Review

This part covers the empirical review which explains in details the relationship of variables of study. The variables of study under review are; Situation Analysis Practice and Exports Performance, Organizational Alignment Practice and Exports Performance, Competitor Analysis Practice and Exports Performance, and Continuous Learning Practice and Exports Performance.

Situational Analysis Practice and Performance

Most organizations conduct periodic Situation Analysis to inform policy. The strengths, weaknesses, opportunities, and threats (SWOT analysis) enables an organization to identify areas to work on as far as competition is concerned. In the context of export performance, the SWOT analysis is important for EPZAs since such analysis enable them to explore new export markets considering the stiff competition encountered from other exporters of manufactured goods. According to Porter good analysis is crucial, but it is not, in his opinion, reasonable to create a business strategy in advance, as the company's path to finding a really good strategy can take several years (Magretta, 2014). In spite of these views, a strategic situation analysis is given a relatively strong meaning in a number of professional publications and is an integral part of the strategic planning cycle as one of the steps towards the realization of performance of a firm (Gunn and Williams, 2014; Williams and Naumann, 2015). For instance, Situation Analysis by Porter model of five forces (Zeng et al., 2014), the value chain (Fearne et al., 2016) serve as a supportive tool for aligning firm's goals in a bid to achieve the desired performance. Assumption is based on the fact that it is necessary to take into account the structure of a firm and contents in the selection of suitable analyses. According to Davis and Bendickson (2018) conducting Situation Analysis is more beneficial to firms. The success of SWOT analysis is dependent on the age of a firm age. According to (Tawse et al. 2018), more flexible organizations constitute a better environment for effective strategic planning and analysis. Situation Analysis which involves carrying out deeper analysis on SWOT, positioning an organization at a vantage point (Gunn and Williams, 2014). The SWOT analysis, for instance enables a firm in the export business to critically look into factors that could inhibit the performance of manufactured exports by analyzing all the parameters that may require short term and long-term interventions (Zeng et al., 2014).

Organizational Alignment Practice and Performance

Organizational performances are a set of overall preferred results that it wants to accomplish and measure for different levels of hierarchy and can be assessed for individuals, groups, and the entire organization as a whole (Knies et al., 2016). Thus, performance is success that doesn't exist by itself, but it is a function of individual efforts and the result of action (Anwar & Abdullah, 2021). The effectiveness of an organization will be realized when that organization achieves its predetermined goals about the needs of stakeholders (Dreiss et al., 2017). This goal will not be achieved unless the employees are aware about it and responsibilities. Alignment is a necessary condition for organizational effectiveness. It helps to have common agreements about the goals and the means. Through that, all parts, members and functions of the organization work towards the same purpose. Anthony-McMann et al. (2017) recommend that the employees be precisely and accurately communicated on the strategic and goals of the organization. This increased employees' understanding of

organizational strategies leading to improved organizational commitment, job satisfaction, and trust among employees (Willems, 2018). Gorgi et al. (2019) also indicate that the level of performance is higher among the employees who have a better understanding of organizational strategies and responsibilities. Consolidation of synergy between strategy, processes, organizational resources and technological capabilities is strategic means for organizational goal achievement (Chi et al., 2020).

Competitor Analysis Practice and Performance

According to Fleisher and Bensoussan (2014), competitor analysis is the management tool used in strategic management in an assessment of the strengths and weaknesses of current and potential competitors. It provides both an offensive and defensive strategic context through which to identify opportunities and threats. Given that competitor analysis is an essential component of performance of exports, it is argued that most firms do not conduct this type of analysis systematically enough. Instead, many enterprises operate on what is called “informal impressions, conjectures, and intuition gained through the tidbits of information about competitors every manager continually receives”. As a result, traditional environmental scanning places many firms at risk of dangerous competitive blind-spots due to a lack of robust competitor analysis (Fleisher et al., 2014). Ghoshal and Westney (2014) observed that the competitor analysis is a system to discuss on environment and whole industry and focus on external atmosphere as well as internal. Gathering and analyzing competitors’ information is very important to find business position and take decision. The growing complexity of the competitive environment of many industries convinced many top managers that they indeed need more systematic analysis of their competitors. The analysis should delve ‘beneath the surface of a firm’s end-products, to unveil the hidden picture which constitutes its distinct competitive strength leading to an increase in export performance of an organization. Competitors represent a major determinant of corporate success, and failure of an organization to analyze its competitors’ strengths, weaknesses, strategies, and areas of vulnerability may lead it to suboptimal export performance (Wilson, 2016). Therefore, analyzing competitors is crucial for firm’s attainment of optimal export performance of its products as well as competitive preparation (Bauerschmidt, 2017). Conducting competitor analysis enables a firm to have an edge over its rivals in the export-oriented business.

Continuous Learning Practice and Performance

Brad Staats, (2015) admits that, given the larger markets generated by exports, firms could diminish their average production cost and then increase the value added compared to non-exporting firms. Other studies have also found increases in capacity utilization: Alvarez and Lopez, (2015) found short-run productivity gains for plants entering foreign markets, but they did not make a clear distinction between continuous learning and scale effects. The studies indicate that the initial productivity gains for exporters could also derive from differences in product mix between exporters and non-exporters, or from different mark-ups in domestic and in international markets. Pisu, (2016) argued that continuous learning does not reveal itself at once, and its effects should take some time before they are detected since managerial improvements, innovations and adoption of new technologies cannot cause immediate effects in productivity. The concept of continuous learning has high similarity with the idea of learning-by-doing of (Arrow, 2014). Learning-by-doing occurs when workers and managers gain experience in solving technical or organizational problems. Infant organizations are much more likely to face new technical and organizational problems and are much more able to benefit from the experience of beginning to export.

Continuous learning assumes that exporting can induce within-firm improvements. Those benefits are not static as they refer to the innovative advances, organizational efficiency or communication competencies over time. However, not all exporting effects refer to Learning-by-Doing, for example the static gains from scale effects; additionally, exporting may also generate spillovers to other firms beyond the exporting ones. (Pisu, 2016). Continuous learning puts emphasis on the remedial actions taken by firms in order to stay competitive in the export business. Continuous learning which is also similar to the term ‘Kaizen’ which refers to steps that an organization should continually take to ensure improvement of processes and systems. Continuous measures/improvements have a direct impact on the performance of exports (Tekin, 2018).

THE CONCEPTUAL FRAMEWORK

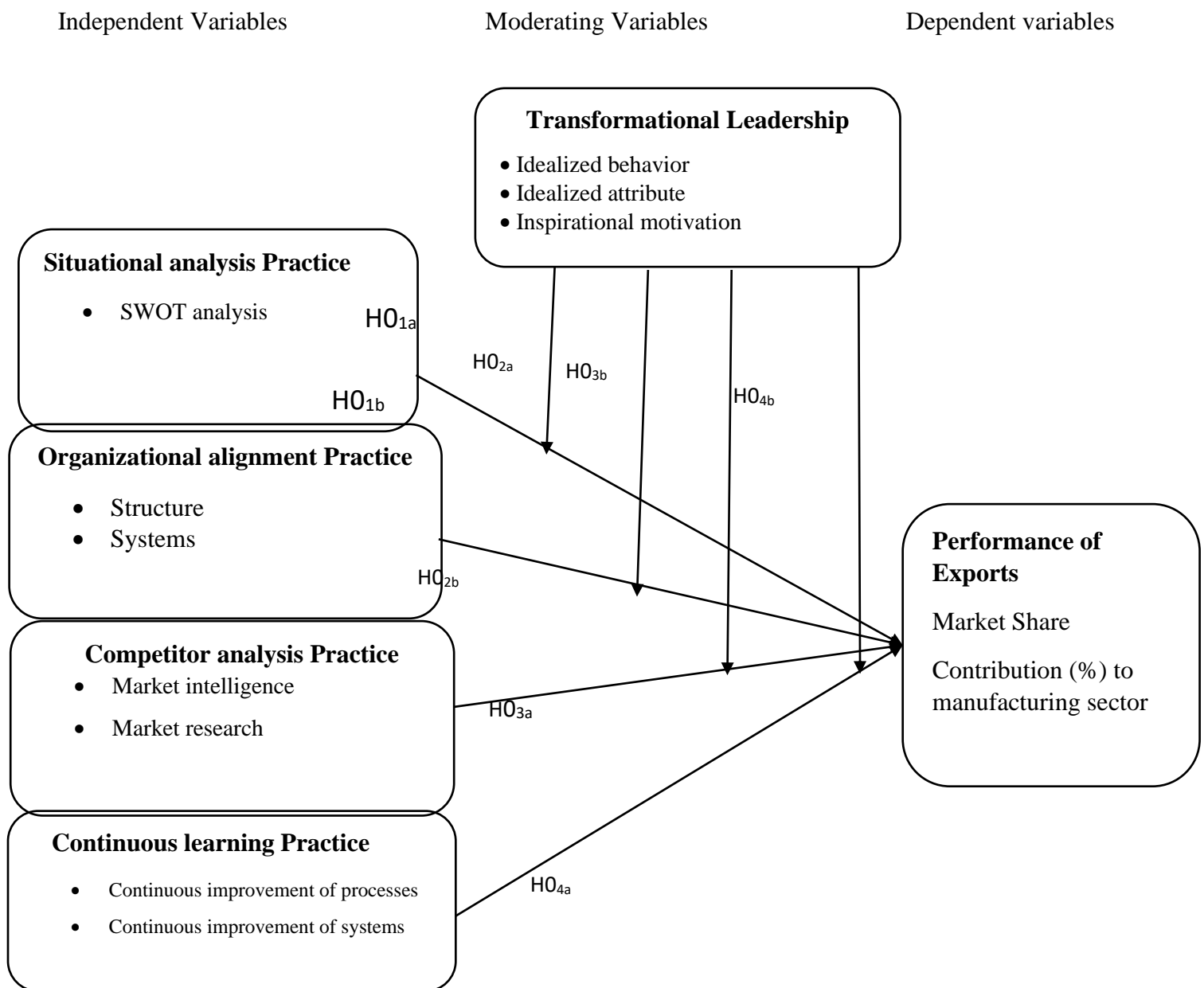


Figure 2.1: Conceptual Framework

Source: Researcher, 2024

RESEARCH METHODOLOGY

This study adopted explanatory research design to explain the relationships that exist between the variables of the study Bell, Bryman & Harley, (2018). Explanatory research aims to examine the causal connections between variables and to evaluate hypotheses, hence assessing the accuracy of theories and their predictive capabilities regarding social phenomena. The study was done at Athi River EPZA, Nairobi. The target population for this research was staffs working in the Athi River Export Processing Zone Authority. The target population was 323 staff from senior management in operations, investor support, and commercial and technical services departments. The study used stratified and simple random sampling procedures to select the respondents for the study. The Yamane, (1967) sample size calculation formula was used to arrive at a sample size of 179 respondents. Primary data was collected by use of structured questionnaires in a five Likert scale. Data was analyzed using SPSS Version 23.0 and descriptive and inferential statistics were generated. The moderated hierarchical multiple Linear regression model was used as shown below;

$$Y = \beta_{01} + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 \dots\dots\dots (1)$$

$$Y = \beta_{02} + \beta_5 X_1 + \beta_6 X_2 + \beta_7 X_3 + \beta_8 X_4 + \beta_9 M \dots\dots\dots (2)$$

$$Y = \beta_{03} + \beta_{10} X_1 + \beta_{11} X_2 + \beta_{12} X_3 + \beta_{13} X_4 + \beta_{14} X_1 * M + \beta_{15} X_2 * M + \beta_{16} X_3 * M + \beta_{17} X_4 * M \dots\dots (3)$$

Where; is the Performance, β_0 Is the Constant, $\beta_1 \beta_2 \beta_3$ & β_4 -Coefficients, X_1 is Situation Analysis practice, X_2 Organizational alignment. X_3 - Competitor analysis X_4 - Continuous learning M- Moderator (Transformational Leadership). The purpose of the model was therefore to estimate 20 regression coefficients using OLS in MLRA.

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

Validity and Reliability Test

Validity Test results

The results of KMO and Bartlett’s test of sample adequacy are presented in table 4.1. The results were highly significant, with a chi-square value of 11234.578 and a p-value of less than 0.05. Additionally, the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.929.

Table 4.1 KMO

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.929
Bartlett's Test of Sphericity	Approx. Chi-Square	11234.578
	degree of freedom	703
	Significance	.000

Reliability Test Results

The Cronbach’s alpha results displayed in table show that all the reliability coefficients of the study variables were above the threshold of 0.7. Thus, the instruments were deemed reliable.

Table 4.2 Cronbach's Alpha Reliability Results

	Cronbach's Alpha	number of Items
Situation Analysis Practice	.818	6
Organizational Alignment Practice	.784	5
Competitor Analysis Practice	.763	5
Continuous Learning Practice	.810	6
Transformational Leadership	.754	5
Performance	.738	5

Descriptive Results of Study Variables

The results show that the mean ranges from the lowest for performance at 3.46 ± 0.926 to highest mean of Learning at a mean of $4.09 \pm .689$. The results imply that most of the respondents felt that SMP are in place in their workplace. The standard deviation is a show of variability in the mean.

Table 4.3 Descriptive results

	Mean	Std. Deviation	Skewness		Kurtosis	
			Statistic	Std. Error	Statistic	Std. Error
Situation	3.98	.691	-.597	.125	.135	.249
Alignment	4.04	.704	-.563	.125	.855	.249
Competitor	4.07	.699	-.881	.125	.276	.249
Learning	4.09	.689	-.359	.125	-.055	.249
T. Leadership	3.46	.926	-.402	.125	-.221	.249
Performance	3.49	.930	-.452	.125	-.189	.249

The distribution results represented by the skewness and kurtosis in descriptive results further shows that the skewness values and kurtosis statistics are well below 1 suggesting the variables do not show significant departure from normal distribution. The results imply that the SMP variables, the Moderator variable, and the performance variable are fairly normally distributed around their means.

Correlation Results

The results show a positive association between each pair of SMP as expected. The results means that the four SMP change in the same direction. Situation Analysis is positively and significantly associated with performance ($r=.780, p=.000$), the correlation between alignment and performance is also significant ($r=.677, p=.000$). The association between transformational leadership (TL) and performance is the weakest. It is positive and significant ($r=.335, p=.000$). Further details are as shown in Table 4.7

Table 4.4 Correlation Matrix between Variables

		Situation	Alignment	Competitor	Learning	TL	Performance
Situation	Pearson Correlation	1					
	Sig. (2-tailed)						
Alignment	Pearson Correlation	.715**	1				
	Sig. (2-tailed)	.000					
Competitor	Pearson Correlation	.637**	.652**	1			
	Sig. (2-tailed)	.000	.000				
Learning	Pearson Correlation	.360**	.357**	.368**	1		
	Sig. (2-tailed)	.000	.000	.000			
T L	Pearson Correlation	.344**	.296**	.309**	.660**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
performance	Pearson Correlation	.780**	.677**	.627**	.417**	.335**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	

It is concluded from the correlation results that EPZs that have successful SMP implementation outperform the ones with weak SMP implementation. The results together show the importance of SMP in enhancing

performance in EPZ companies. Again, the result shows that situational analysis has the strongest influence on performance when holding other factors constant.

Multiple Linear Regression Analysis

Model Summary

From the Model summary, it is seen that the effect of main SMP variables explain a substantial performance variance of in model one 50.6 % (adjusted $R^2=.493$), model two 53.5 % (adjusted $R^2=.520$), and model three 58.9 % (adjusted $R^2=.550$). These results suggest that the moderation effect is significant.

Table 4.5 Model Summary

Model	R	R ²	Adjusted R ²	SE of Estimate	Change Statistics				
					ΔR^2	ΔF	df1	df2	Sig. ΔF
1	.711 ^a	.506	.493	.618	.506	40.458	4	158	.000
2	.731 ^b	.535	.520	.602	.029	9.754	1	157	.002
3	.735 ^c	.589	.550	.606	.054	11.697	4	153	.000

ΔF = F Change ΔR = R Change

ANOVA

The ANOVA results shows that the model 1 is significant meaning a good model to data fit ($F=40.458$, $p=.000$). The second model with the moderator included also shows a good data too model fit ($F=36.11$, $p=.00$). Data fit the model. The model 3 is also significant ($F=24.413$, $p=.000$). The results shows that the whole model fit the data well.

Table 4.6 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.824	4	15.456	40.458	.000 ^b
	Residual	60.360	158	.382		
	Total	122.184	162			
2	Regression	65.355	5	13.071	36.110	.000 ^c
	Residual	56.829	157	.362		
	Total	122.184	162			
3	Regression	72.030	9	8.003	24.413	.000 ^d
	Residual	50.154	153	.329		
	Total	122.184	162			

Table 4.7 Coefficient Results of Moderation Effect

		B (std)	Std. Error	Beta (Unstd.)	t	Sign.	Hypothesis decision
Model1 1	(Constant)	.644	.183		3.518	.001	
	Situation	.415	.082	.451	5.066	.000	H01 rejected

	Align	.184	.080	.195	2.315	.022	H02 rejected
	Competitor	.083	.086	.087	.967	.335	H03 not rejected
	Learn	.151	.074	.147	2.041	.018	H03 rejected
Model 2	(Constant)	.463	.188		2.469	.015	
	Situation	.354	.082	.384	4.304	.000	
	Align	.192	.078	.203	2.475	.014	
	Competitor	.060	.084	.062	.713	.477	
	Learn	-.014	.075	-.016	-.193	.847	
	TL	.205	.066	.221	3.123	.002	
Model 3	(Constant)	.376	.230		1.637	.104	
	Situation	.355	.085	.386	4.192	.000	
	Align	.188	.079	.199	2.377	.019	
	Competitor	.061	.085	.064	.721	.472	
	Learn	-.010	.075	-.011	-.130	.897	
	TL	.205	.068	.221	3.024	.003	
	Situation*TL	.070	.061	.078	1.149	.252	H01b Not rejected
	Align * TL	-.014	.073	-.015	-.191	.849	H02b Not rejected
	Competitor * TL	.192	.078	.203	2.475	.014	H03b Rejected
	Learn * TL	.215	.164	.201	2.066	.000	H04b Rejected

Based on the fully moderated model (model 3), the derived model for this study takes the form shown in equation 4.1.

$$performance = .644 + .415 * situation + .184align + .51 * lean$$

$$performance = .463 + .354 * situation + .192 * align + .205TL$$

$$Performance = .376 + .355 * situation + .188 * align + .205 * TL + .192 * Competitor \chi TL + .215 * Learn \chi TL$$

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study concluded that

1. Situation analysis practice positively affects performance of exports in the Athi River Export Processing Zones in Nairobi.
2. Situation Organizational Alignment Practice positively affects performance of exports in the Athi River Export Processing Zones in Nairobi.
3. Competitor analysis practice positively affects performance of exports in the Athi River Export Processing Zones in Nairobi.
4. Continuous learning practice positively affects performance of exports in the Athi River Export

Processing Zones in Nairobi.

5. Transformational leadership moderates the relationship between and the performance of exports in the Athi River Export Processing Zones in Nairobi.

Recommendations of the Study

Theoretical Contribution

The study offers empirical support for the transformational leadership theory, the resource-based view, and the dynamic capabilities theory by demonstrating how leadership philosophies affect how well strategic management techniques enhance export performance. These results underscore the fact that not all strategic management practices have the same effect and broaden our understanding of how various practices affect organizational performance within a given context. The complex results regarding transformational leadership point to the need for additional context-specific study to comprehend the potential impact of leadership philosophies on the efficacy of various strategic initiatives in EPZ.

Managerial Recommendations

1. Managers should implement situation analysis practice to have a significant impact on export performance.
2. Managers should implement continuous learning in the organization so as to increase export performance
3. Managers should implement competitor analysis practice so as to increase export performance.
4. Managers should implement continuous learning practice so as to increase export performance.
5. Managers should implement transformational leadership so as to increase export performance.
6. Transformational leadership

Policy Recommendations

1. Policymakers could support export processing zones by developing programs that facilitate best practices in organizational alignment and competitor analysis, as well as support for continuous learning initiatives.
2. There may be a need for policies aimed at enhancing leadership skills specifically in transformational leadership approaches, ensuring that leaders can effectively support strategic management practices.

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