

KEY MANAGEMENT AND INFRASTRUCTURAL REQUIREMENTS FOR INDUSTRIAL AND SERVICE PROJECTS IN KENYA

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ABSTRACT

Many underdeveloped countries, Kenya included aspire to be industrialized so as to minimize existing problems such as poverty, ignorance, disease, insecurity, and overpopulation. Other reasons for Kenya's industrialization are occasioned by the fact that it is mainly an agricultural country whose production in this sector e.g., tea, coffee, etc. are exported in raw form or semi-processed forms fetching less income compared to manufactured products because of fluctuations in prices of such commodities in both domestic and international markets. Thus, to paraphrase, Gunnar Myrdal (1996), manufacturing industry represents a higher stage of production. In developed countries and Newly Industrializing Countries, manufacturing industry has been at the core of such countries' rapid economic growth and development and rise in the living standards of their people. Equally, productivity of human resource working in the industrial/service sectors is higher than those working in traditional agriculture. Thus, it is important to modernize traditional agriculture in Kenya in order to enhance productivity. In countries like Japan, China, India, Malaysia, Nigeria, South Africa, Singapore, Taiwan, Hong Kong, South Korea, etc with high ratio of population to natural resources, especially land, manufacturing industry represents great hope and potential for increasing labour productivity and raising the standards of living. Hence, the need for Kenya to change her development priority from what can be called one or two crop economy to put more emphasis on industrialization or high value-added activities which are bound to continually raise national income per capita. However, given the complexity of medium and large scale industrial and service-oriented projects their development, implementation, and management demands that they be sound economically, technically, financially and managerially in order to avoid failure and wastage of scarce resources. The purpose of this paper is to bring out important elements of sound aforesaid management aspects regarding industrial and service oriented projects aimed at rapid industrialization in Kenya.

Keywords: Management, industrial and service, Projects,

INTRODUCTION

Since Independence in 1963, Kenya has been bedeviled by poor and unaccountable management and leadership practices in industrial/service-oriented projects both in the public and in private sectors of the economy to the extent that the entire economy has remained largely at moribund level. This cuts across industrial/service projects in both urban and rural areas. Thus, existing management and leadership systems across the board are fraught with widespread corruption, inefficiency/ineffectiveness, self-serving management and leadership pursuits, which are out of context with existing policy requirements. Needless to mention lack of serious implementation efforts and dilapidated infrastructural facilities in many parts of the country. Given this background, nothing short of paradigm shift involving complete change of unproductive attitudes, current leadership/ recruitment procedures and adoption of

modern management practices will make Kenya move to the next level, i.e. a Newly Industrializing Country that demands good industrial project origination and management practices. This will be enhanced by the smooth implementation of the New Constitution, which came into effect from 4th August 2010 coupled with the “Vision 2030” which had come into force earlier.

For many years, the political barons and functionaries in the successive regimes in Kenya since 1963 have always boasted that Agriculture is the backbone of Kenya’s economy. However, this notion, which no longer holds, is often made against rising unemployment and underemployment annually. The notion of agriculture being the back-bone of Kenya’s economy, over the years, has tended to down- play the development of the industrial sector which holds greater potential for employment creation. The development of the industrial sector has been hampered by mismanagement of the economy since the 1970’s leading to blanket market liberalization and consequent on-going indiscriminate importation of both the agricultural and industrial products and/or lack of incentives for domestic producers, poor infrastructural facilities country- wide which have adversely affected the growth of both industrial and agricultural sectors leading to non-growth or sluggish growth of the economy. Many cheap or subsidized industrial and agricultural products are now everywhere on the Kenyan market. This has taken a toll on employment creation in both sectors. Hence, the agricultural sector can no longer be referred to as the backbone of the Kenyan economy.

Given the teeming joblessness, intermittent drought and other natural calamities in Kenya, the magnitude of these problems must be innovatively tackled through the growth of all sectors of the economy spearheaded by the government. In this scenario and in the spirit of the New Constitution and “Vision 2030”, emphasis on growth and development must be two pronged, i.e., (i) Research-based, demand-based, and linkage-based industrialization strategy (ii) Stable food-based and irrigation-based “Green Revolution” agricultural strategy. It is note-worthy to point out that the agricultural development strategy should go hand-in-hand with sustainable industrial/infrastructural development strategy to avoid mass importation of agricultural produce in the future. To minimize on resource wastage and other undesirable effects, the aforesaid strategies and related policy measures must be backed continually by research-based activities and solutions.

At independence in 1963, Kenya inherited a fairly sound industrial base from the British colonizers. This industrial base continued to expand in the 1960s up to mid-1970s in terms of new industrial investments and trade under controlled economic regime. However, it should be noted that this was during the Cold War period when there was adversarial relations between the US and its Western allies on one hand and the former USSR and its allies in Eastern Europe on the other. During this period, there were no restrictions or conditionality’s by multi-lateral and bilateral donors like the World Bank, International Monetary Fund, etc. to under-developed countries like Kenya. As a matter of fact, Kenya was very lucky during that cold war period, especially in the 1960s because it was liberally assisted by both the USA and its Western allies and the former USSR and its allies. Other countries were supported externally on the basis of being allied to the USA and the western countries or the former USSR. It did not matter whether a country was under a despotic and corrupt dictator or under a democratic leader; both were assisted generously depending on their ideological leanings.

The begging question is: Did Kenya uses the massive external resources it received in form of foreign aid and its own internal resources for development purposes? Considering that in the 1960s Kenya’s economy was much stronger than most of the economies in Africa, Asia, and Latin American countries, meaning that if the massive external resources received were

used for development purposes, Kenya by now would be classified under the Newly Industrializing Countries. Unfortunately, Kenya is now among the least developed and also is among the most corrupt countries globally. Thus, the answer to the above question is everyone's guess. This is the biggest challenge to Kenya's current leadership and her people that is, choosing both industrialization and good leadership, which will solve most of the existing socio-economic problems. Good leadership and industrialization will empower the majority of Kenyans on one hand and minimize the evils of wide-spread poor leadership that gravitates around corruption, impunity, tribalism/clanism, adversarial politics, etc. This type of leadership implicitly cherishes non-growth economy and widespread poverty, national disintegration or political instability that are basic ingredients for amorphous, unaccountable, and un-transparent management practices resulting in gross mismanagement of national resources. Equally, improper or non-utilization of domestically available resources for the good of the majority Kenyans is the biggest challenge to Kenya today. Given this scenario, most Kenyans of good will would opt for good leadership and manager ship focused on the development of rapid industrialization, hence the purpose of this exposition.

THE REASONS WHY KENYA SHOULD RE-TRACE HER STEPS AND PURSUE PRO-ACTIVE INDUSTRIAL DEVELOPMENT STRATEGY

Kenyan's Position in Retrospect: Unimplemented Clarion Calls.

Immediately after political independence in 1963, there was a clarion call by the newly installed President Kenyatta leadership for "Uhuru na kazi" which culminated into a nationwide crusade for a "Working Nation". The former concept, which had died a natural death in the late 1960s, was revived by President Mwai Kibaki after the 2002 national elections. However, no deliberate government efforts have been put in place to actualize the President's clarion call, even from among his ministers and high government officials during his two-term Presidency, if the use of the term "Working Nation" in public and related meetings is anything to go by. Simply put, the "Working Nation" concept has not been embraced or internalized by ministers, leaders at all levels, and the citizenry at large. This has reduced the clarion calls to mere empty slogans.

The above well-meant clarion calls were to awaken the spirit of individual and collective responsibility towards hard work in self-development/success and nation building by dampening the widely held notion of "free things" or "free milk" flowing from a proverbial "milking cow". However, the decimal failure of the initiators of the two clarion calls and their respective governments is the complete inaction to put in place effective measures to curb widespread corruption, tribalism/clanism, impunity, and glorification of non-performers, those who have acquired their wealth through dubious means including other wealthy wrongdoers in society. Unfortunately, this situation has opened room for the majority of society members to use wrongdoers as role models and short cuts as means of success in life. This has tended to demonize hard-working Kenyans by pushing them to the periphery or forcing them to join the non-performers' and wrong-doers' bandwagons. Good leadership and manager ship can change this on-going trend

Need for Commitment and Focus on Industrialization

The above on-going situation, unless firmly dealt with has serious and retarding implications on Kenya's half-hearted industrialization efforts. Irrespective of the stipulations of the "2030 Vision," it should be remembered that for Industrial development to succeed in any country it requires, among others, the following:

- a. Dedication and commitment on the part of both the public and private sector key players, especially leaders/ managers.

- b. Hard work and efficient/effective utilization of scarce resources.
- c. Creativity and innovativeness by all players and planners in the economy.
- d. Before coming to fruition industrial projects or activities take long gestation period, hence require long time commitment of resources within a stable and enabling environment.
- e. Commitment on the part of top leadership and manager ship in terms of deed, action, project origination and implementation, policy implementation, national and regional integration, etc.
- f. Commitment to the rule of law and constitutionality.
- g. Ensure good institutional independence, leadership/ manager ship viability, fairness and efficient/effective, service delivery to all as well as creation of level playing ground.
- h. Ensure transparency and accountability in all decision- making processes by involving all relevant stakeholders.
- i. Leaders at all levels in both the public and private sectors must galvanize and direct societal efforts towards socio-economic development and industrialization (all these involve changes) by paying less attention to empty/survival and adversarial politics as well as avoid dwelling too much on the past as opposed to the future.
- j. The security of personal property that is legally acquired and the security of the nation at large must be guaranteed by word and deed on the part of the government and security forces.
- k. Top leadership and leaders at all levels must on priority basis speak with one voice by re-directing national efforts and attention on industrialization. This can create the much-needed enabling environment and development of infrastructural facilities for widespread industrial/service-oriented project activities.

Another failure on the initiators of the above-mentioned clarion calls and the top planners in the country was the inability to interpret the philosophy behind the two clarion calls and sensitize the masses on the same by continually using them as unifying or rallying philosophies towards socio-economic development. It is note-worthy to point out that the “uhuru na kazi” clarion call became diluted or distorted by another conflicting clarion call: The “Harambee” spirit which was heavily misused by connish politicians and individuals who turned it into a legalized form of corruption and business undertaking until it was discontinued in the year 2002 by replacing it with the Constituency Development Fund (CDF). Due to lack of proper management measures, the latter is slowly receding back to Harambee era leading to widespread mismanagement of CDFs. Nevertheless, the original intention and reasons for the Harambee spirit was noble but the problem is the condoned corruption and other mismanagement woes, which were allowed to inflict such initiative including the on-going CDF.

MAIN SOURCES FOR IDENTIFICATION OF INDUSTRIAL/ SERVICE PROJECT OPPORTUNITIES

The above project opportunities can be discovered from the following sources:

- i. Study imports of a country
- ii. Undertake industry studies involving inter-industry linkages, and relationships.
- iii. Determining of locally/ domestically available raw materials and infrastructural facilities.

- iv. Take inventory of locally/ domestically available skills.
- v. Evaluate national/ country development plans including sector studies/ policies, etc.
- vi. Study technological trends nationally, regionally and internationally.
- vii. Review various unimplemented and old projects.
- viii. Study regional and global industry experiences/trends.
- ix. Study exploitable waste and recyclable materials.

CRITERIA FOR DETERMINATION OF PROJECT VALUE-ADDITION TO THE ECONOMY

The industrialization process is not an end in itself, but it is a means of enhancing people's standards of living or their per capita income in any one country. Thus, project value-addition to the economy is of vital importance irrespective of whether the sponsors are in the private or public sectors. In a developing country like Kenya the value- addition judgment of any industrial/ service project to the economy should revolve around the following criteria.

- i. Exchange earnings or savings.
- ii. Foreign Substantial use of labour or labour intensity.
- iii. Technological gains and skill training arising thereof.
- iv. Regional and international exposure of the domestic economy as a result of the project.
- v. **Net Value of the Project to the National or County Economy by Emphasizing the Over-All Expected Gains from the Project:** This is also referred to as "national economic profitability" which is defined as "the total net measurable rate of return to the economy on any investments." It is calculated by measuring the industry's contribution to the real National product, meaning that it is measured by subtracting from the value of what it produces the cost of the resources it uses which leads to net return.
- vi. **Commercial Profitability Criterion:** This measures an industrial projects total value. It is expressed as percentage yearly return on the share capital invested or the total cost of the project. The commercial profitability criterion is a credible measure of a projects viability and attractiveness. It accounts for the following project costs: capital costs, production costs, receipts from sales, working capital costs, etc
- vii. **Benefit-Cost Criterion:** This is also used to determine the project benefits from a national point of view it includes not only the monetary benefits or revenues of an industrial project but involves imputed returns, which may not accrue to the investor but to the host country.

SYSTEMATIC APPROACH TO DEVELOPMENT OF INDUSTRIAL/SERVICE PROJECTS

The approach or investment criteria to be discussed here-under applies to industrial projects conceived and established by both public and private sector investors. This includes small-scale medium/large scale industrial/ service-oriented projects without which industrialization cannot go far, e.g. manufacturing, food security and tourism projects. Thus, irrespective of what sector an industrial/ service project is in, it is extremely important that such projects are thoroughly analyzed, investigated, evaluated, before being implemented and monitored to avoid spending colossal amounts of funds on projects which later turn out to be "white elephants" (stalled projects) like those witnessed in Kenya in the 1970s, namely: Molasses plant in Kisumu, Ken-REN Fertilizer plant in Mombasa, the Furtural plant in Eldoret, etc. The process is also meant to prevent unsound projects that result in wastage of scarce resources. The main objective of the systematic approach to development of industrial/

service projects is to ensure that any unsound project may be cancelled at the initial stage with ease before substantial amount of money is incurred.

Industrial and Service Project Origination

Firstly, an individual investor or organization after identifying a need for a particular good/service and potential market for the same starts an industrial project idea. From this point on, a decision is made to investigate the feasibility of establishing a business company to manufacture the goods or offer the services. Another option is that a project originator may have identified local raw material with local and export markets for the new products/services to be made or offered. Alternatively, the new products could compete with those currently produced by other companies based on comparative cost advantage. Equally, unless it is proven that there is adequate demand or market for the proposed products/services, there is no need to undertake the preliminary technical study.

The Preliminary Technical Requirements Study

The main purpose of this study is to determine an authoritative and elaborate definition of all technical requirements of the proposed industrial project in the context of the industry or service sector. Depending on the size and complexity of the project and the industry or service sector, it is important to engage qualified and experienced local or external consultants to conduct the preliminary technical requirements study to determine the viability of the proposed industrial project before the next stages can be undertaken.

To paraphrase, Murray D. Bryce (1996), he stipulated that the technical preliminary requirements study should clearly bring out the following aspects:

- a. State the requirements of the proposed project in terms of the quantity, quality and specifications of each and every kind of raw materials, supplies, labour, fuel, power, water, waste disposal, transportation and other requirements.
- b. Indicate estimates of total costs of the project and the main items of capital cost by contrasting between local currency and foreign exchange currency.
- c. Give detailed estimates of production and over-head costs pertaining to the operation of the proposed plant based on assumptions of the unit cost of each product to be produced. The study findings should include the extent to which production estimates would vary in a larger or smaller plant capacity compared to the proposed one.
- d. Give alternative processes which would lead to advantages in terms of capital, production costs, etc.
- e. Indicate alternative ongoing technological developments in the industry, which are likely to affect the technical and economic soundness of the proposed project.
- f. The study should also indicate the linkages the proposed project is likely to have with existing industry and its benefits to the country.
- g. The study should not involve those interested in the sale or supply of machinery and construction work.
- h. The study should involve little or no fieldwork. The total of technical requirements should not be more than 1% of the total estimated cost of the proposed industrial/service project.

The viability of the preliminary technical requirements analysis of an industrial project leads to a combined study analyzing the following four technical aspects of any proposed industrial /service-oriented project study: All these must be in the context of the industry/service sector within which the proposed project falls.

ANALYSIS OF THE TECHNICAL FEASIBILITY

The technical feasibility analysis is aimed at determining how efficiently and effectively the technical aspects or requirements of the proposed industrial project can be achieved in the context of the whole industry, the suitable location of the project, the approximate production capacity and plant efficiency, availability and accessibility of resources in terms of cost, quality, quantity, demand for products/services, raw material supplies, fuel, water, land, power, availability of qualified and experienced labour-force, housing, educational/training facilities, transportation, other infrastructural facilities, etc.

Under the technical feasibility, investigation must focus on every individual requirement or item against the proposed locations (if several locations are proposed) by making comparative analysis in terms of availability and accessibility of raw materials and their cost, quantity/quality, etc. Equally, the technical feasibility should give detailed physical requirements of the required size and capacity of machinery and equipment including rigidity and importance of challenging factors, e.g. if the proposed project requires large amounts of water, fuel and power, including the bulkiness of the raw materials- meaning that such project can only be located in an area with plenty of water, fuel/power, and near the source of raw materials/suppliers, market, etc. and their respective costs.

It is also important for the technical feasibility analysis to give the various plant/equipment sizes by calculating their respective production costs in terms of:

- I. Costs, which may be the same per unit of output irrespective of quantity.
- II. Overhead costs which may not vary significantly at different levels of capacity utilization.
- III. Operating costs, e.g. depreciation that may change proportionately with capital cost of the project, etc.

Another consideration under the technical feasibility analysis is the utilization of suitable technology, i.e. the success of any proposed industrial project hinges centrally on the special advantages embodied in the technology to be used, meaning that there is need to avoid recommending the use of experimental technology and obsolete technology which can lead to production at excessive costs, among others, bearing in mind that the proposed industrial project has to compete with both existing and potential firms including similar imported products. Similarly, those involved in carrying out the technical feasibility analysis should eschew being influenced by machinery/ equipment sellers.

ANALYSIS OF ECONOMIC FEASIBILITY

As the adage states: “Don’t produce what you cannot sell.” Thus, it is extremely important to ensure through economic feasibility analysis that there is market for the product(s) to be produced by the proposed project. If there are already competitors in the market the study should clearly indicate what share of the market the proposed project will capture. The investigation should also indicate how big the market is and its growth potentiality both in the domestic and external markets.

Besides, the study should reveal all the competitors within the industry and without, their production capacities, range of products, type of process/ equipment, age of plant, expansion plans, marketing strategies, profitability, quantities/ quality of products, financial power, and brand acceptance in the market. The study should also bring out what competitive advantage the proposed project may have over existing competitors and firms producing substitute goods, calculation of production costs, unit costs, transportation and related costs, utility

costs, operation costs for selected products in the industry, estimated cost of raw materials, fuel, power maintenance, spare-parts, labour, taxes, management, interest on borrowed funds, depreciation, marketing/ advertisement, give relative cost by comparing the total unit production costs (including overheads) in the proposed project with the average cost (cost plus insurance plus freight) of the same products if imported. The study should equally indicate existing excess capacity in the industry.

ANALYSIS OF COMMERCIAL PROFITABILITY

This analysis is very important because it is at the core of measuring the efficiency and competitiveness of the proposed project irrespective of whether the project sponsors are in the private sector or public sector. In addition, profitability is an indication of viability of the project and ability to repay borrowed funds, meet operational expenses, etc.

The analysis should cover the following main areas:

- A. ***Ensure accuracy in capital-cost estimates:*** This is done to avoid cost overruns leading to financial soundness of the proposed project.
- B. ***Analysis of cost estimates given by other experts on the study:*** These should be double checked for accuracy by classifying them into appropriate groups e.g. land and site facilities, advance expenditures (planning, exploratory missions, market research, etc.) consulting services, machinery/ equipment, etc.
- C. ***Analysis of Working Requirements:*** This refers to cash in hand before or after the project starts commercial operations.
- D. ***Analysis of Sales Revenue:*** This involves determining the difference between total revenue and total costs. Total revenue in turn refers to volume of sales, sustainable prices of products depending on market acceptance of products produced, rated capacity for plant, etc.
- E. ***Analysis of Operational Costs:*** Care must be taken to ensure that operational costs are not underestimated to make the project appear viable and to ensure accuracy. Operational costs should be analyzed by working at every cost element systematically, i.e. on its own merit, quantity of raw materials, labour costs, depreciation costs, maintenance/ spare parts costs, interest costs on borrowed funds, etc.
- F. ***Analysis of the Expected Earnings:*** This should be analyzed based on the operational costs, expected sales revenue. The resulting estimates indicate the projects' commercial profitability in terms of sustaining payments for other expenditures and ultimately the yearly rate of return on investment. This also serves as a score sheet to bankers where the project sponsors may go for loans.
- G. ***Analysis of Earnings of the Project If It Is Operated at Less Than Normal Volume:*** The conventional scenario of less than normal volume depicts a project operating at less than project returns. This is referred to as "Break-even point." The break-even- point is about the percentage of full- capacity output at which a project or firm can remain in business or in production by being able to cover its over-head costs and full debt service (interest and principal repayments). However, operating at Break- even- point, the project does not make profit.
- H. ***Analysis of The Project Cash Flow:*** It is important to estimate the project cash flow on yearly basis commencing from project construction phase to the normal operating year. This is aimed at ensuring that there are cash requirements to acquire fixed and other assets. The timing of such requirements can be determined from the project construction

schedule, purchase and contract schedules, etc. The sources of such funds are from equity capital paid and loans from banks, etc.

- I. **Analyzing the value of industrial project to the national economy:** The benefits of any industrial project in any national economy can be determined by taking into account the following factors irrespective of whether the project is government or private sponsored:
- i. Substantial employment creation both directly and indirectly as compared to invested capital.
 - ii. Foreign exchange earnings or benefits.
 - iii. Creation of linkages in the economy.
 - iv. Technological efficiency.
 - v. A country like Kenya with less industrial complexity should be mindful of the “stepping stone theory” i.e. in terms of size: Thus, depending on the projects, small and medium size projects should be stressed over larger-scale ones.
 - vi. Commercial and national profitability.
- J. **Project Implementation:** This forms the last stage of project analysis, which reveals the viability of the project implementation or rejection on the basis of being unviable. If implementation option is chosen, it requires drawing up an elaborate implementation schedule under the leadership of qualified Project Manager and equally qualified team of inter-disciplinary experts. The time factor is of essence in the implementation of industrial/ service projects.

GOOD MANAGEMENT IS THE KEY TO SUCCESS

Sound Management and Commitment to Socio-Economic Development

Firstly, the most important determinants of the success of new, old or existing industrial projects are business-enabling environment, provision of infrastructural facilities and sound management. As a matter of fact, effective management can turn-round a weak project in terms of success. On the other hand, no matter how good an industrial project might be in terms of: market prospects, good financial structure, outstanding technical base, etc. It cannot succeed in the hands of poor or in-experienced management team. Equally, lack of enabling environment including infrastructural facilities will stall the industrialization process. Perceptively, the complexity of the industrial sector and the variety of specialties thereof, especially in fairly well-developed industrial economy (a Newly Industrializing Country) and by contrasting this with the current management standards in Kenya in both public and private sectors, Kenya ranks lowest in good management practices and enabling environment. This excludes few subsidiaries of multi-national corporations operating in Kenya including few companies like Kenya Airways, some banks, etc.

Worse still, from political independence in 1963 to-date there is no serious political will to develop the country industrially despite half-hearted political pronouncements and existence of policy documents like “Vision 2030”, Five year Development Plans, etc. Such policy documents have been churned out at different intervals by successive regimes since independence but implementation of what is stipulated therein has remained lacking due to lack of seriousness and commitment by leaders and managers, and the government at large. Industrial/service-oriented projects and industrialization at large takes a long gestation period before benefits can be realized by both individual and company investors and society at large, hence require consistent planning and implementation, commitment by the owners, stakeholders and government through supportive policies, and infrastructural facilities, etc.

Development of Necessary Infrastructural Facilities and Enabling Environment

Given the stiff competition among countries and investors, complexity and specialization of industrial and service oriented projects, the investors in such projects are largely induced by provision of basic supportive infrastructural facilities and enabling investment environment / incentives, which a country like Kenya must as a matter of necessity put in place for the success of her industrialization efforts. This requires that: All leaders, managers at all levels and the citizens across the country must be united indeed, and action, by speaking with one voice with regard to transforming Kenya into a Newly Industrializing Country. Equally, there is urgent need for harmonization of duplicative national agencies dealing with industrial investments in the country. This will lead to one-stop national agency with branches across the country responsible for the coordination of industrialization activities in collaboration with county governments. Among others, the agency will undertake research studies to identify industrial development problems and challenges from both microeconomic and macroeconomic viewpoints to determine which resources, opportunities, industries and industrial service projects have potential for high value addition to the Kenyan economy irrespective of whether investments are carried out by the public or private sector investors and/or in partnerships.

On the other hand, even if the private sector investors become the dominant players in Kenyan's industrialization process, it still follows logically that the government must plan and identify all industrial development possibilities so that it can create/promote awareness in priority areas of investments as well as develop infrastructural facilities and give the necessary incentive packages to encourage industrial/ service investments in desirable areas. Besides, the government should make deliberate efforts or induce investors in the development of the backward areas based on their economic and resource potential. With the advent of devolved government in form of Counties, this development strategy will minimize wastage of resources in undesirable investments on the basis of political pressures or expediency. In the past, due to widespread grand corruption the Kenya government myopically evaded its role in spearheading or inducing industrialization efforts by leaving everything to chance, that is, the forces of supply and demand. It should be noted that private sector investor interests are not necessarily in line with national development objectives/goals. In the same vein, all leaders at all levels in Kenya should realize the vital importance of industrialization and its positive benefits to the whole country and her people through increased employment creation, skill development, increased per capita income, etc. By the same token, the leaders should realize the fact that both domestic and foreign investors are jittery about anything that borders on political instability, adversarial and divide and rule politics, widespread corruption, insecurity, lack of incentives and enabling environment. Thus, the urgent need for leaders is to ensure the development of requisite infrastructural facilities and creation of enabling environment by fighting all social evils and refocusing national attention and efforts on transforming Kenya into a Newly Industrializing Country.

For Industrialization to succeed in Kenya there should be nation- wide collective fight against corruption and the above social evils in the post-new constitution era. This will release massive resources lost in the past through corruption towards development purposes like: Road networks, new/ improvement on old railway lines, development of electric and other sources of energy, development of clean water supplies, irrigation systems, construction of bridges, docks, new transportation systems, new and well equipped health facilities, education facilities, fire protection facilities, well equipped technical training institutions which will train manpower for industries, technical information/ communication services, etc. Equally, the government must ensure widespread development of applied research facilities geared towards domesticating various imported technologies and technical processes to meet

domestic needs. This should also include the development of technical assistance services aimed at serving industrial/ service oriented companies requiring management and engineering services to facilitate industrialization progress in counties and rural-urban growth centers.

MANAGEMENT GUIDES

The five main management imperatives of industrial and service – oriented projects apply to both existing companies and new projects hereunder in terms of implementation:

Appointment of the Chief Executive Officer and Project Manager

This should be done competitively through public advertisement followed by competitive appointment of the Board of Directors. The person tasked with implementation of specific project is also called Project Manager. More often, the Chief Executive Officer refers to the Head of an organization or company. The chief Executive officer or project manager should have the following attributes:

- a. A person of high integrity and sound performance record of accomplishment.
- b. Wide management experience in the industrial/ business sector, human resource and cost consciousness.
- c. Proven leadership/ manager ship record.
- d. Academically and technically qualified to oversee company/project affairs in terms of human resource development, production, maintenance, management, conflict resolution, etc.
- e. Good interpersonal skills in order to manage a team of inter-disciplinary experts.
- f. Hardworking, enthusiastic, energetic with sound business judgment.
- g. Have full authority to run the enterprise/project within company policies as stipulated by the Board of Directors or project owners.

Equally important, the enterprise/project owners must competitively appoint the Board of Directors and a non-executive chairperson who must be technically and academically qualified with sound business experience. This should be done using credible criteria. However, the Board of Directors should establish broad policies and objectives of the enterprise to guide its management operations. Normally, the Board of Directors is responsible for:

- i. Approval or modification of the Chief Executive Officers' recommendations on: Capital budget, managerial appointment, significant product/ service changes, contracts, price and salary policies, etc.
- ii. They must continually review the chief executive officer's financial statements/ auditor's reports, etc.
- iii. The chairperson of the Board of Directors and members of the Board must avoid interfering with the day-to-day operations of the company or project to give the Chief Executive Officer/Project Manager room for proper management in terms of transparency and accountability.

Provision of Supportive Management/ Accounting Measures and Procedures

These include: Adequate, qualified and experienced staff members below the Chief Executive Officer/ Project Manager who provide planning, control, direction, supervision, and training for the rest of staff in the enterprise. More importantly, such members of staff are responsible for daily operational or functional activities. However, all the second level management

should be technically and academically qualified and experienced to grow the company from one level to another. These should be competitively recruited and work as a team with the Chief Executive Officer/ Project Manager by ensuring enterprise/ project prosperity.

The necessity of management accounting procedures lies in:

- a. Adequate accounting/ related records must be timely provided to the management for control of costs.
- b. Accounting/ related records must be timely and accurate to enable sound decision-making.

Importance of Marketing and Labour Relations

With the exception of a few industrial enterprises, which have captive markets for their products/services, the majority need to aggressively and competitively, market their products/ services in order to continually learn about changing needs of customers, which enable the enterprises to design suitable products/ services at reasonable market prices. Hence, the need for industrial enterprises to aim at producing quality products/services and promotion of the same to both domestic and external markets to boost sales.

Need for Maintenance of Good Labour Relations both Within and Outside the Enterprise/ Project

Thus, industrial enterprises need to be guided by existing labour laws as well as formulating conducive in-house labour policies, incentive schemes, conducive working environment aimed at boosting worker productivity.

Management Teams in Existing and New Industrial and Service Firms/ Projects

They must exercise teamwork and high moral and ethical standards for continual and sustainable growth and development against the ever-growing competitive environment.

CONCLUSION

Since the 1960s Kenya's economic growth and development has remained sluggish. This ongoing situation is against the background of mounting societal problems such as: increasing unemployment due to collapsed manufacturing sector, insecurity, corruption, lack of critical skills for industrialization, increasing half-baked school/ university leavers, mismanagement of available scarce resources, lack of moral/ethical and modern management practices, etc. Needless to mention that all these are mounting, yet Kenya is about 50 years old after gaining self- rule in 1963 and is already over 10 years into the 21st century. As articulated in this paper, what is critical is that all Kenyan leaders at all levels and the citizenry at large must come to the realization that economic growth and development through industrialization, is a collective effort. Industrialization, which has greater potential for growth and pulling the rest of the sectors to the growth path, cannot take place against the background rampant with all manner of societal evils. Thus, this behooves all Kenyans to purposively transform themselves individually and their country collectively into a Newly Industrializing Country by ensuring that national efforts and attention are refocused on socio-economic development including the development of necessary infrastructural facilities and sound management of industrial / service projects aimed at value addition and high quality products across the country in the post-New Constitution and "Vision 2030"era. Failure to undertake these requirements is tantamount to courting implosion whose repercussions will be deadly on the little Kenya has already achieved and also in terms of upholding the nationhood in the future. To avoid this sad scenario, all Kenyans, especially leaders and the government must be mentally and structurally transformed through paradigm change to play

their rightful roles as true leaders and a government for the people must spearhead productive economic activities especially new industrial projects across the country for the sake of sustainable prosperity.

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