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INFLUENCE OF STAKEHOLDER INVOLVEMENT ON PERFORMANCE OF MINING PROJECTS IN TAITA TAVETA COUNTY IN KENYA

Mwangi Rwenji Mwangi [1] & Josephine Mutiso [2]

[1 & 2] College of Human Resource and Development, Jomo Kenyatta University of Agriculture and Technology, Kenya

Corresponding Author email: rwenji@gmail.com

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Abstract: It is estimated in Kenya that the mining sector stands at 4-10% yet its contribution to GDP presently stands at less than 1%. The sector has also faced a number of performance challenges with slow conversion between license acquisition and project implementation, community conflicts and idle licensees. The study hence sought to investigate the influence of stakeholder's involvement on the performance of mining projects in view of understanding why the outlined problem exists in the first place. The study used descriptive research design and the target population of the study was 89 mining projects. Primary data was collected and analyzed through descriptive and inferential statistics. The findings indicated that involvement of financial partners and market players in mining projects has a positive and significant influence on performance of mining projects. However, the influence of government is negative but significant. On the other hand, community involvement positively but insignificantly influences the performance of mining projects. The study recommends that mining firms can enhance financial partner's involvement in mining projects since it enhances the performance. There is a need to enhance improvement of accessibility to donor funds. The micro insurance firms as well as other financial firms can also enhance financial support to mining firms in order to enable them be sustainable in their operations. The study also recommends market players such as mineral trade organizations to ensure that the global markets of mining projects can be easily accessed as well as provide market linkage for mineral buyers and sellers so as to improve the sustainability of the industry. There is also a need to regulate the market and ensure that the demand for minerals is high so as to provide ready market. The study further recommends that the government, both national and county, should come up with laws and regulations that incentify venturing in mining. There is a need for other government regulators such as the Central bank of Kenya to come up with fiscal policies that are favourable enough to promote trading in mining.

Key Words: *Government Involvement, Financial Partners Involvement, Involvement of Market Players, Community Involvement*

Introduction

Mining, like any other project goes through a project life cycle whose foremost stage is ideally a feasibility study (within prospecting). At this stage, the project team is expected to identify and engage all stakeholders in order to make it a success. Ideally, it is expected that project team includes internal and external, positive and negative, and performing and advising stakeholders in order to determine the project requirements and the expectations of all parties involved (Waghmare & Bhalerao, 2016). According to the Project Management Body of Knowledge (PMBOK, 2017), stakeholder identification is a continuous process throughout the entire project life cycle. Identifying stakeholders, understanding their relative degree of influence on a project, and balancing their demands, needs, and expectations are critical to the success of the project. Failure to do so can lead to delays, cost increases, unexpected issues, and other negative consequences including project cancellation. An example is late recognition that the legal department is a significant stakeholder, which results in delays and increased expenses due to legal requirements that are required to be met before the project can be completed or the product scope is delivered. From pre-historic times to present, mining has played an important part in human existence (Madigan, 1981). Some of the major stakeholders in mining in Africa include mining communities, donor agencies, mining companies, government and governmental organizations, environmental organizations, academic institutions among others (Hartman & Mutmansky, 2007).

Statement of the Problem

Numerous studies have been conducted with a focus on conflicts in mining around the world most of which have shown that there exists a direct relationship between those conflicts and performance of mining projects. However, though most of these studies have focussed on mining related conflicts and their social, few have looked directly into stakeholder influence on performance. According to the Fraser Mining Survey (2017), Finland ranks as the top while Kenya ranks as part of the bottom 10 jurisdictions in the world for investment based on the Investment Attractiveness Index (Fraser Institute, 2017). The mining sector currently contributes less than 1% of Kenya's GDP yet it has potential to contribute 4% -10% (Kenya Mining Investment Handbook, 2015). This contribution has also decreased from 1.1% in 2012 to 0.8% in 2016. The percentage growth rate of GDP by Activity also dropped from 19% in 2012 to 9.5% in 2016, wage employment by industry and sector (both public and private) also gradually and significantly and lending has also seen a drop in the industry within the same period (Economic Survey, 2017).

A number of mining companies have had their licenses revoked by the government (Cortec & Acacia Mining, 2014), in other cases the investors have downsized their operations owing to increased operating costs and benefit sharing disagreements (Tullow Oil, 2016), some companies have closed down (Kenya Fluorspar, 2015) due to unfavorable global commodity prices and others have halted operations due to political interference. Cortec Mining with its Sh. 51 Trillion Niobium interest in Kwale and the Turkana Crude Oil prospects could greatly alter the economic climate by contributing to the GDP. However, Cortec Mining license was revoked by the Ministry of Mining and the Turkana Oil prospects faces closure owing to benefit sharing disagreements between the county and national governments (Warutere, 2017; Munda, 2013). Despite the issues such as benefit sharing, land ownership, political willpower, inadequate funding and lack of skills which are clearly associated with stakeholder involvement, the mining sector is expected to create employment, earn revenue and to bring about infrastructural growth among other benefits.

This study intended to establish the influence of stakeholder involvement in view of understanding their roles and issues arising from their participation and the effect on the productivity and performance of mining projects in Kenya.

Objectives

i. To establish the influence of financial partners involvement on performance of mining projects in Kenya
ii. To identify the influence of market players involvement on performance of mining projects in Kenya
iii. To determine the influence of government involvement on performance of mining projects in Kenya
iv. To find out the influence of community involvement on performance of mining projects in Kenya

Literature Review

Theoretical Review

The theories underpinning the current study are Stakeholders' theory, Resource Based View theory, Public Interest Theory of Regulation and Economic Theory of Supply and Demand.

Stakeholders Theory

In the mid-1980 a stakeholder approach to strategy came up. One focal point in this movement was a publication by Richard Edward Freeman. He is generally credited with popularizing the stakeholder concept. This theory states that managers should make decisions that take account of the interest of all the stakeholders in the Firm. Stakeholder concept suggests that the purpose of a business is to create as much value as possible for stakeholders. In order to succeed and be sustainable over time, executives must keep the interests of customers, suppliers, employees, communities and shareholders aligned and going in the same direction (Phillips, 2007). The stakeholder theory argues that there are other parties involved in the success of a project, such as governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees, and customers. Sometimes even competitors are counted as stakeholders - their status being derived from their capacity to affect the firm and its other morally legitimate stakeholders (Miles, 2011).

Resource Based View (RBV)

The proponent of the view was Penrose in the year 1959. According to RBV, organizations that own "strategic resources" have important competitive advantages over organizations that do not. A resource is strategic to the extent that it is valuable, rare, difficult to imitate, and not substitutable (Wernerfelt, 1984). Strategic resources can provide the foundation to develop firm capabilities that can lead to superior performance over time. Capabilities are needed to bundle, to manage, and otherwise to exploit resources in a manner that provides value added to customers and creates advantages over competitors. Such capabilities can be brought by involvement of financial partners.

Public Interest Theory of Regulation

The Public Interest Theory of regulation explains, in general terms, that regulation seeks the protection and benefit of the public at large. The theory has two acceptable concepts. The first embraced by Stigler (1971) and Posner (1974), explains that regulation seeks the protection and benefit of the public at large. The second developed by ensuing academics, defines it as a system of ideas, which proposes that when market fails economic regulation should be imposed in order to maximise social welfare. Regulation is one of the state's core functions.

Regulation represents government's attempt to set limits to the scope of private activities (Hantke-Domas, 2003). Each country has its own legislation relating to minerals found onshore and offshore within coastal waters. Minerals and the mining industry are regulated at the national and county level. They also have a Mining Act and Mining Regulations (or equivalent) that regulates the ownership of minerals and operation of mining activities in that country. The states have other laws dealing with areas such as mine operation, mine inspection, occupational health and safety, environment, and planning. The government department administering mining law in each country administers and sets out guidelines and policy statements relating to national mining legislation (NRGI Reader, March 2015). This theory is relevant to the government as a regulator and also a variable in this study. Government regulates the implementation of the mining projects through provision of tax incentives; ensure compliance with relevant laws and legislation, attractive policy framework. This will translate to motivating investors to invest in the mining.

Economic Theory – Supply and Demand

Adam Smith, Jean-Baptiste Say, David Ricardo, Thomas Robert Malthus, and John Stuart Mill were the initial thinkers of the Classical Economics theory in the 18th century. Within the Economic theory, the law of supply and demand is key and primarily deals with both consumers (buyers) and producers (sellers) who happen to be the key determinants of pricing and thus are the key market players'. The law of demand holds that, if all other factors remain equal, the higher the price of a good, the less people will demand that same good. In other words, the higher the price, the lower the quantity demanded. The amount of a good that buyers purchase at a higher price is less because as the price of a good goes up, so does the opportunity cost of buying that good (Henderson, 2008). Like the law of demand, the law of supply demonstrates the quantities that will be sold at a certain price. But unlike the law of demand, the supply relationship shows an upward slope. This means that the higher the price, the higher the quantity supplied. Producers supply more at a higher price because selling a higher quantity at higher price increases revenue (Al Ehrbar, 2008). In the context of mining and minerals, whose prices fluctuate from time to time owing to demand and supply, this theory helps us understand how market dynamics influence performance of mining projects.

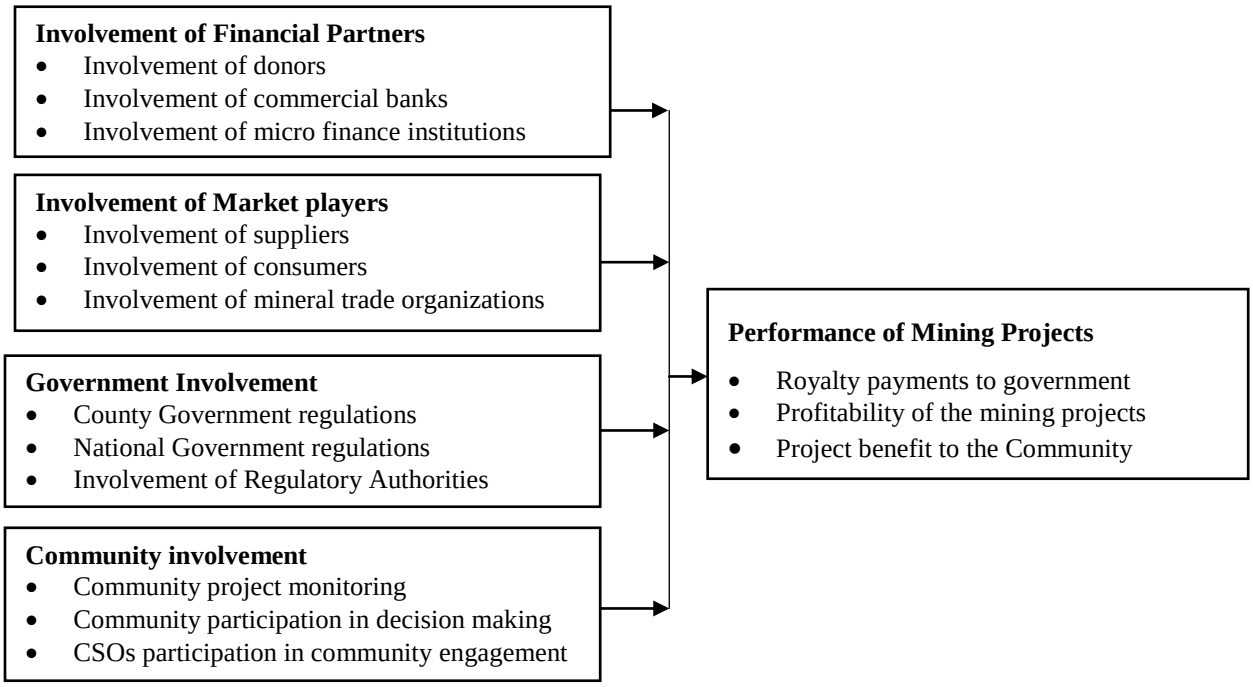
Empirical Review

Obare (2014) conducted a study on factors influencing community participation and ownership of government sponsored projects: the case of constituency development fund in Nyaribari Chache constituency projects, Kisii County, Kenya and found out that most people felt that effective community participation could enhance project ownership and sustainability. Mohamednoor (2017) conducted a study to establish the influence of monitoring and evaluation on road construction projects in Nairobi County, Kenya and revealed that high level of stakeholder participation influences the effectiveness of M & E system towards achieving expected results. Too (2015) conducted a study on influence of donor funds disbursement procedures on project implementation in Kenya and found out that periodic donor financial reporting does influence successful project implementation in respondents' NGO, that periodic donor program reporting does influence successful project implementation in their NGO and that availability of banking facilities enable the NGO to access funds for the projects at all times.

Mutwiwa (2015) conducted a study to investigate the factors influencing investment in mining in Kenya with specific focus on Base Titanium Ltd and revealed that labour related issues, capital investment decision and country's risk have significant and positive effects on investment and that entrepreneurship has insignificant effects on investment in mining in Kenya. Ogari (2012) conducted a study on influence of community participa-

tion in the sustainable implementation of health projects: a case of Borabu Division, Nyamira County and found out that through participation, local people identify their needs as well as the relevant goals of a program. Timely, well planned, and well implemented public involvement programs contribute to the successful design, implementation, operation and management of projects. Mading (2013) conducted a study on the factors affecting community participation in geothermal project implementation: A case of Menengai Geothermal power project in Kenya and concluded that in order to improve sustainability, the company should create and implement outreach plans to address and manage community needs.

Conceptual Framework



Figures 1 Conceptual Framework

Government Involvement

Governments are responsible for establishment of legal frameworks which comprise a set of documents that include the constitution; legislation, regulations, and contracts. How these documents relate to one another, which has more force than the other, is often referred to as a legal hierarchy. In Kenya, legal framework is influenced or determined by the national and county governments and the judiciary. In the context of this study, the government is important in that it determines to a greater extent who can mine, where it can be mined, how it should be mined and how it should be handled through the laws and policies they enact. (NRGI, 2015). International Federation of Accountants, IFAC (2013) notes that fair legal frameworks, enforced on an impartial basis, as well as an independent judicial system assist in building societies where individuals and organizations alike can feel safe. They do this by affording legal protection for rights and entitlements, offering redress for those

harmed, and guarding against corruption. Public sector entities at all levels may be involved with creating or interpreting laws; such activities demand a high standard of conduct that prevents these roles from being brought into disrepute. Adhering to the rule of law also requires effective mechanisms to deal with breaches of legal and regulatory provisions.

Involvement of Financial Partners

Financial partners are responsible for project finance (Muraleedharan, 2009). Financial partners can include private equity groups, venture capital firms, larger corporate entities that operate in the same or complimentary space, and accredited and institutional investors that invest in early stage public companies, assuming a company wants to go public. They are not interested in the day to day operations, although they typically want to be involved in significant strategic decisions. A financial partner also wants to share in the profits, which justifies a return on investment on any initial cash outlay the financial partner invests (Maldonado III, 2013). In this context and with the focus being on access to donor funding, access to loan facilities and adequacy of funding, financing is important since it determines to a greater extent, whether a mining operation can be undertaken, and the scale of the operation and the life of the operation. It will also focus on the role donors play in initiation of community based projects aimed at enlightening and empowering communities with knowledge, understanding and skills to participate in mining (Thomas, 2013).

Involvement of Market players

A competitive market fulfilling a marginal condition would be unsustainable because total profits would be negative notes (Murray, 2017). He further highlights that an element of monopoly would allow positive profits, but would violate the marginal condition, thus we expect a market solution to be suboptimal. According to the Marketing Business Network (2018), market forces, determined by buyers and sellers, are factors that influence the price and availability of goods and services in a market economy, that is, an economy with the minimum of government involvement. Market forces push prices up when supply declines and demand rises, and drive them down when supply grows or demand contracts, which basically translates to competition. Seitz (2013) argues that some Mining and mineral trading organizations play an important role in price management and have earned themselves the title of cartels. Such include De Beers for diamond trade regulation and OPEC for Oil & Gas producing nations. In recent years industries that manufacture substitute goods through cheaper industrial processes have come up, this has made some demand for some minerals to dramatically reduce. It is therefore important for us to understand how the stakeholders in this area influence the performance of mining projects.

Community Involvement

Community involvement is the process of engaging in dialogue and collaboration with community members. Such dialogue and collaboration may revolve around cultural practices that influence their belief, community project monitoring and leadership. Community involvement is a very important aspect of revitalization for any community, no matter what size. Without community participation, a project may never commence or will not be accepted once it is completed. Community involvement should be used to generate not only ideas for revitalization projects and their implementation, but also ideas to further improve existing project features (NRGI, 2015). Revitalization can be facilitated and enhanced by finding out what the community needs, what will benefit the community, what has been tried in the past, and what could be done to improve past ideas. Community members, when given an opportunity to be informed and involved in the revitalization process, are or can be a critical factor to a project's success.

Community members may have special issues or concerns that, if incorporated into a project at the outset, may help to reduce the likelihood of challenges to risk assessment results, and potential remediation or revitalization plans (SMARTe, 2010). In the context of this study community involvement is very important in the sense that investors may not be able to smoothly operate without interference, community may not 'buy into' the idea of their resources being whisked away and the leadership may induce political influence on the ownership (Gira, 2016). Only an informed community can be part of the decision- making process, which then will lead to a sustainable revitalization project. Community members who contribute to the revitalization planning process will better understand the process and will be more likely to support a project they had input in (UNDP, 2016).

Research Methodology

In this research, the approach focused on a descriptive research design. The study targeted the mining projects in Taita Taveta County which are 89 in total according to the records from the ministry of mining in the year 2017. Since the population of this study was small, census approach was used and thus 89 respondents formed the unit of observation. The respondents of the study included the project managers of the mining projects since they are directly involved with the day to day running and oversight of the mining projects, they were best suited to guide this research in understanding stakeholder influence in performance of mining projects. The data collection instruments were questionnaires which were structured to collect quantitative data. The multiple regression model adopted was as follows:-$\mathbf{Y= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon,}$ Where:- $\mathbf{Y}$= represents the dependent variable, Performance of Mining Projects, $\mathbf{X_1}$ = Government Involvement, $\mathbf{X_2}$= Involvement of Financial Partners, $\mathbf{X_3}$= Involvement of Market Players , $\mathbf{X_4}$= Community Involvement, $\boldsymbol{\varepsilon}$ = Error term and $\boldsymbol{\beta_0 \ldots \beta_5}$ are the Regression Coefficients.

Results

The study targeted 89 project managers of mining projects located in Taita Taveta County. Out of the number, only 65 project managers responded to the questionnaire. This gave a percentage response rate of 73%. The non-response rate was 27%. This percentage of 73% is rated as very good and adequate for analysis. A response rate of 50% is adequate, 60% is good and 70% and above is very good (Kothari, 2013).

Respondent's Social Demographic Information

This section describes characteristics of the study population based on the data collected and analyzed. Every target population usually has its own characteristics. The respondents who participated in the study were asked to indicate their gender, age, level of education, position and work experience.

Table 1 Demographic Characteristics

Demographic Characteristic	Category	Percentage
Gender	Male	77%
	Female	23%
Age Bracket	Below 30 Years	3.1%
	31-40 years	73.8%
	41-50 years	23.1%
Level of Education	University	4.6%
	College	47.7%
	Secondary	47.7%
Work Experience	Less than 1 year	3.1%
	2 to 3 years	50.8%
	4 Years and above	46.2%

Descriptive Analysis

The section presents the study findings in tables and discusses the descriptive analysis of the indicators of the five variables. The indicators were framed in form of specific questions that were answered by the respondents on an ordinal scale of 1 to 5 where 1- Strongly Disagree, 2- Disagree, 3- Not sure, 4-Agree, 5- Strongly Agree. The findings are presented per objective.

Financial Partners Involvement

The first objective of the study was to establish the influence of financial partner's involvement on performance of mining projects in Kenya. The results were presented in table 2. The study findings indicated that all the respondents agreed that donor institutions play an important role in promoting ASM in Kenya. Majority of the respondents neither agreed nor disagreed on the accessibility of donor funding to ASMs in Kenya, 27.7% agreed while only 23.1% of respondents disagreed with the statement. On whether microfinance institutions are accessible to miners, 49.2% of respondents agreed, 26.2% were neutral while only 24.6% disagreed. The respondents were asked whether banking facilities were accessible to miners, 49.2% neither agreed nor disagreed, 26.1% agreed whereas 24.6% disagreed. Majority 49.2% of respondents neither agreed nor disagreed that mining projects in Kenya are readily funded by local financiers, 47.7% disagreed while only 3.1% of the respondents agreed. Moreover, 72.3% of respondents disagree that local financing is enough to facilitate mining projects, 24.6% neither agreed nor disagreed while only 3.1% agreed.

In addition, the results of the study indicated that 70.8% of respondents disagreed on the statement that Global financing from institutions such as WB, AfDB, IFC is easily accessible to ASMs in Kenya. 24.6% of the respondents were indifferent on the statement while only 4.6% strongly agreed. On the statement on whether loan rates have an impact on establishment of mining firms in Kenya, 49.2% of respondents agreed while 50.8% strongly agreed. On average, the study concluded that majority of the respondents neither agreed nor disagreed with the statements concerning the influence of financial partners involvement on performance of mining projects in Kenya as shown by average mean value of 3.18.

Table 2 Financial Partners Involvement

Statement	Strongly Disagree	Dis agree	Neutral	Agree	Strongly Agree	Mean	Std Dev
Donor institutions play an important role in promoting ASM in Kenya	0.0%	0.0%	0.0%	75.4%	24.6%	4.25	0.43
Donor funding is accessible to ASMs in Kenya	0.0%	23.1%	49.2%	0.0%	27.7%	3.32	1.12
Microfinance institutions are accessible to miners	0.0%	24.6%	26.2%	49.2%	0.0%	3.25	0.83
Banking facilities are accessible to miners	0.0%	24.6%	49.2%	24.6%	1.5%	3.03	0.75
Local financiers readily fund mining projects in Kenya	0.0%	47.7%	49.2%	0.0%	3.1%	2.58	0.66
Local financing is enough to facilitate mining projects	0.0%	72.3%	24.6%	0.0%	3.1%	2.34	0.64
Global financing from institutions such as WB, AfDB, IFC is easily accessible to ASMs in Kenya	23.1%	47.7%	24.6%	0.0%	4.6%	2.15	0.94
Loan rates have an impact on establishment of mining firms in Kenya	0.0%	0.0%	0.0%	49.2%	50.8%	4.51	0.50
Average						**3.18**	**0.73**

Involvement of Market Players

The second objective of the study was to identify the influence of market players involvement on performance of mining projects in Kenya. The results as displayed in table 3 revealed that all the respondents (100%) strongly agreed that access to Global markets influences the performance of mining projects. Similarly, all respondents (100%) strongly agreed that access to Local markets influences the performance of mining projects. Consequently, all respondents (100%) strongly agreed that global price changes influence the performance of mining projects. Further, the findings of the study revealed that 100% of respondents strongly agreed that demand by mineral buyers has an impact on the performance of mining projects.

The study also revealed that majority of the respondents (75.4%) agreed that competition from other mineral producers has an impact on the performance of mining projects while 24.6% strongly agreed with the statement. On the statement on whether decisions by Mineral trading Organizations have an impact on the performance of mining projects, 50.8% of the respondents agreed while 49.2% strongly agreed with no respondents disagreeing with the statement. Finally, the study findings revealed that majority of the respondents as shown by 75.4% agreed that the number of mining entities in an area influences the performance of mining projects in Kenya whereas only 24.6% were indifferent of the statement. On average, it can be concluded that market players' involvement has a strong influence on performance of mining projects in Kenya as shown by an average mean

value of 4.64. These study findings are consistent with Mutwiwa (2015) who revealed that market related issues affect investment in mining in Kenya.

Table 3 Involvement of Market Players

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
Access to Global markets influences the performance of mining projects	0.0%	0.0%	0.0%	0.0%	100.0%	5.00	0.00
Access to Local markets influences the performance of mining projects	0.0%	0.0%	0.0%	0.0%	100.0%	5.00	0.00
Global price changes influence the performance of mining projects	0.0%	0.0%	0.0%	0.0%	100.0%	5.00	0.00
Demand by mineral buyers has an impact on the performance of mining projects	0.0%	0.0%	0.0%	0.0%	100.0%	5.00	0.00
Competition from other mineral producers has an impact on the performance of mining projects	0.0%	0.0%	0.0%	75.4%	24.6%	4.25	0.43
Decisions by Mineral trading Organizations have an impact on the performance of mining projects	0.0%	0.0%	0.0%	50.8%	49.2%	4.49	0.50
The number of mining entities in an area influences the performance of mining projects in Kenya	0.0%	0.0%	24.6%	75.4%	0.0%	3.75	0.43
Average						**4.64**	**0.20**

Government Involvement

The third objective of the study was to determine the influence of government involvement on performance of mining projects in Kenya. Majority of the respondents 75.4% strongly agreed that the national mining laws influences the performance of mining projects in Kenya, 23.1% agreed while only 1.5% disagreed with the statement. Moreover, 73.8% of respondents indicated they agree that the national government has been supportive to mining in Kenya, 24.6% strongly disagreed and only 1.5% indicated disagree. On whether the National Government implementation of technology such as the cadastre system influences the performance of mining projects, majority of respondents (98.5%) strongly agreed while only 1.5 of respondents indicated disagree. The study revealed that 75.4% of the respondents strongly agreed that the National Government fiscal policies influence the performance of mining projects, those who indicated agree were 23.1% while 1.5% indicated disagree.

The findings also revealed that 73.8% of the respondents indicated they strongly agree that licensing procedures

at the national level influence the performance of ASM in Kenya, 24.6% agreed with the statement while only 1.5% disagreed. The study also showed that 24.6% of respondents both strongly disagree and agree that county Government mining regulations influence the performance of mining in Kenya. The respondents indifferent with the statement were 24.6% with 26.2% disagreeing. Majority of the response as shown by 50.8% strongly agreed that the County Government has been supportive to mining in Kenya while 49.2 % neither agreed nor disagreed with the statement.

It was also established that 73.8% of respondents strongly agreed that the County Government fiscal policies influence the performance of mining projects though 26.2% disagree with the statement. On the statement on whether the licensing procedures at the county level influence the performance of ASM in Kenya, 47.7% of the respondents agreed while 24.6% strongly agreed with the statement. 24.6% of respondents were indifferent on licensing procedures at the county level influencing the performance of ASM in Kenya while 3.1% strongly disagreed with the statement. The findings also showed that majority of respondents as shown by 98.5% indicated that they strongly agree that land laws have had an impact on the performance of mining in Kenya (NLC) and those who indicated strongly disagree were 1.5%. On whether environmental laws influence the performance of mining in Kenya (NEMA), majority of respondents (98.5%) indicated that they strongly agreed while only 1.5% of respondents disagreed with the statement. Finally, the study revealed that majority of the respondents as shown by 73.8% strongly disagreed that energy regulations in Kenya influence the performance of mining projects in Kenya (ERC), 1.5% disagree with 24.6% neither agreeing nor disagreeing with the statement. On average, the results of the findings revealed that majority of the respondents agreed that government involvement influences performance of mining projects in Kenya as depicted by a mean value of 4.13. The study findings are in line with NRGI (2015) study that revealed that the government plays an important role in determining miners, mining areas, mining methods and how the mining should be handled through the laws and policies they enacted.

Table 4 Government Involvement

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
The national mining laws influence the performance of mining projects in Kenya	0.0%	1.5%	0.0%	23.1%	75.4%	4.72	0.55
The national government has been supportive to mining in Kenya	0.0%	1.5%	0.0%	73.8%	24.6%	4.22	0.52
National Government implementation of technology such as the cadastre system influences the performance of mining projects	0.0%	1.5%	0.0%	0.0%	98.5%	4.95	0.37
National Government fiscal policies influence the performance of mining projects	0.0%	1.5%	0.0%	23.1%	75.4%	4.72	0.55
Licensing procedures at the na-	0.0%	1.5%	0.0%	24.6%	73.8%	4.71	0.55

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
tional level influence the performance of ASM in Kenya							
County Government mining regulations influence the performance of mining in Kenya	0.0%	26.2%	24.6%	24.6%	24.6%	3.48	1.13
The County Government has been supportive to mining in Kenya	0.0%	0.0%	49.2%	0.0%	50.8%	4.02	1.01
County Government fiscal policies influence the performance of mining projects	0.0%	26.2%	0.0%	73.8%	0.0%	3.48	0.89
Licensing procedures at the county level influence the performance of ASM in Kenya	3.1%	0.0%	24.6%	47.7%	24.6%	3.91	0.88
Land laws have had an impact on the performance of mining in Kenya (NLC)	1.5%	0.0%	0.0%	0.0%	98.5%	4.94	0.50
Environmental laws influence the performance of mining in Kenya (NEMA)	0.0%	1.5%	0.0%	0.0%	98.5%	4.95	0.37
Energy regulations in Kenya influence the performance of mining projects in Kenya (ERC)	73.8%	1.5%	24.6%	0.0%	0.0%	1.51	0.87
Average						**4.13**	**0.68**

Community Involvement

The fourth objective of the study was to find out the influence of community involvement on performance of mining projects in Kenya. The finding of the study revealed that majority of the respondents (44.6%) indicated they strongly agree that community involvement in monitoring of mining projects influences the performance of a project, 44.6% indicated agree with 7.7% indicating neutral. 7.7% of respondents disagreed with the statement while those who strongly disagreed were 7.7%. The findings of the study also showed that majority of the study respondents, 67.7%, strongly agreed that community participation in decision making for a mining project influences the performance of a project, 21.5% of the respondents agreed with this statement and 7.7% of the respondents neither agreed nor disagreed while 1.5% of the respondents strongly disagreed that community participation in decision making for a mining project influences the performance of a project supported by 9.8% of them who also disagreed.

Further, the results of the study showed that 44.6% of the respondents indicated that they agree that literacy has an impact on the performance of mining projects, those who indicated neutral were 28.4% while only 26.2% indicated disagree and 6.2% of them indicated strongly disagree. The findings also showed that majority of respondents, 46.2%, were indifferent on accessibility of CSO's to miners and local communities, 23.1% of respondents strongly agreed with the statement with 1.5% disagreeing while 29.2% strongly disagreeing with the statement. Remarkably, 73.8% of the respondents were indifferent on whether CSO's have been supporting community participation in mining projects with 26.2% disagreeing with the statement. In addition, the study findings revealed that 24.6% of respondents strongly agreed that CSO's have been instrumental in ensuring transparency in mining projects with 49.2% agreeing with the statement. 24.6% neither agreed nor disagreed with the statement while only 1.5% disagreed. Finally, the results of the study on community involvement revealed that 24.6% of respondents strongly agreed that CSO's have played a role in ensuring community – company harmony, 24.6% also agreed while 24.6% were indifferent on the statement while 26.2% disagreed with the statement with none of the respondents strongly disagreeing. On average therefore majority of the respondents as indicated by a mean of 3.53 agreed that community involvement influences performance of mining projects in Kenya. This finding is consistent with Ogari (2012) study who found out that through participation, local people identify their needs as well as the relevant goals of a program where well-planned and implemented public involvement programs contribute to the successful design, implementation, operation and management of projects.

Table 5 Community Involvement

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
Community involvement in monitoring of mining projects influences the performance of a project	1.5%	1.5%	7.7%	44.6%	44.6%	4.29	0.80
Community participation in decision making for a mining project influences the performance of a project	1.5%	1.5%	7.7%	21.5%	67.7%	4.52	0.83
Literacy has an impact on the performance of mining projects	6.2%	26.2%	23.1%	44.6%	0.0%	3.06	0.98
Civil Society Organizations are accessible to miners and local communities	29.2%	1.5%	46.2%	23.1%	0.0%	2.63	1.14
Civil Society Organizations have been supporting community participation in mining projects	0.0%	26.2%	73.8%	0.0%	0.0%	2.74	0.44
Civil Society Organizations have been instrumental in ensuring transparency in mining projects	0.0%	1.5%	24.6%	49.2%	24.6%	3.97	0.75
Civil Society Organizations have played a role in ensuring community – company harmony	0.0%	26.2%	24.6%	24.6%	24.6%	3.48	1.13
Average						**3.53**	**0.87**

Performance of Mining Projects

The study established performance of mining projects in Kenya in terms of profitability, benefits to the community and loyalty to the government. The findings in table 6 present the performance of mining projects in terms of profitability. The findings indicated that in the year 2013, majority, 75.4%, of the mining projects fetched a profit between Kshs. 500, 000 and 5 Million while none got a profit between Kshs. 100, 000 and half a Million. There was an improvement in the year 2014 where 24.6% of the mining projects recorded between Kshs.100, 000 and Kshs. 500, 000. The performance of mining projects was however not impressive in the year 2015 because more than half of the mining projects recorded profits below Kshs.100, 000. This can be attributed to the new mining Act which came in place and affected the operations of the mining projects in Kenya negatively. Since then, the performance has continued to deteriorate as indicated by only 24.6% of the mining projects fetching more than a half a Million Kenya shillings by the end of the year 2017. Again, this poor performance can be attributed to the general elections which affect the economic environment and political stability in the country. The findings overall indicated that no mining project recorded profits above Ksh. 5 Million.

Table 6 Profitability of Mining Projects

Year	Below Kshs.100, 000	Between Kshs. 100, 000 - Kshs. 500, 000	Between Kshs. 500, 000 - Kshs. 5 Million
2013	24.60%	0.00%	75.40%
2014	0.00%	24.60%	75.40%
2015	50.80%	24.60%	24.60%
2016	26.20%	73.80%	0.00%
2017	75.40%	0.00%	24.60%

The study also established the performance of the mining projects in terms of their royalty payments to the government. The findings presented in Table 7 indicated that the highest royalties were paid to the government in the year 2013 and 2014 whereby by, 73.8% of the firms paid above Kshs.100, 000. There was however a high variation in the royalties paid to the government in the year 2015 since majority of the mining firms paid below Kshs.100, 000. The findings are consistent with poor profits realised due to the new mining Act. In the year 2017, the lowest royalties were paid to the government whereby 75.4% of the firms paid below Kshs. 5, 000. Similarly, the year 2017 was an election year in Kenya which leads to instability in the political environment thus affecting the macro-economic environment.

Table 7 Royalty Payments to the Government by the Mining Projects

Year	Below Kshs.5000	Kshs.5000- Kshs.20,000	Kshs.20, 000- Kshs.100, 000	Above Kshs.100,000
2013	0.00%	0.00%	26.20%	73.80%
2014	0.00%	0.00%	26.20%	73.80%
2015	0.00%	26.20%	24.60%	49.20%
2016	0.00%	50.80%	24.60%	24.60%
2017	75.40%	0.00%	0.00%	24.60%

The study further examined the changes in the benefits of mining projects to the community over a period of time from the year 2013 to 2017. As shown in table 8, it can be argued that close to half of the firms with mining projects paid above Kshs. 150,000 to the community while the remaining half paid below Kshs. 150, 000 in the year 2013. The benefits to the community in the year 2014 increase to above ksh.150, 000 while in the year 2015, no firm had benefits to the community above Kshs. 150, 000. The situation in the year 2017 was still not impressive since majority of the firms, that is, 73%, had below Kshs. 150,000 to the community.

Table 8 Mining Projects' Benefit to the Community

Year	Below Ksh.50, 000	Ksh.50,000- Kshs.150, 000	Kshs.150,000-Kshs.500, 000
2013	24.60%	26.20%	49.20%
2014	0.00%	50.80%	49.20%
2015	100.00%	0.00%	0.00%
2016	50.80%	49.20%	0.00%
2017	73.00%	27.00%	0.00%

Correlation Analysis

A correlation analysis was used to establish the association among the study variables. The findings are presented in Table 9.

Table 9 Correlation Analysis

		Market players Involvement	Government involvement	Community involvement
Market players Involvement	Pearson Correlation	1		
Government involvement	Pearson Correlation	.285	1	
Community involvement	Pearson Correlation	0.102	0.126	1
Financial partner Involvement	Pearson Correlation	.381	.287	0.022
Performance of Mining Projects	Pearson Correlation	.444*	-.518*	0.156
	Sig. (2-tailed)	0.000	0.000	0.215
	N	65	65	65

* Correlation is significant at the 0.05 level (2-tailed).

The findings of the study indicated that involvement of financial partners in mining projects led to a positive and significant influence on performance of mining projects in Kenya (R = 0.572, p value = 0.000). These findings imply that an increase in donor institutions promoting ASM, improving accessibility to donor funds, ensuring easy access to microfinance institutions, increasing banking facilities to miners and ensuring that local financing is enough to facilitate the mining projects leads to a significant increase in performance of mining projects in Kenya. The findings of the study are consistent with Too (2015) who indicated that financial partner involvement does improve project performance. It was also established that involvement of market players in mining projects leads to a positive and significant influence on performance of mining projects in Kenya (R = 0.444, p value = 0.000). The findings imply that an improvement in market players' involvement practices such as ensuring global markets of mining projects can be easily accessed, ensuring there is ready local market of mining projects, stabilizing the global price of mining projects and ensuring that the demand of minerals remain high leads to a significant improvement in performance of mining projects in Kenya. The findings are consistent with the findings of a study by Mutwiwa (2015) who indicated that market players positively influence performance of firms in a market.

The correlation results further showed that that government involvement negatively but significantly influence the performance of mining projects in Kenya (R= -0.518, p value = 0.000). The findings imply that unfavourable government laws on mining, lack of government support on mining activities, unfavourable fiscal policies and unsuitable County Government mining regulations negatively and significantly affect the performance of mining projects in Kenya. The findings are consistent with International Federation of Accountants, IFAC (2013) which noted that unfair legal frameworks, enforced on a partial basis affect the operations of the society. It was finally determined that community involvement has a positive but not significant influence on performance of mining projects in Kenya (R = 0.156, p value = 0.215). The findings imply that even though involving community in monitoring of mining projects, decision making process for a mining project, involving only literate community members in mining projects and involving community leaders mining projects positively affects the performance of the mining projects, the influence is not huge enough. The findings agrees with Gira (2016) that only an informed community can be part of the decision- making process, which then will lead to a sustainable revitalization project.

Regression Analysis

A multivariate regression analysis was conducted to establish the magnitude of the relationship between the independent and the dependent variable of the study. A regression analysis shows the change in the dependent variable as a result of the change in the independent variable. The model summary results as presented in Table 10 indicated an R-square value of 0.764 which showed that community involvement, involvement of market players, involvement of financial partner and government involvement jointly account for up to 76.4% of the variations in performance of mining projects in Kenya. It implies that only 23.6% of the variation in performance of mining projects can be accounted for by other factors other than the four variables.

Table 10 Model Summary

R	R- Square	Adjusted R Square	Std. Error of the Estimate
.874	0.764	0.748	0.1432

The study also established the model coefficient presented in Table 11. The findings showed that the F statistic indicating the overall significance of the model is significant at 5% (Sig < 0.000) showing that the model was significant. The F calculated statistic of 48.494 is greater than the F (4, 60) critical value of 2.525 confirming that the model was significant. The model significance results therefore imply that stakeholder involvement can be used to predict performance of mining projects in Kenya.

Table 11 Model Significance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	3.979	4	0.995	48.494	.000
Residual	1.231	60	0.021		
Total	5.21	64			

The study also established the model coefficients as presented in Table 4.12. The first objective of the study was to establish the influence of financial partners' involvement on performance of mining projects in Kenya. The regression results revealed that financial partners' involvement has a positive (Beta = 0.193) and significant (Sig < 0.05) influence on performance of mining projects in Kenya. The findings imply that an increase in financial partner involvement in mining projects by 1 unit, leads to a 0.193 units increase in performance of the mining projects. The findings of the study are consistent with Too (2015) who indicated that financial partner involvement does improve project performance.

The second objective of the study was to identify the influence of market players' involvement on performance of mining projects in Kenya. The regression results showed that market players' involvement has a positive (Beta = 3.499) and significant (Sig < 0.05) influence on performance of mining projects in Kenya. These results imply that a 1 unit increase in market players' involvement in mining projects leads to a 3.499 units increase in performance of mining projects in Kenya. The findings are consistent with the findings of a study by Mutwiwa (2015) who indicated that market players positively influence performance of firms in a market. The third objective of the study was to determine the influence of government involvement on performance of mining pro-

jects in Kenya. It was established that government involvement has a negative (Beta = -0.696) and significant (Sig < 0.05) influence on performance of mining projects in Kenya. The findings imply that an increase in government involvement in mining projects by 1 unit, leads to a 0.696 units decrease in performance of the mining projects. The findings are consistent with International Federation of Accountants, IFAC (2013) which noted that unfair legal frameworks, enforced on a partial basis affect the operations of the society.

The fourth objective of the study was to find out the influence of community involvement on performance of mining projects in Kenya. The study findings showed that community involvement has a positive (Beta = 0.140) but not significant (Sig > 0.05) influence on performance of mining projects in Kenya. The findings imply that an increase in community involvement in mining projects by 1 unit, leads to a 0.140 units increase in performance of the mining projects although the increase is not huge to create an impact. The findings agrees with Gira (2016) that only an informed community can be part of the decision- making process, which then will lead to a sustainable revitalization project.

Table 12 Model Coefficients

	Unstandardized Coefficients		**Standardized Coefficients**		
Independent Variables	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	-12.263	1.834		-6.686	0.000
Financial Partner Involvement	0.193	0.04	0.309	4.812	0.000
Market Players Involvement	3.499	0.436	0.618	8.021	0.000
Government Involvement	-0.696	0.075	-0.692	-9.282	0.000
Community Involvement	0.140	0.074	0.1449	1.891	0.063

Conclusion

The study concludes that an increase in financial involvement practices such as donor institutions promoting Artisanal Mining, improving accessibility to donor funds, ensuring easy access to microfinance institutions, increasing banking facilities to miners and ensuring that local financing is enough to facilitate the mining projects leads to a significant increase in performance of mining projects in Kenya. The study further concludes that an improvement in market players' involvement practices such as ensuring global markets of mining projects can be easily accessed, ensuring there is ready local market of mining projects, stabilizing the global price of mining projects and ensuring that the demand of minerals remain high leads to a significant improvement in performance of mining projects in Kenya. The findings further led to the conclusion that unfavourable government laws on mining, lack of government support on mining activities, unfavourable fiscal policies and unsuitable County Government mining regulations negatively and significantly affect the performance of mining projects in Kenya. The study lastly concluded that even though involving community in monitoring of mining projects, decision making process for a mining project, involving only literate community members in mining projects and involving community leaders mining projects positively affects the performance of the mining projects, the influence is not huge enough.

Recommendations

The study recommends that mining firms can enhance financial partner's involvement in mining projects since it enhances the performance. There is a need for the mining firms to enhance improvement of accessibility to donor funds. The micro insurance firms as well as other financial firms can also enhance financial support to mining firms in order to enable them be sustainable in their operations. The study also recommends market players such as mineral trade organizations to ensure that the global markets of mining projects can be easily accessed as well as provide market linkage for mineral buyers and sellers so as to improve the sustainability of the industry. There is also a need to regulate the market and ensure that the demand for minerals is high so as to provide ready market. This is because through active involvement of the market players, performance of mining projects improves. The study further recommends that the government, both national and county, should come up with laws and regulations that incentify venturing in mining. There is a need for other government regulators such as the Central bank of Kenya to come up with fiscal policies that are favourable enough promote trading in mining. The county mining regulations, especially in counties where mining is the main economic activity should be favourable so as to enhance sustainability of the mining firms. The study findings led to the recommendation that there is a need for the mining firms to involve the community members in the mining projects since it positively influences performance. The community member should be engaged in monitoring of mining projects as well as decision making process so as to enhance better performance.

Conflict of Interest

No potential confict of interest was reported by the authors

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