

Abstract

Performance means change and proactive change is essential in a dynamic business environment. Performance is the main goal of any business organization. The Customs Union has the potential to form the basis for expanding trade in the region. The EAC Customs Union assist to level the playing field for the region's producers by imposing uniform competition policy and law, customs procedures and external tariffs on goods imported from third countries, which should assist the region to advance its economic development and poverty reduction agenda. However, there has been no empirical study that has focus on determining the effects of East African Community Customs Union on the performance of Oil Industry in Kenya. This study therefore, sought to fill the existing knowledge gap by answering the question on what are the effects of East African Community Customs Union on the performance of Oil Industry in Kenya. This research adopted descriptive research design for the study. The study carried out a census of all the 14 oil companies in Kenya (ROK, 2011). The study population comprised the general manager, financial manager and human resource from every company making a total of 42 respondents. A questionnaire was used as primary data collection instrument. The questionnaire included closed and open ended questions which sought views, opinion and attitude from the respondents which might not have been captured by the closed ended questions. The data was then summarized, coded and tabulated. Descriptive statistics means and standard were used to analyze the data. Data presentation was done by the use of pie charts, bar charts and graphs, percentages and frequency tables for easy of understanding and interpretations. From the findings, the study established that implementation of the Customs Management Act started in January 2005 has been successful. The study established that implementation of the Customs Management Act influence trade performance in Kenya to a very great extent. Efficiency and effectiveness of customs procedures has a significant influence on the trade performance in Kenya. This is evidenced by the performance of Oil trade in Kenya among East Africa Community which has been high since introduction of Customs union. From the findings, the study concludes that customs union lead to an increase in trade between the members of the regional organization. The strong negotiation, low risk of conflicts in trade, pool of market power, a harmonized reduction in internal and external trade barriers, greater economies of scale is in turn an important indicator of the positive effects of East African Community Customs Union on the performance of the oil industry in Kenya. To reap the benefits of Customs Union from EAC to the fullest possible extent, oil companies in Kenya needs to address problems that could negate the potential benefits from the EAC CU. To maximize the benefits of the EAC membership, policy makers need to initiate measures to harmonize tariffs under COMESA, the EAC as well as under the different RIAs to address the shortcomings of shared jurisdiction between the different regional initiatives since the present responsibility for enforcement is not demarcated precisely