

**AN INVESTIGATION INTO STAKEHOLDER ANALYSIS AND MANAGEMENT
PRACTICES IN HORTICULTURE FIRMS WITHIN NAIROBI AND ITS
ENVIRONS.**

**UNIVERSITY OF NAIROBI
DOWRY KABETE LIBRARY**

BY

MARUTI MUTONYI HELLEN.

**A Management Research Project Submitted in Partial Fulfillment of the
Requirement of the award of the Degree of Master Of Business
Administration (MBA), Faculty of Commerce
University of Nairobi.**

University of NAIROBI Library



0492679 6

NOVEMBER 2006

DECLARATION.

This project is my original work and has not been presented for a degree in any other University.

Signed:



Maruti M. Hellen.

Reg. No: D/61/P/8825/99

Date:

24th November 2006

This project has been submitted for examination with my approval as University Supervisor.

Signed:



Mr. Jackson Maalu

Senior Lecturer, Department Of Business Administration, Faculty Of Commerce

Date:

24 / 11 / 2006

DEDICATION

To my husband, Thomas Kong'ong'o

And

My son, T. Kong'ong'o - Junior.

You were indeed, the pillars of support and encouragement through out my
course.

TABLE OF CONTENTS

	PAGE
Declaration	(i)
Dedication	(ii)
Table of Content	(iii)
List Of Tables and Figures	(vi)
List of Abbreviations	(vii)
Acknowledgement	(ix)
Abstract	(x)

CHAPTER ONE: INTRODUCTION

1.1 Background	1
1.1 The Industry	4
1.2 Statement of Problem	9
1.3 Objectives of the Study	13
1.4 Significance Of The Study	13
1.5 Structure Of The Study	14

CHAPTER TWO: LITERATURE REVIEW

2.1 Stakeholder Analysis	15
--------------------------	----

2.2 Overview Of Stakeholders	19
2.3 The Need For Stakeholder Analysis	24
2.4 The Process Of Stakeholder Analysis	29
2.5 Stakeholder Management	36
2.6 Stakeholder Management Process	38

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design	43
3.1 Population	43
3.2 Data Collection	43
3.4 Data Analysis	45

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction	47
4.2 Organization Profile	48
4.3 Export Destinations	49

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMENDATIONS

5.1 Discussion	82
----------------	----

5.2 Conclusion	87
5.3 Recommendations	88
5.4 Implication Of The Study	91
5.5 Limitations Of The Study	91
5.6 Recommendations For Further Research	92
REFERENCES	93
APPENDICES	
Appendix I: Letter Of Introduction	101
Appendix II: Questionnaire	102
Appendix III. List Of Horticulture Farms	118

LIST OF TABLES

LIST OF TABLES	Page
4.1 Title Of Interviewee	48
4.2 Type of Target Market	50
4.3 Years In Operation	52
4.4 No. Of Employees	53
4.5 Categories Of Employees	55
4.6 Form of Strategic Plans	56
4.7 Stakeholder Inclusion	57
4.8 Participants in the Strategy Process	58
4.9 Subscription to Associations	60
4.1.0 Power and Influence of Stakeholder Groups	63
4.1.1 Conflict Resolution	66
4.1.2 Collecting Stakeholder Information	67
4.1.3 Factors and Interest of stakeholder groups	69
4.1.4 Business Environment	71
4.1.5 Determining Relative value of Stakeholders	73
4.1.6 Ranking Stakeholder Groups	75

4.1.7 Responding to Stakeholder Concerns	77
4.1.8 Factors influencing stakeholder practices	78
4.1.9 Export Destinations	80

LIST OF GRAPS

4.1 Subscription to Unions	61
----------------------------	----

LIST OF ABBREVIATION

HCDA	Horticultural Crops Development Authority
FPEAK	Fresh Produce Exporters Association Of Kenya
GOK	Government Of Kenya
KFC	Kenya Flower Council
RSA	Royal Society For The Encouragement Arts
PR	Public Relation
COTU	Central Organization Of Trade Unions
NGO	Non –Governmental Organization
PAWU	Plantation And Agriculture Workers Union
NRET	Natural Resource And Ethical Trade Program
PMRA	Pest Management Regulatory Agency
CHC	Canadian Horticultural Council
VINET	Vertical Information Network For Ethical Trade In Horticulture

ACKNOWLEDGEMENT

This research paper is a culmination of years of study, under very challenging situations as a part – time student. I wish to acknowledge the support of the entire MBA teaching staff at the University Of Nairobi for their support. Special Mention goes to my supervisor, J. Maalu, for his Patience, commitment, and assistance. Through his able guidance, I managed to proceed with my research project from conceptualization to eventual completion.

I am also indebted to my husband Thomas and my son TJ who sacrificed a great deal through out the course.

To my dear parents Mr. and Mrs. Mola, my brothers and sisters for their support, patience and understanding. They were, indeed, the fountains through which I renewed my strength.

I also wish to acknowledge the Horticulture Farm Managers who honored me by finding time off their busy schedules to complete my questionnaire.

Most of all, I wish to acknowledge God's providence in the entire program.

ABSTRACT

The objectives of this study were to investigate stakeholder analysis and management practices in the horticulture industry in Kenya as well as identify the factors, which influence these practices. To satisfy these objectives, the author first carried out a review of the literature so as to establish the current status of the subject area.

The study used primary data, which was collected by use of a questionnaire delivered by 'drop and pick' method. The data was obtained from 50 farms, which made up the population of interest. It was then analyzed using percentages. Findings of this study revealed that there are certain factors that influence stakeholder analysis and management, though they are all perceived differently.

First, the study revealed that stakeholder analysis and management in the horticulture industry is a necessary management practice. The perception of stakeholder analysis and management is however lacking and the strategies applied for stakeholder analysis and management are seriously lacking. Second, the appreciation of the influence of the foreign customer and foreign community is highly positive. It is probable that they are the key consumers of the farms produce.

In reference to the study findings, a number of recommendations have been made to indicate the urgent need for horticulture farms to consciously recognize and involve stakeholder groups and manage them to enhance relations and productivity. Pursuing properly crafted strategies in stakeholder analysis and management should counter the turbulence that has been characteristic of the horticulture industry in Kenya.

The research finding on stakeholder analysis and practices, was that there was a definite need for ingrained involvement and assessment of stakeholder groups. The Kenya Flower Council (KFC), Fresh Produce Exporters Association (FPEAK), The countries belonging to the ACP (African Caribbean Pacific) groups of states, are all concerned by the consumer health aspects of Agricultural chemicals, the health of the farm workers, Quality Assurance, to meet ethical and environmental standards and even to establish an auction marketing system to boost the members earning. The associations appreciate the problems dogging the industry and have put up a formidable front to address these issues on behalf of the member firms.

The objectives of this study have been met. The general conclusion from this study, is that the horticulture industry in Kenya perceives stakeholder analysis and stakeholder management practices as a positive improvement in strategy

planning to mutually benefit, groups, firms and stakeholders. It is hoped that these findings will assist consultants in designing effective programs and practices for the Horticulture industry In Kenya.

There is need for a more comprehensive study to be carried out on the same topic, but on a specific stakeholder group. A good case in point would be the case of the female worker – as a stakeholder group in the horticulture industry in Kenya. It is against this background that this research was set up to explore Kenya's third largest foreign exchange earner. The research variables, under investigation were: general perception of stakeholders, stakeholder analysis, influence and impact of regulatory environment, and performance indicators that would be appropriate for stakeholder analysis.

CHAPTER ONE: INTRODUCTION

1.1 Background

Casual observation implies that the horticultural industry in Kenya has performed relatively well despite the lean economic times. It is probable to attribute this to the favorable climatic conditions, but it is eventually clear that stakeholder management and best practices within the industry have been the major determinants. It is important therefore to assess the critical role of the different stakeholder groups and derive a better understanding of how the different strategic business units are managed.

The Horticultural industry has become more important as international and domestic markets are increasingly demanding value added products and services. Horticulture industry requires commitment of various stakeholders.

There is the rise of the sophisticated customer. Every aspect of the value mix, from price and product to convenience and service today's customer is increasingly aware of the new possibilities and therefore more demanding. The rise of the empowered employee, with old management structures being dismantled and a reduction in the power of trade unions individuals are taking more responsibility for improved performance. (Lubatkin and Chatterjee, 1991)

The information revolution inside and outside the organization has also had a

bearing on the organization. The number of people who may now see and hear and start reacting within minutes to news on a take-over a strike, exploitation, chemical misuse etc is increasing at a phenomenal rate. Rising awareness of the influence of business on the society (for good or ill) ethics and corporate integrity are high on the society's agenda. (Machin et al, 1981)

Long gone are the days when interests or activities of any stakeholder group could be conveniently overlooked. The flow through the company's structures, strategy and processes all affect the key stakeholder groups and all of them have an influence on the key outcome of the organization.

The purpose of the firm is to create wealth or value for its stakeholders by converting their stakes into goods and services. The standard principal – agent paradigm of financial economics, which emphasizes the relationship between shareowners and managers to create a 'stakeholder agency theory,' constitutes a generalized theory of agency. From this conception managers, can be seen as the agents for all the other stakeholders, Penrose (1959)

An increasing trend towards stakeholder groups has added the complexity of strategic planning for the global firm. Stakeholder activism refers to the demands

placed on the global firm by the foreign environment in which it operates. From 1992 to date, a series of persistent dramatic changes have taken place. The performance of all economic sectors has remained subdued. The economic recession has not favored any particular sector yet the horticultural industry; on casual observation, seems to have survived the turbulent, unpredictable conditions of the environment. GOK Economic Survey (2004).

Interest in Stakeholder approaches to strategic approaches to management is growing around the world but at the same time top management's concern with shareholder value has never been greater. Managers in all kinds of firms are faced with the dilemma of how to satisfy the competing claims of shareholders and the other stakeholders. The consequences are evident everywhere as stakeholders grow "rich" and unemployment increases, Goyder (1998)

With these in mind, it has become increasingly clear, that companies are not waiting for things to turn around. The role of the stakeholder has come out so strongly for any company that intends to operate in the future. Organizations must embrace stakeholders in their strategic processes.

1.2 The Industry

The Horticultural sector in Kenya is the second natural resource based industry in Kenya. It is seen as one of the fastest growing sectors in the economy and is the largest foreign exchange earner after tourism and tea. It is a \$ 110 million a year business with exports exceeding 38,000 tones in the last year alone. Horticultural exports an average of 3 million tones and has created an average of 50, 000 jobs in a country with a population of 30 million people. The industry indirectly supports 500,000 Kenyans in a country whose unemployment rate stands at 50%. Statistics show that the value of Horticultural exports increased from K\$ 185 Million in 1991 to K\$ 415 in 1994. Horticultural production increased from 65 million KG's in 1994 to 75 million KG's in 1995. HCDA, (1999).

Kenya is Africa's leading exporter of cut flowers and other horticultural products, supplying approximately 25% of all flowers imported by the European Union. Since 1995, the horticultural industry has expanded. In the flower sub-sector there are now 70 flower farms in the country primarily located in Nairobi, Naivasha, Limuru and Thika. The farms produce flowers, fruits and Vegetable targeting the export market. KFC, (2000).

The cut flower industry is amongst the fastest growing sectors of the Kenyan economy. This is evident by the phenomenal expansion within the last

two decades. With an annual growth rate of 20 percent, it is an important source of foreign exchange. And its employment potential continues to grow. About three quarters of its workforce is female, making it one of the sectors where the feminization of labor is most explicitly manifested. HCDA (1999)

More than half of the Kenyan population lives below the absolute poverty line. Nationally, 14.4 million Kenyans are now officially described as poor. In this respect, the cut flower industry's role in poverty alleviation takes on a pivotal role considering that the majority of the poor are women. DNA (2005)

With an estimated growth rate of 20% the horticulture industry has increased its export volume from 19,807 to 41,396 tons between 1992 and 2001, which was an increase of 108 per cent HCDA, (2000). Within a relatively short period of time, Kenya has surpassed both Israel and Columbia to become the largest cut flower exporter to the European Union commanding a 25 per cent market share. Although there are numerous Horticulture farms in Kenya, three quarters of the exports are supplied by about 40 large and /or medium scale operations. FPEAK (1999).

This industry has grown from being nascent to one of the leading sectors in the Kenyan economy.

Many regard it as 'an island of success in a sea of failure,' particularly as traditional exports such as tea, coffee and tourism have been bogged down by dismal performance over the last decade.

The industry, which is labor intensive, with predominately youthful female workers, employs approximately 2.5 Million employees. HCDA, (1998). In this regard, the horticulture industry is, and continues to be a significant source of employment for women. Given its labor-intensive nature and the growth rates so far witnessed, this sector has potential to absorb an even greater number of women workers. However the poor employment environment in a number of cut flower farms has increasingly brought into question the extent to which the industry can bring about effective participation of the poor in the labor market. To a large extent the industry is characterized by seasonal and / or female labor that face increased risks of sexual harassment by their male supervisors. The overtime hours tend to be excessive and compulsory and not fully compensated as required by legislations. The workers are exposed to high levels of chemicals and sometimes without adequate personal protective equipment. Though the wages paid in the horticulture industry are better than the national minimum wage, they re never the less low.

The vibrant growth and earnings experienced in this sector is yet to trickle down to a majority of the workers. HCDA (2004) Issues concerning workers ' labor rights ' and participation are not covered in the horticulture trade policy and yet they are necessary stakeholders in this industry.

Creating or influencing any trade policy in Kenya is usually influenced by internal demands that may be initiated by individuals or institutions. Some of these include the KFC, FPEAK, Civil society organizations and mass media. It could also originate from the government ministry as part of its obligation to formulate policy. Currently the Horticulture bill 2001, states that since there is rapid growth and liberalization of the horticulture industry, the government feels that there is need to restructure it. The bill proposes legislations to govern the horticulture industry. Two industry associations, the FPEAK and KFC, have been pivotal in steering the industry through campaigning for policies that promote the sector. Standard Newspaper (2005)

With such rapid growth have come fears that workers rights in the areas of health and safety, wages, terms of employment and other working conditions could be violated. To ensure that the Horticultural Industry adheres to high labor and environmental standards a group of high profile growers set the Kenya Flower

Council (KFC), in 1996. Since then, the Horticultural industry through the KFC, has offered a wide range of regular training programs, especially on how to handle chemicals safely. Members are supposed to adhere to KFC code of practice, which outlines strict procedures for farm management, crop protection, safe storage, use of pesticides, protection of workers, and environmental concerns. KFC (2001)

The industry has a multi – stakeholder base. There are the foreign – based stakeholders and the local - based stakeholders. Under this broad category we have the key stakeholder groups such as employees, customers, financial institutions, society, the suppliers, government agencies among others. FPEAK, (2002)

Horticulture farmers are no longer free to grow and export fresh produce according to their own standards. Increasing Global awareness and the export market demands now make it necessary for agricultural enterprises dealing in fresh produce to observe high quality standards in various areas. These include work safety and staff welfare, preservation of the environment, safe handling of foodstuffs and the guarantee of top quality produce.

The FPEAK code of practice has been developed for all members (regardless of the size of the enterprise.) To ensure that high, quality production of fresh horticultural produce is maintained in the face of intense international competition. The code of practice requirements for fresh produce (fruits, vegetables and flowers) lays emphasis on employment of labor, use of pesticides, origin and traceability of products and maintenance of the environment.

Horticulture firms in Kenya have been in the limelight for failing to comply with international standards. The problems that dog the Horticulture industry are not only work related but also range from fluctuation of markets to high costs of production. FPEAK's chairman 2002, Mr. Simon Ethangata, observed that despite the sectors potential, its growth was riddled with a number of problems such as high costs of inputs and exorbitant freight charges.

1.2 Statement Of The Problem

You don't solve the problem of your complex organization by focusing on ownership. The real task first is to understand and second to improve, the relationships between organizations and those who influence their successful operation. Goyder (1998)

Due to the broad base of stakeholders many horticultural firms have especially, in the recent past found themselves caught up in conflict with their stakeholders. Though the Horticultural firms is casually observed to be doing well, research reveals a brewing problem, all related to stakeholder analysis and management. Stakeholder approach in business is ceasing to be a mere PR activity but it is becoming more likely a requirement as well as moral imperative to all firms. Research is needed to show how companies may exploit stakeholder strategy profitably and it would be interesting to ascertain how Kenya interprets the stakeholder concept. Goyder (1998)

Kenyan Human Rights groups paint a gloomy picture of Kenya's fastest growing industry. It accuses farmers of paying a pittance, exposing their workers to toxins and damaging the environment in hunger for profit. Activists argue that flower farms clustered around picturesque Lake Naivasha, in central Kenya have polluted the water with fertilizers and pesticides, threatening the delicate ecological balance of an area home to Hippos and spectacular bird life. The commission says some farms pay employees as little as Ksh.2000 a month, women are subjected to sexual harassment by supervisors and 90% of workers are not members of unions that could help protect them. Farm owners deny the allegation, saying that they have taken steps to ensure employees get a fair deal and ecosystems are protected.

They argue that the industry is helping lift many thousand of Kenyans out of poverty. HCDA (2000)

The Kenya Flower Council says that the horticulture industry is vital in creating jobs in Kenya, where earnings in key sectors such as coffee have fallen sharply and tourism has suffered from political violence in previous years. Francis Atwoli, secretary general of COTU, has implied that COTU has been working closely with the ministry of Labor to improve the situation of casual laborers. COTU has subscribed to the Task force reviewing labor laws and also signed a collective bargaining agreement in which flower workers wages increased by 16%. The farm workers will earn between Ksh. 4,060 – Ksh. 11,600 per month. HCDA (1999)

Issues related to the Industry

The problems in this industry are basically related to stakeholders analysis and management. They point towards:

- Labor violations-starvation wages, arbitrary dismissal for offences, no benefits, no health or maternity leave, sexual harassment etc.
- Misuse of chemical, particularly toxins and pesticides that have been banned in the International market

- The issue of chemical residue, high above market requirements and standards
- The mismanagement of stakeholders groups

It is not clear; as implied by Abisai Ambenge, Labour Commissioner at the Ministry of Labor, why Labor legislation based on International standards has not been enforced. Though enforcement officers do exist in this government department they are claims that lack of transport, access to telephones etc has impeded their ability to enforce legislation. DNA (2002)

Plantation and Agriculture Workers Union and COTU, are mandated to represent the interest of workers, but have not yielded much success. Mr. Atwoli, in more recent developments, threatened to lobby in the European Export Market about the extreme conditions of farm worker in Horticultural farms in Kenya. This is very likely to create a ripple in stakeholder groups both at home and abroad. Standard Newspaper (2002)

Despite the contribution of the Horticulture industry to the country's economic growth, no study has been done to determine how stakeholder analysis and management in this industry would influence productivity and demand. Besides, it would be important to determine factors that are perceived as significant when categorizing stakeholders and managing them.

This would enable the horticulture industry to focus more resources on those particular aspects in order to strategically analyze and manage stakeholder groups.

1.3 Study Objectives

Research Objectives of the study are:

- To establish or identify stakeholder analysis and management practices in Kenya, in the horticultural industry.
- To identify the factors which influence these practices.

1.4 Significance Of The Study

In defining or redefining the company's mission, strategic managers must recognize the legitimate rights of the firm's claimants. These include not only the shareholders but also the stakeholders. The stakeholder is trading many fronts; consequently to understand the stakeholder relationship within the firm, then managers need to seriously assess the importance of each stakeholder group in their organization. Burnes (1996)

It is anticipated that this will help horticulture farms as well as senior managers in

other industries in the following ways, That it will satisfy the interests of more complex constituencies managers find themselves in, that they will achieve sustainable commercial success by creating stronger relationships with employees, customers, suppliers, investors and the community. The managers will therefore learn fast enough and change first enough, in line with the complex nature of the environment in which they operate.

They will be able to monitor company performance as a result of continuous monitoring of managers by other stakeholders, who have a long-term relationship with the firm and engage permanently in the important aspects of decision-making and in the case of dissatisfaction, take action to correct management decision. The study is of importance, as it will embed deeply stakeholder conceptions in corporate thinking and practice. This is an especially so competitive advantage stem more and more from intangible values embodied in the human and social capital.

1.5 Structure Of The Study

Chapter one gives the background of stakeholder analysis and an overview of the horticulture industry. It also contains the statement of the problem, research objectives and significance of the study.

Chapter two gives the literature review while chapter three gives the research methodology. Data is analyzed in chapter four, while conclusions are drawn in chapter five. In chapter five, recommendations for this study and limitations of the study are also given.

CHAPTER TWO: LITERATURE REVIEW

2.1 Stakeholder Analysis

Through out the first eight decades of the twentieth century, the idea that corporations should be run in the interests of all of their stakeholders, rather than just for their shareholders, slowly but steadily gained acceptance and credibility in academia, in the courts and in the boardrooms in the US. Then in the space of a few years in the 1980's and early 1990's, legal scholars, finance scholars and other academic elites rejected the idea and legal advisors to corporations began advising managers to justify everything they do in the name of share value. These scholars and legal advisors have, in effect, resurrected an old view of corporations, that the corporation is a bundle of assets that belong to shareholders - although they have wrapped it in clever new neo- classical economic theory. Penrose (1959)

Porter (1980), states that competition depends on five basic forces. These forces are external to the firm and represent particular interest groups such as suppliers, buyers, and competitors, all of these key groups. Stanford Research 's institute's definition of stakeholder is those groups without whose support the organization would cease to exist. According to Ansoff and McDonnel (1990), it is through strategic management that a firm will be able to relate itself to the

environment to ensure its success and also secure itself from surprises brought about by a changing environment.

Corporate level strategy is concerned with the overall purpose and scope of an organization to meet the expectations of owners and major stakeholders and add value to the different enterprise. Johnson and Scholes (1999). The expectations and demands of constituents are key ingredients for decisions about what an organization will do and how it goes about carrying its tasks. Stakeholders or constituents are those who are capable of influencing in some measure the outcomes or actions of an organization and in a significant way are its *raison d'être*. A rather wide range of actors might be included; competitors, beneficiaries, directors, employees, political parties, consumers, international donors etc. Stakeholder analysis should take care to assure only those stakeholder groups that can have a realistic and reasonably significant impact on a firm's operations. Crosby, (1989)

Many of the major European supermarkets are now implementing codes of practice in response to growing consumer concern about food production methods and their impact on poor people and the environment. Codes require suppliers to meet minimum standards on food safety, working conditions,

and environmentally friendly production. In all parts of the world, exporters and growers supplying European supermarkets are now being asked to comply with these codes. Wheeler and Sillanpaa (1998).

But supermarkets are not the only ones involved in developing or implementing codes.

Non-government organizations (NGOs), who historically have put pressure on markets to adopt codes, want to engage more directly with companies e.g. in monitoring code compliance. Trades unions see codes covering labor issues as a means of promoting core international labor standards, and so want to be involved in code initiatives. Campbell (1997)

Involvement of key stakeholders is important in improving both the impact and the practicality of the code. Proper involvement of owners and managers of farms and export operations in code development helps ensure that the code is practical to implement. Involving workers or their representatives in developing the code helps ensure that the code reflects workers' own priorities, so it is much more likely to bring them real benefits.

According to Morten Huse (1995) it is clear that corporate governance systems can only be understood in the light of each country's history, culture and political systems. The broad arrangements in Scandinavia and other European countries, suggests new direction for research. They could move the focus of discussion about boardroom independence from the study of the outsider / insider ration, to trying to understand what kind of systems are necessary to produce an independent boardroom.

Some of the questions for investigations would be: what is the value of worker directors? What role can the board play to influence the directors outside the boardroom? What role can the board play in influencing company policies on environmental management? What are the needs of various stakeholder groups?

Commenting on stakeholder value, the magazine, *Management Today* (1997) noted that the day that companies could do as they pleased, fly in the face of public opinion, turn a deaf ear to the cries of the staff, routinely give – no comment – to the press and speak to the city only via the profit margins are long gone. Corporate reputation has become more important and more vulnerable than ever before.

Stakeholder analysis is concerned with understanding the strategic position of organization in terms of its external environment, internal resources and competences, and expectations and influence on stakeholders. Pearce and Robinson (1997)

2.2 Overview Of Stakeholders

For the purpose of this study, Stakeholders shall be defined as any group of individuals whether directly or indirectly; internal or external to the firm that has a backward forward relationship. They are in this relation, with the appreciation that they draw considerable benefits from each other. Porter (1980)

'Stakeholders are those individuals or groups who depend on the organizations to fulfill their own goals and on whom, in turn the organization depends.' Johnson and Scholes (1999). Organizations stakeholders can be divided into internal and external stakeholders. Internal stakeholders are stockholders and employees, including executive officers, other managers and board members. External stakeholders are all other individuals and groups that have some claim on the company. Typically this group comprises customers, suppliers, governments, unions, local communities and the general public. All stakeholders are in exchange relationships with the company.

Each stakeholder group provides the organization with important resources and in exchange each expects its interest to be satisfied. Pearce and Robinson (1997).

The process of strategy formulation begins with definition of the organization's vision. The vision then directs the mission (the purpose of the business undertaking). This is defined to reflect the values of the wide variety of interested parties (the stakeholders). This has to be done whether for new business or reformulating direction for an ongoing business, it must determine the basic goals and philosophies that will shape its strategic posture. Glueck and Jauch(1988); Pearce and Robinson(1997).

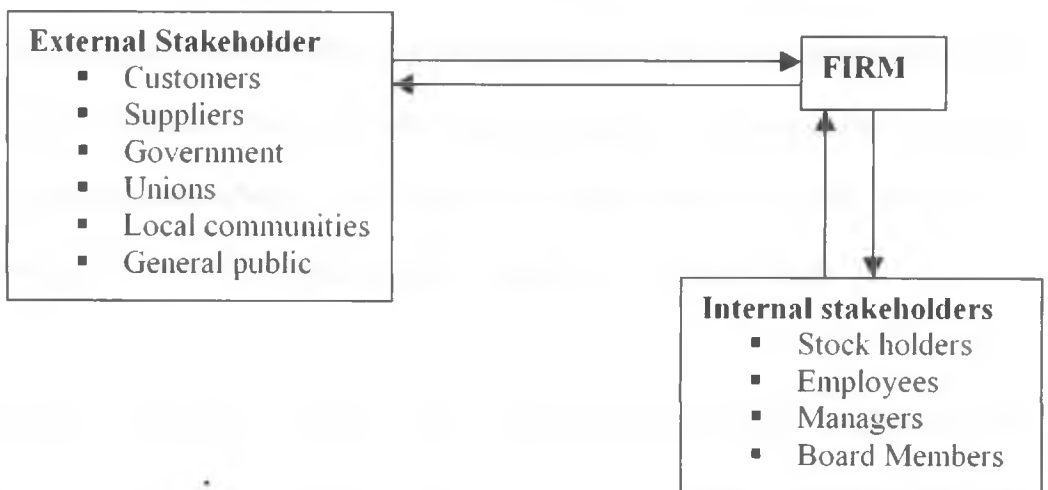
External environment analysis is necessary because environmental factors are prime influencers of strategy change. The analysis gives strategists time to anticipate opportunities and plan to take optional responses to them.

It also entails analysis of the industry, competition and market. The analysis helps strategists to develop strategies, which can turn a threat to the firms advantage. If a firm ceases to adjust its strategy to the environment, the result is lessened achievement of corporate objectives.

However, attention should be given to those environment sectors, which are reluctant to a firm's operations. (Jauch and Glueck, 1998; Thomson, 1990; Hax and Majluf, 1991). Andrew (1971) places primary emphasis on appraisal on internal and external situations.

When the two are matched this leads to creation of strategies, which are then evaluated with the chosen one subsequently implemented.

Stakeholder Classification and relations



Source: Pearce and Robinson (1997)

Stockholders provide the enterprise with capital and in exchange expect an appropriate return on their investment. Employees provide labor and skills and in exchange they want high quality, reliable products that represent value for money. Suppliers provide a company with inputs and in exchange seek revenues and dependable buyers. Governments provide a company with rules and regulations that govern business practices and maintain fair competition and in exchange want companies that adhere to these rules. Unions help to provide a company with productive employees and in exchange want benefits for their members in proportion to their contributions to their company. Local communities provide companies with local infrastructure and in exchange want companies that are responsible citizens. The general public provides companies with national infrastructure and in exchange seeks some assurance that the quality of life will be improved as results of the organizations existence. (Porter, 1980)

An organization must take these claims into account when formulating its strategies, or stakeholders may withdraw their support. Interests of an organization must be fully satisfied. Often the company must make choices and to do so it must identify the important stakeholders and give them higher priorities to pursuing strategies that satisfy their needs, Machin et al (1981).

Stakeholder impact analysis can provide such identification. Today the question of the board and for those who advise them on the area of strategy and communication planning is not whether they should be communicating with this or that stakeholder group but rather how to manage communication across stakeholder groups. Industries which are being forced to consolidate internationally are seeing the distinction between competitor, customer and supplier becoming blurred making each player more influential than the other. Goyder (1998).

Gone are the days when interests and activities of any Stakeholder group could be conveniently overlooked. The flow through the company structure, strategy and processes, all affect the key stakeholders in the organization, and all of them have a key influence on the key outcomes of the organization. Many audiences can now know what is being said or done to others and will simply not tolerate, inconsistent behavior pattern, DNA (2002). Whatever decision has to be taken has to be clearly balanced against the likely response of stakeholders, Lubatkin, (1991).

2.3 The Need For Stakeholder Analysis

Prior to the 1950's , organizations attempted to tackle the strategic problems by using such managerial techniques as long term planning, long term budgeting and financial control. Harrison (1996) identified seven models of planning as long term budgeting, operational planning, production / manpower planning, long range planning, ad hoc strategy formulation, formal strategic planning at intervals and routine formal strategic planning.

This was an era when environmental turbulence was low. David (1997) The future of organizations was expected to be reasonably similar to the past due to stable environment. Managers adapted and reacted to events as they occurred. Strategies emerged from a consensus of top management opinions.

Strategic planning was born in the 1960's. Organizations adopted it after a realization that the environment was not stable any longer. However, it was faced with a lot of criticisms in 1970's. During this era, the business environment was rather steady and most organizations were not faced with threatening competition, consumers were satisfied with services offered, the economy was stable. Organizations were able to interpolate the future trends using past results and strategic planning was no longer viewed as a fundamental element.

In 1980's, the trend changed and there was a sudden need to revitalize strategic planning. Strategic plans were not adaptable to the turbulent environment, and had therefore to be reshaped to adapt to external environments for the organizations to gain competitive advantage. This was a clear indication that strategic planning is an important element in any organization. Despite these criticisms, strategic planning is widely practiced today. It has to be tuned to assist organizations cope with emerging environmental realities. Mugambi. (2003)

Stakeholder analysis is a process in strategic planning. It involves the systematic gathering and analyzing of qualitative information to determine whose interests should be taken into account when developing and or implementing strategy, a policy or program. The analysis includes such stakeholder characteristics, as knowledge of the policy, interest related, position, potential alliances with other stakeholders, and ability to influence the policy process, through power, influence and leadership. Crosby (1989)

Stakeholder Analysis is the technique used to identify the key people who have to be won over. You then use Stakeholder management to build the support that helps you succeed. Johnson and Scholes (1999). Stakeholder analysis has been thought to be important to policy makers and managers.

They are able to identify the key actors and assess their knowledge, interests, position, alliances, and importance to the related policy. This allows policy makers and managers to interact more effectively with key stakeholders and to increase support for a given policy program. When this analysis is conducted before a given policy or program is implemented, policy makers and managers can detect and act to prevent potential misunderstanding about and / or opposition to the policy or program. When stakeholder analysis and other key tools are used to guide the implementation, the policy or program is more likely to succeed. Crosby (1992)

Stakeholder analysis enables organizations to adapt under conditions of externally imposed stress or crisis because of the changing environment. Organizations can and do often create their own environment, besides reacting to it, by focusing on strategic issues. Strategic Analysis, is concerned with understanding the strategic position of the organization in terms of its external environment, internal resources, and competences, and the expectations and influence of stakeholders. Johnson and Scholes (1999)

Ansoff (1979) argues that the success of an organization lies on the hands of shareholders and management. The shareholders will thus define their expectations and the management will interpret these wishes into appropriate

strategic actions and technocracy will carry out the actions under guidance from management. This implies that strategy is therefore formulated by top management and communicated and implemented through out the organization.

Mutonyi. (2003)

The success and, indeed, the survival of every organization depends on how well it relates with its challenges and how it positions itself to the external environment. Informed estimates of the impact of these complex dynamic external environment considerations, through proper analysis, will ensure that an organization remains successful. (Pearce and Robison, 1997; Hammond et al, 1998; Johnson and Scholes, 1999).

Identification Of Stakeholders

When identifying stakeholders it is not enough to focus on the formal structure of the organization. Rather it is necessary to have a look at informal and indirect relationships too. A useful model for this purpose is to visualize the stakeholder environment as a set of inner and outer circles. The inner circles stand for the most important stakeholders who have the highest influence. Johnson and Scholes (1999)

Identification and analysis Of Stakeholder groups



Source: Exploring Corporate Strategy

Johnson and Scholes (1999)

This exhibit serves to give a general overview on possible stakeholders and their impact. In general, the formation of stakeholder groups depends on the individual situation of each corporation. Although stakeholder analysis is sometimes used as a tool for industry analysis, its true value lies in the evaluation of particular problems for businesses and organizations. In this sense, it is also a tool for evaluating strategies. The reason is that individuals and groups may behave differently in different situations.

For instance, environmental interest groups will have a low interest in staffing decisions; they could, however, have an extremely high impact when it comes to location decisions. Johnson and Scholes (1999)

2.4 The Process In Stakeholder Analysis

Stakeholder analysis yields useful and accurate information about those persons and organizations that have an interest in the company. The information can be used to provide input to other analyses: to develop action plans, to increase support for reform policy and to guide participatory consensus building process.

To increase support or build consensus for reform, policy makers and managers must take additional steps following the stakeholder analysis. In the phases of the policy process, constituency building, resource mobilization and implementation- policy makers and managers should use the information, generated by the stakeholder analysis to develop and implement strategic communication, advocacy and negotiation plans. Reich (1993).

Identifying major stakeholder groups

Identify and list stakeholders. Often it is better to do this with the help of a small group of people. Stakeholders can be individuals, groups, communities, organizations, etc. Also breaking stakeholder groups into smaller units (e.g. men and women, ethnic groups, locality, organizational departments) will often assist in identifying important groups who may otherwise be overlooked.

Stakeholder analysis is aimed at enhancing stakeholder involvement in participatory processes. This is done prior to the actual decision-making activities. Thus stakeholders do not usually participate in this process. However, since stakeholder identification has consequences, analyses are likely to reflect the interests and agenda of the agency directing the exercise. This can be redressed later in the process by allowing the inclusion of more stakeholders as their interest comes to light. Mintzberg H. (1999)

Determining interests, importance and influence

Draw out key interests for each stakeholder group in the initial list. Key questions could include, what are the likely expectations of the project by the stakeholder? What benefits are there likely to be for stakeholders? What resources are the stakeholders likely to commit (or avoid committing) to the project?

What other interests does the stakeholder have that may conflict with the project? How does the stakeholder regard others on the list?

Next, assess the influence and importance of each stakeholder on the project. Influence refers to how powerful a stakeholder is; importance refers to those stakeholders whose problems, needs and interests coincide with the aims of the project. If these “important” stakeholders are not involved or assisted, then the project cannot be called a success. Mintzberg H. (1999)

Establishing strategies for involvement

Plan strategies for approaching and involving each person or group. How to do this will usually depend on the results of the previous analysis. How involved each stakeholder is will depend on the appropriate type and level of participation. There is no need to involve reluctant stakeholders, and stakeholders may change their level of involvement as the process continues. Thus, partnerships should be flexible and designed to grow. Where the stakeholder is a group rather than an individual, you may need to decide whether all in the group participate or only representatives of the group. Mintzberg H. (1999)

Analysis Of Interest And Power

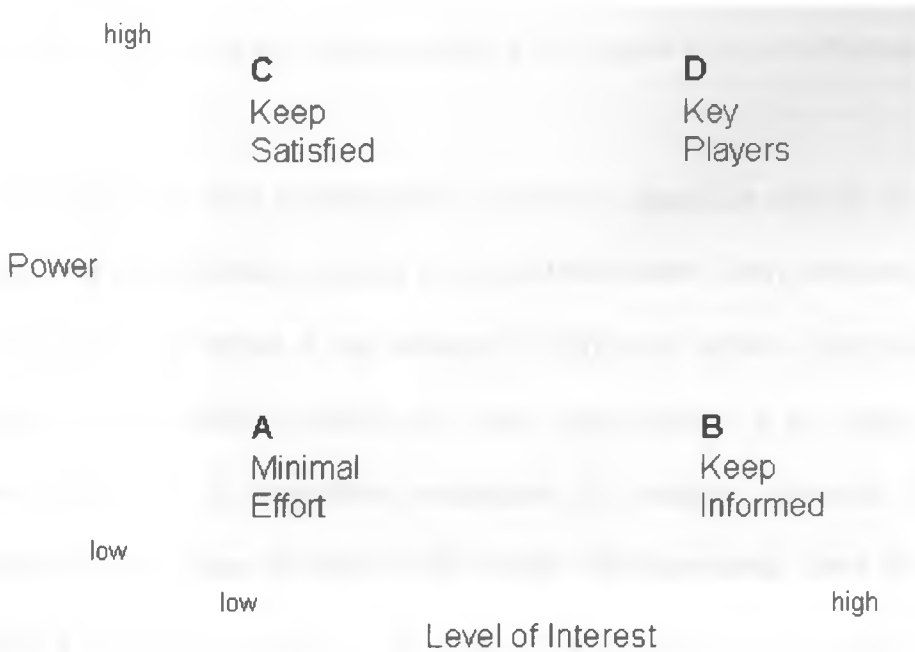
The role of stakeholders has come so strongly and any company that intend to operate tomorrow must embrace stakeholders in its strategic processes
Pearce and Robinson, (1997)

The power/interest matrix is a useful tool for evaluation of the expectations and the impact of particular stakeholders. It analyses the following questions:

- How **interested** is each stakeholder group to impress its expectations on the organization's decisions?
- Do they have the means to do so? Do they have the power to do so?

In the result, the power/interest matrix provides valuable information on how to handle particular stakeholders and groups. It can also indicate, if certain decisions will receive support or resistance, and which groups have to become included in the decision process. Johnson and Scholes (1999)

Analysis Of Interest And Power



Source: Exploring Corporate Strategy

Johnson And Scholes (1999)

Stakeholders in sector A neither do not have a high own interest in corporate plans nor do they have to power to exert much impact. Organizations should keep these groups informed in the necessary extent, but should not invest too much effort into them.

Stakeholders in Sector B do have a high interest in the corporation and its actions.

However, they have limited means to influence things. Despite their low power, such stakeholders could be valuable allies in important decisions. Therefore, it is advisable to keep them informed about the issues they are interested in.

The relationship with stakeholders in sector C could be difficult. In this group, we often find institutional investors or legislative bodies. They behave passively most of the time and show a low interest in corporate affairs. Despite that they can exert an enormous impact on the organization, e.g. when it comes to investments. It is therefore necessary to analyze potential intentions and reactions of these groups in all major developments, and to involve them according to their interests. The most important stakeholders are those with high interests and high power, to be found in sector D. They have to be involved in all relevant developments. Johnson and Scholes (1999) All identified stakeholders should be grouped in this matrix.

This can reveal the following insights:

- Recommendations for relationships to particular stakeholders
- Identification of supporters and opponents of a project.

- Necessary repositioning of stakeholders. (E.g. reduction of power of a major opponent – from D to B; increase of interest of a powerful supporter – from C to D)
- Measures to keep stakeholders in favorable positions. (e.g. fulfillment of information needs in sector C) Johnson and Scholes (1999)

To support such tactics, organizations can compare the actual stakeholder map with a more favorable one. This allows revealing deviations. It is the basis to find ways on how to reposition particular stakeholders. For instance, it is possible to influence the opinion of an important customer by involving him in early planning stages in order to find a solution that meets the needs of both parties. Moreover, this type of analysis can provide insights, if it is necessary to sub-divide larger stakeholder groups into more smaller groups. These sub-groups could be treated differently in order to meet their individual needs and to get their support. Such a strategy allows to form new alliances and to shift power.

Nevertheless, every influencing of stakeholders should be done within ethical and legal limits.

2.5 Stakeholder Management

Historically, the corporation was controlled by its owners – through direct control of the managers if not through direct management – for the pursuit of economic goals. But as shareholding became dispersed, owner control weakened; and as the corporation grew to very large size, its economic actions came to have increasing social consequences. The giant, widely held corporation came increasingly under the implicit control of its managers, and the concept of social responsibility – the voluntary consideration of public social goals alongside the private economic ones – arose to provide a basis of legitimacy for their actions.

Mintzberg H. (1999)

Today, all players in business face the interest and the impact of different people and groupings. Especially larger corporations have to care not only for the needs of their direct owners, but also for various other groups, like employees, public interest groups like environmental organizations, strategic partners, journalists or public monitoring bodies. According to each company's individual situation, this list could easily be extended.

Therefore, all businesses operate within a complex system of interests and influences.

Management has to assess and evaluate these external forces in order to adjust them with corporate objectives. Mintzberg (1999)

The importance of stakeholder management is not limited on day-to-day business. On the contrary, it is primarily concerned with long-term strategic decisions. These are all those developments that affect at least particular stakeholders. Stakeholder Management is an important discipline that successful people use to win support from others. It helps to ensure them that their projects succeed where others fail, and helps them to manage the intense politics that can be associated with major projects. Johnson and Scholes (1999)

The key objective of stakeholder management is to measure the influence of various stakeholders on company performance and on each other and then to effectively manage the linkages between these influential relationships. Running a successful project requires a high degree of stakeholder management. It is therefore important to understand the values and issues that stakeholders have in order to address them and keep everyone on board for the duration of the project.

2.6 The Stakeholder Management Process

It can only be possible to influence people to change if you know them. Stakeholders will look at how change will affect them and how they will react differently to different situations. One way through which stakeholders can be analyzed is through stakeholder interests versus their power to influence strategy within the organization, Pearce and Robinson (1997). Stakeholder management is critical to corporate success.

Involving stakeholders in creating a set of realistic goals and objectives. Stakeholders are not always keen to participate but engaging them at this early stage of the project will help ensure success. Stakeholders are most likely to be actively engaged by a set of goals and objectives aimed at improving business performance and thereby take an interest in the project.

All projects need a clear set of deliverables aimed at achieving the project goals and objectives. These should be communicated clearly to the stakeholders and efforts made to ensure that there is a clear understanding regarding the quality and composition of each deliverable. In order to achieve this, prototypes and samples can be prepared to avoid misunderstandings or disappointment later.

Once your project is running there are two groups of people who need to be kept informed of progress, the project team and the stakeholders.

The most effective way of communicating progress is via regular progress reports. The reports form a useful record of the project and can be e-mailed to all relevant parties and/or placed in a central repository that everyone has access to. Brinker. (1998)

What is striking is the power of individual groups, in their ability to act in combination on the organization. Stakeholder groups are now more likely to influence one another. Which is why a good corporate citizen is rapidly becoming a matter of survival rather than choice, or an opportunity to gain an edge over less sensitive competitors. With the extreme turbulence, it is realized, especially so by the horticulture industry that no stakeholder group can afford to be ignored. The dissatisfaction of one stakeholder group can have reciprocal effects on the entire industry. The current study therefore seeks to illustrate the need for a strategic stakeholder analysis and management.

Stakeholder analysis and management is realized through a firm's corporate strategy. Firms that show inclusions of their stakeholders in their value, processes and strategies, develop a strong sense of stakeholder responsibility, (Johnson and Scholes, 1999).

Implication Of Managing Stakeholders

POWER				
	High	3.	4	
		E.g. Shareholders, Keep them satisfied	E.g. CEO Key Players, involve them all	
	Low	1.	2.	
E.g. Individual Subordinates. Minimal effort		E.g. Lobbyists Keep informed		
		Low	High	
INTEREST				

SOURCE: Johnson and Scholes (1999)

This analysis tool is ideal in identifying stakeholders' interests and their likely response to change. Under bracket {1} we are likely to have shareholders of the firm.

This group should be taken seriously during any change initiative as they are highly affected by change. Such a stakeholder group should be kept informed. Under the bracket {2} stakeholders can afford to be neutral to any change initiative within the organization. The most probable stakeholder group here is trade unions, such as COTU. Such groups, though neutral, may be supportive to change. This group is relatively easier to handle especially if the firm can give them the best offer. In bracket {3} stakeholder groups here could be lobby groups. They have high external interest. Change may not be so important to this stakeholder group yet they want to be seen as affected. The firm can accommodate the views of such groups and also keep them informed. Bracket {4} is for those likely to be affected immensely by the change initiative. This stakeholder group has both high interest and high power to influence. They are key to the organization and may fall under the category of CEO and Shareholders. This stakeholder group must be kept informed and even involved in the decision making process

Identifying the stakeholders' power and interest will entail examining the stakeholders' expectations and the power of the stakeholders in influencing the operations of the organizations. It establishes how interested each stakeholder group is in influencing the direction of the organization and if they have the means to actually influence the organization.

Such an analysis helps an organization to identify the stakeholders most critical to its survival and to make sure that the satisfaction of their needs is paramount.

More generally, any firm that fails to satisfy its the needs of its stakeholders will soon see its revenue fall and will ultimately go out of business. Whatever decision has to be taken must be clearly balanced. One concept is that of inclusion. It stems from the influential 'Tomorrow's Company Report, published by Royal Society For The Encouragement Arts Manufactures and Commerce (RSA –1996). This can be achieved if a firm prioritizes its stakeholder group needs.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This was a survey design aimed at determining stakeholder analysis and management practices in horticulture farms located in Nairobi and its environs.

There are 128 horticulture farms as listed in the HCDA and FPEAK members' directory. 60 horticulture farms were selected using random sampling. Each of those farms received a questionnaire through the drop and pick method. The researcher then picked up the questionnaire during the agreed time.

3.2 Population

The population of interest in this study comprised selected firms from the FPEAK and HCDA membership list of firms within Nairobi, and its immediate environs. This included towns like Naivasha, Thika, Kikuyu and Limuru. This made a total of fifty firms. This comprised of 'large size', on the basis of the turn over, the number of employees and the production level. The respondent was a person vested with the responsibility for decision - making.

3.3 Data Collection

The primary data was collected through the use of semi-structured questionnaire addressed to contact names as specified in the sampling frame (attached lists).

The questionnaire was hand delivered and administered using the drop and pick method. Part 1 of the questionnaire was designed to collect general information on about the horticulture firms. Part 2 of the questionnaire was designed to measure awareness and the level of practice of stakeholder analysis. Part 3 of the questionnaire was to ascertain the respondent's perception of stakeholder analysis.

The choice of mode should be dictated by the objectives of the research and required data (Nachmias and Nachmias, 1996; Tull and Hawkins, 1990). Tull and Hawkins, (1990) add that resource considerations are important. Although personal interviews have been found to yield the highest quality and quantity of data compared to other modes (Parasuraman, 1986) Ogutu (1998), supplemented personal interviews with drop and pick later approach. This is because of unavailability of respondent, when the researcher intended to conduct the interview. Warsame (2002) preferred to use drop and pick later survey method. Kang'oro (1998), used a modified aspect of drop and pick later survey, whereby she discussed the contents of the questionnaire with the respondent and then returned later to pick up the completed questionnaire.

This research will adopt the drop and pick later approach. This is aimed at capturing benefits of personal interview, by designing the questionnaire to probe

in areas you would have; if in a personal interview, and on the other hand, save time because of the geographical spread of the horticulture industries.

One questionnaire was administered to the Contact person listed in the FPEAK / HCDA directory.

3.4 Data Analysis

Section A

A percentage was used to determine the rate of responses from the two categories of farms and also the status proportion of different respondents.

Section B

Data in this study was analyzed using descriptive statistics. They include tables, proportion and mean scores. Mean scores were calculated from the responses, which were rated on 5– point Likert Scale. The scale had 1 taken as the perceived lowest or least critical aspect and a 5 perceived most critical or important aspect of the factors influencing or determining stakeholders analysis and management practices. The data for the research will be represented using descriptive statistics:

This will involve calculation of mean and the mode of the data, graphical representations, proportions, bar graphs, frequency distributions. This will help in understanding the factors that influence Stakeholders analysis in horticultural firms.

Section C

This part of the questionnaire centered on perception and attitude towards stakeholder analysis and management practices. The responses were treated as suggestions or elements that influence their perception.

CHAPTER FOUR: FINDINGS AND DISCUSSION

4.1 Introduction

In this chapter, data has been analyzed using proportions, means and presented in form of tables, percentages and charts. The study was to identify stakeholder analysis and management practices in the horticulture farms in Nairobi and its environs. It also sought to identify the factors, which influenced the above practices.

The total population of the horticulture firms was 60. These comprised of firms in Nairobi and its immediate environs. However, when issuing the questionnaire, I found that most Managers in the Horticulture firm were skeptical about disclosing information they considered confidential. This is especially because there has been a lot of 'negative publicity' in the media on the management practices of Horticulture firms.

For those that did co-operate, fifty {50} questionnaires were duly completed and analyzed. However, there is also a large group of respondents who declined to complete the questionnaire for various reasons.

Therefore the total of 50 responses were then analyzed to give meaning to the research. The results are discussed in the following sections.

4.2 Organization Profile

The chart reveals the titles of all those who responded to this questionnaire.

Table No. 4.1 Title Of Interviewees

CATEGORY	FREQUENCY	PERCENTAGE (%)
Managing Director	0	0
General Manager	12	24
Human Resource Manager	33	66
Farm Managers	3	1.5
Procurement Manager	1	0.5
Finance Manager	1	0.5
Any Other	0	0
TOTAL	50	100%

Source: Research Data

Of the 50 Horticulture farms that responded, 66% of the interviewees were Human Resource and Administration Managers. This comprised the majority.

The General Managers represented a much smaller percentage of 24%, whereas the remaining 10% was made up of others.

4.3 Type of Company and Target Destination

According to HCDA (2002), Kenya is the largest exporter of cut flowers and horticulture products to the European union.

In the flower sub-sector, there are now 70 flower farms in the country primarily located in Nairobi, Naivasha, Limuru and Thika. The farms produce flowers fruits and vegetables targeting the export market.(KFC,2001).

Most horticulture farms target the export market. Analysis based on this premise was used. The graph below summarizes the type of farms and their target markets. Although there are numerous flower farms in Kenya, three quarters of the exports are supplied by 40 large / and medium scale operations. HCDA (2000)

Table 4.2 Type Of Company And Target Market

Destination	Frequency	Percentage (%)
Flower Producing For Export Market	28	56
Flower Producing for Local and Export Market	2	4
Flower Producing For Export Market	10	20
Fruit Producing for Local And Export Market	3	6
Flower, Fruit and Vegetable producing for Export And Local Market	7	14
TOTAL	50	100

Source: Research Data.

Of the above respondents, 56% are Flower - Producing farms for Export Market, 4% were flower-producing farms for Local and Export Market, and 20% were flower, Fruit and Vegetable Producing for Export Market. 6% of the respondents were fruit producing for local and export market while 14% are flower, fruit and vegetable producing for export. The other categories had no responses.

This goes to show that a better percentage of the horticulture farms in Kenya target the export market. With an estimated growth rate of 20% the horticulture industry has increased its export volume from 19, 807 to 41, 396 tons between 1992 and 2001, which was an increase of 108% HCDA (2000)

4.4 Years in Operation

The horticulture industry is among the fastest growing sectors of the Kenyan economy. This is evident by the phenomenal expansion within the last two decades. With an annual growth rate of 20%, it is an important source of foreign exchange, and its employment potential continues to grow. HCDA (2004).

The table below shows the frequency of the respondents relative to the years in which the farms were established. It is noted that majority of the Horticulture farms are between 5-10 years old –54%.

In this regard, the horticulture industry is, and continues to be, a significant source of employment. Given its labor – intensive nature and the growth rates so far witnessed, this sector has potential to absorb an even greater number of workers.

Table No. 4.4 Number Of Employees

Number Of Employees	Frequency	Percentage
LESS THAN 100	15	30%
101-200	20	40%
201-300	15	30%
TOTAL	50	100%

Source: Research Data

It was also established from the respondents that 30% of them had between 201-300 employees. Their bigger majority had between 100-200 employees, which made up a total of 40%, while the remaining fraction had less than 100 employees. This comprised a total of 30%.

The number of employees a farm had was determined by the size. This was really defined by the volumes a farm generated. The 'bigger' farms had more than 200 employees and specialized in the export market. It is imperative that they required more manual labor in their production processes.

4.6 Categories Of Employees

The Government Of Kenya has identified Agriculture as a vehicle for realization of its national objectives of reviving and sustaining economic growth, creating employment and alleviating poverty in its policy document of Economic Recovery Strategy for Wealth and Employment creation. (ERS)

To contribute to the achievements of these objectives, the ministry of Agriculture in Collaboration with other sector ministries is implementing the strategy for revitalizing agriculture. The vision of this strategy is to transform Kenya's agricultural sector into a profitable and competitive economic activity that is capable of attracting foreign investment and providing gainful employment to its people. Horticulture industry being the fastest growing sub-sector is key in realization of this goal. This sector employs 2.5 million people. Keynote Address Minister for Agriculture – Techno Serve Challenges and prospects for the Horticulture industry (2005).

Table 4.5**Categories of Employees**

Employee Groups	Frequency	Percentage
Permanent & Pensionable	21	42
Temporary & Casuals	24	48
Seasonal	3	6
Permanent	2	4
TOTAL	50	100

Source: Research Data

The survey also established that a bigger proportion of employees fall under the temporary and casual category- 48%, while 6% were categorized as seasonal employees. The remaining 42 % made up permanent and pension able employees, while a smaller 4% made up the permanent employees, who would otherwise be classed as expatriates. This only serves to affirm the notion that Horticulture farms engage casual employees on a very high scale. This could also be the reason that this industry is riddled with labor issues with regards to their employees.

4.8 Factors influencing stakeholder analysis and management practices.

In this section, a number of factors were used to determine those aspects of stakeholder analysis and management that were perceived to influence the involvement, analysis and management of stakeholders in horticulture farms.

Each of these factors was analyzed.

4.8.1 Strategic Plans

To enable me determine the presence or absence of Stakeholder Analysis and Stakeholder management practices in Horticulture farms, I questioned the existence of strategic plans for the farms.

Table 4.6 Forms of Strategic Plans

Forms Of Strategic Plans	Frequency	Percentage
Written Plans	39	78
Unwritten Plans	11	22
TOTAL	50	100

Source: Research Data

100% of the respondents indicated that they had strategic Plans. However, from the respondents, 78% of the farms had long term Strategic Plans in written form while the remaining 22% did not have them in written form.

4.8.2 Stakeholder Inclusion in the Strategy Process

It was evident though, that Stakeholder inclusion and Management did not form a critical part of most of the farms strategic plans.

60% of the respondents did not mention or involve stakeholder groups in their strategic plans. A mere 40%, however, did.

Table No. 4.7 Stakeholder Inclusion In Strategic Planning

Mention of stakeholder groups in strategic plans	Frequency	Percentage
Yes	30	60
No	20	40
TOTAL	50	100

Source: Research Data.

The awareness of the importance of strategy seemed to emerge, in the development of the plans, whereas the commitment to it was not adhered to, as plans were not always put in writing.

4.8.3 Setting of Objectives

The respondents were asked to indicate whom they included in their strategy formulation processes. The table below would reveal who is involved in this process, though the information is based solely on the respondent’s indication of inclusion as responded.

Table No. 4.8 Participants in the Strategy Process

Participant Group	Frequency	Percentage (%)
Board Chairman	50	100
General Manager	50	100
Board Members	50	100
Employees in General	3	6
Kenya Flower Council	15	30
HCDA	11	22
Committee Members	5	10
Specific Employees	1	2

Source: Research Data

In establishing who participates in the development and implementation of the farms strategy, it was noted that 80% of the respondents involve the following groups in their strategy development process;

- a. General Manager
- b. Board Members
- c. Specific Employees
- d. Committee Members
- e. Chairman of the Board

The remaining 20% did not involve Specific Employees but involved all the other groups listed above.

4.8.4 Subscription To Associations.

The subscription to the Kenya Flower Council (KFC), Horticulture Crops Developments Authority {HCDA}, and Fresh Produce Exporters Association Of Kenya {FPEAK} is considered paramount as implied by the respondents.

Table No: 4.9**Subscriptions to Associations**

Association	Frequency	Percentage (%)
FPEAK	49	98
HCDA	50	100
KFC	50	100

Source: Research Data

100% of the respondents subscribe to the above-mentioned associations. These are the umbrella associations that champion the course of the flower farms in the Country and therefore the benefits of subscribing to them cannot be over emphasized. 100% of the respondents subscribe to KFC, 100% to HCDA and 98% to FPEAK.

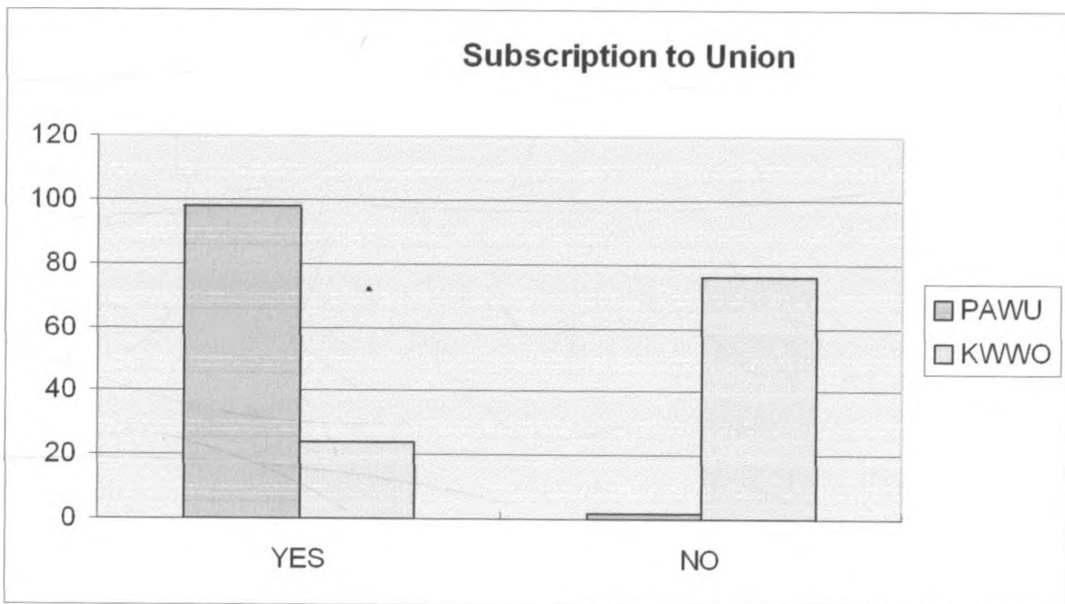
The establishment of HCDA in 1967 was due to the Kenyan governments recognition of the potential of export horticulture. These associations have initiated the creation and influencing of the trade policy. They have protected, encouraged and guaranteed investment in the sub-sector through appropriate policies. Policy measures aimed at the horticultural sector are geared towards enhancing the marketing infrastructure, establishing an improved network of price information and strengthening of the HCDA. Chweya (1995)

4.8.5 Subscription To Unions

Contrary to the public perception, subscription to Unions by employees is remarkable. Some of the flower farms may have given into pressure by the European Market lobbyist, who have spearheaded spear campaigns against products from Farms / Countries who according to them expose their workers to poor working conditions.

98% of the respondents have their seasonal as well as permanent and pension able employees subscribing to PAWU, 2% did not. Only 24% had their female employees subscribe to KWWO and the remaining 76% did not.

Graph No. 4.1 Subscription to Unions



Source: Research Data

4.9 Stakeholder Analysis

The questions in this subsection were used to determine closely stakeholder analysis and management. A list of stakeholder groups likely to be found amongst all horticulture farms was introduced as a basis for the analysis. 100% of the respondents indicated that the stakeholder groups are analyzed and involved in their process according to the level of perceived importance by individual Horticulture farms.

Table No: 4.1.0 Power and Interest Of Stakeholder Groups

Categories	Extremely Influential	Somewhat Influential	Influential	Fairly Influential	Not-Influential
Employees	0%	6%	6%	34%	54%
Local Customer	0%	32%	60%	8%	0%
Foreign Customers	100%	0%	0%	0%	0%
Suppliers	0%	0%	50%	28%	22%
Government	54%	30%	16%	0%	0%
Unions	2%	0%	88%	6%	4%
Local Communities	0%	54%	88%	6%	4%
General Public	0%	0%	26%	20%	54%

Source: Research Data

The given stakeholder groups are, however, rated variedly according to their power and interest. Based on a scale of 5-1, with 5 being the higher indicator in terms of power and influence. 1 is the lower indicator on the scale.

100% of the respondents indicated that they considered stakeholder involvement and essential aspect of the strategy process in their organization. 100% of the respondents showed that Foreign customers are ranked highly as influential and powerful, 54% of the respondents also thought the Government was very powerful in determining their operations. Another group that is ranked highly is foreign communities.

With regards to Stakeholder Involvement, 100% of the respondents indicated that they considered stakeholder involvement and essential aspect of the strategy process within their organization.

4.9.1 Conflict Resolution

In this section, the respondents were asked to confirm the departments or process in place for conflict resolution.

Human population around the horticulture farms has increased tremendously

over the last 2 decades. This has been exacerbated by the creation of employment opportunities in the sector, as it is a labor-intensive industry. The demand for housing has given rise to unplanned settlements and many people living in unsanitary environments. It has been alleged that a number of horticulture farms release untreated sewer and waste into water bodies located in their vicinity. This has further compounded the eutrophication status of the lakes / water bodies and raised public health concerns. Increased human population has also meant an increased demand for domestic water. Inappropriate Activities in the Wider -Catchment. A recent survey by UNEP and KWS has revealed the extent of decline of the Aberdare Forest cover, which affects Lake Naivasha's main catchment. The Malewa River today is a pale shadow of its former self, with significantly reduced and sharply fluctuating flows. The Gilgil River that drains the Rift Valley floor to the north is no longer perennial. Issues revolving around labour practices and international production standards are also common in the horticulture sector. NETWAS (2005)

With the above in mind, it is evident that a consultative process is required to initiate consensus building in the horticulture industry.

Table No: 4.1.1**Conflict Resolutions**

Categories	Frequency	Percentage
Public Relations Department	2	4
Customer Care Desk	17	34
Human Resources	31	62
TOTAL	50	100

Source: Research Data

From the chart, 65% of the respondents indicated that HR department is the firm's address point for stakeholder management. This would be critical especially for employees, whose concerns seem to be in the limelight. 34% of the respondents indicated that they have and use Customer Care Desks for the management of stakeholder groups. A mere 1% indicated the use of the Public Relations Department. 0% of the respondents indicated the use of an external affairs department or the use of a conflict resolution system / process.

This could explain why the horticulture industry has received negative press in the recent past.

4.9.2 Collecting Information on Stakeholder concerns.

On collecting information on Stakeholder concerns, it is evident from the responses that the respondents rely on all the alternatives given to collect information on stakeholder concerns.

Table No: 4.1.2 Collecting stakeholders Information

Categories	Frequency	Percentage (%)
Suggestion Box	32	64
Email	50	100
Print And Electronic	50	100
Committee Meetings	50	100
AGM's	50	100

Source: Research Data

64% indicated that they collect information from the suggestion box. This did not seem a popular choice to most of the respondents. There was 100% response for the other alternatives i.e. the Print and Electronic media, email, committee meetings and Annual General Meetings (AGM'S). Stakeholder concerns are

deemed important and therefore utmost priority is given when collecting information on their concerns.

4.9.3 Factors in Stakeholder Management

The respondents were requested to rank factors that determined stakeholder management on a scale (5- highest rank and 1- lowest rank).

The table indicates those factors that determine stakeholder management.

The respondents indicated that they rated factors differently in their stakeholder management process. 100% of the respondents implied in their response that Market concerns, Economic trends, Firms Internal resources as extremely important factors in the stakeholder management process.

A further 78% indicated that technological change is also considered extremely important while 12% thought it to be somewhat important while 6% considered it to be important and the remaining 4% thought it fairly important.

50% responded that members concerns were considered somewhat important yet 50% considered members concerns to be extremely important.

Table No: 4.1.3 Factors / Concerns in Stakeholder Management

	Extremely Important	Somewhat Important	Important	Fairly Important	Un-Important
Members Concerns	50%	50%	0%	0%	0%
Market Concerns	100%	0%	0%	0%	0%
General	0%	0%	26%	54%	20%
Economic Trends	100%	0%	0%	0%	0%
Technology Changes	78%	12%	6%	4%	0%
Firms Internal Resource	100%	0%	0%	0%	0%
Social Cultural Trends	0%	4%	0%	96%	0%

Source: Research Data

General concerns were considered important by 26% of the respondents, 54% indicated that are fairly important while 20% indicated that they were considered unimportant. Social & Cultural trends were thought to be fairly important by 96% while 4% considered them to be somewhat important.

It is clear that the key concerns in the stakeholder management process are market concerns, economic trends and a Firms internal resource, as indicated in the responses.

4.9.5 Business Environment

The operating environment is considered competitive and challenging both, from the local and international scene. There are codes of practice, which regulate operations of horticulture farms in the country. These codes of practices such as the Minimum Residue Level (MRL) are considered stringent.

There is also constant monitoring of labor practices by the international markets as well as market competition for the final produce. All these contribute to the responses above.

Table No: 4.1.4**The Business Environment**

Categories	Frequency	Percentage (%)
Stable	2	4
Fairly Stable	27	54
Unstable	15	30
Fairly Turbulent	6	12
Turbulent	0	0
Very Turbulent	0	0

Source: Research Data

The business environment was rated as fairly stable by majority of the respondents. 54% of the respondents indicated that the business environment would be described as fairly stable. A smaller group of 4% thought the business environment was stable. A further 30% thought that their business environment was unstable while the remaining 12% described it as turbulent.

4.9.6 Relative Value of Stakeholder Groups

The level of influence, concern, interest and power of stakeholder groups determine the relative value a stakeholder group.

The higher the range with regards to the above, the higher the influence.

Factors such as priorities of stakeholder groups, the size of a stakeholder group and the returns of a stakeholder group were not critical in determining the value of a stakeholder group.

The responses indicating the rating of a stakeholder group in relation to its value are indicated in the table below.

All respondents indicated that the factors listed in relation to stakeholder value are all important. The responses only varied with regards to the degree of importance. None of the factors listed were classified as unimportant or fairly important. This therefore indicates that all factors listed are important in determining stakeholder value, and the greatest determinant is power yielded by the stakeholder group.

Table No: 4.1.5 Determining Relative Value of A Stakeholder Group

Categories	Extremely Important (%)	Somewhat Important (%)	Important (%)	Fairly Important (%)	Un-Important (%)
Influence	80%	18%	2%	0%	0%
Concerns	40%	24%	18%	16%	2%
Interest	18%	62%	18%	0%	2%
Power	100%	0%	0	0%	0%
Return	0%	20%	30%	46%	4%
Size	0%	10%	36%	28%	26%
Priorities	0%	0%	0%	22%	78%

Source: Research Data

4.9.7 Ranking Stakeholder Groups

It was evident from the responses that the Government, foreign customer and the foreign community is ranked highly as stakeholder groups. This could be attributed to the power the same groups yield in terms of influencing the demand and supply of horticulture produce.

74% of the respondents indicated that the government is ranked as an extremely important stakeholder group. 100% ranked foreign customers as extremely important. This again could be attributed to the fact that most of the horticulture farms target the foreign consumer, hence the need to appreciate their importance. Local customers, the general public and the local community are ranked as important. This is a somewhat average ranking, as the groups do not directly influence the activity of the farms, At least not to a destabilizing point.

Table No: 4.1.6 Ranking Stakeholder Groups

Categories	Extremely Important (%)	Somewhat Important (%)	Important (%)	Fairly Important (%)	Un-Important (%)
Government	74%	26%	0%	0%	0%
Suppliers	0%	56%	44%	0%	0%
Foreign Customers	100%	0%	0%	0%	0%
Local Customers	0%	0%	88%	12%	0%
General Public	0%	0%	78%	22%	0%
Local Community	2%	6%	68%	24%	0%
Foreign Community	52%	48%	0%	0%	0%

Source: Research Data

4.9.8 Responding to Stakeholder Concerns.

There is indeed a co-relation between stakeholder group ranking and responding to stakeholder concerns. The respondents generally indicated that they responded faster to stakeholder concerns for stakeholder groups ranked highly.

100% indicated that they would respond to foreign customers requirements very fast. 92% indicated that they would do the same for Horticulture associations. While 16% and 36% said they would respond very fast to foreign community and government concerns, respectively.

Supplier concerns were treated with equal seriousness as the 50% of the respondents indicated that they would respond somewhat fast the remaining 50% indicated that they would respond fast to their concerns.

The local community and Unions seem to have a stake in the horticulture farms operations. The response to these groups as indicated in the questionnaires is that they would respond somewhat fast and fast to their responses. The response to the general public concerns was indicated at 22% fast, and 78% fairly slow. This implies that the general public is not ranked as an important stakeholder group by the horticulture farms.

Table No: 4.1.7 Responding to Stakeholders concerns

Categories	Very Fast (%)	Somewhat Fast (%)	Fast (%)	Fairly Slow (%)	Slow (%)
Government	36%	18%	34%	12%	0%
Suppliers	0%	50%	50%	0%	0%
Foreign Customers	100%	0%	0%	0%	0%
Local Customers	0%	0%	88%	12%	0%
General Public	0%	0%	22%	78%	0%
Foreign Community	16%	66%	8%	16%	0%
Local Community	0%	30%	60%	16%	0%
Unions	2%	46%	52%	0%	0%
Horticultural Associations	92%	8%	0%	0%	0%

Source: Research Data

Table No: 4.1.8 Factors influencing stakeholder concern

Categories	Very Important (%)	Somewhat Important (%)	Important (%)	Fairly Important (%)	Not Important (%)
Environmental Concerns	100%	0%	0%	0%	0%
Working Conditions	100%	0%	0%	0%	0%
Ethical Concerns	43%	54%	1%	0%	0%
International Market Standards	100%	0%	0%	0%	0%
Government Legislations	100%	0%	0%	0%	0%
Trade Union Lobbying	76%	10%	14%	0%	0%
General Public Concerns	0%	0%	0%	6%	94%
Horticulture Association Codes	84%	14%	2%	0%	0%

Source: Research Data

From the response above, it is evident that factors influencing stakeholder practices are rated highly by the respondents. Environmental concerns, working conditions, international market standards, Government Legislation, and HCDA Codes were rated as very important by 84% of the respondents. Trade Union Lobbying was rated by 76% as very important while 10% thought it somewhat important. The remaining 14% implied it was just an important factor.

Ethical concerns were rated differently by a number of respondents. 43% indicated that it was very important while the 54% indicated that they were somewhat important while the remaining 1% said they were ranked as important.

5.0 Export Destinations

From the response above Britain and Holland are important destinations to the horticulture farms that export their produce.

88% of the respondents indicated that Germany was a very important destination, while 64% considered Switzerland an equally very important destination. However, only 64% of the respondents indicated that USA was a very important destination.

Table No: 4.1.9 Export Destinations

Categories	Very Important (%)	Somewhat Important (%)	Important (%)	Fairly Important (%)	Not Important (%)
Holland	100%	0%	0%	0%	0%
Britain	100%	0%	0%	0%	0%
Germany	88%	12%	0%	0%	0%
Switzerland	84%	16%	0%	0%	0%
USA	64%	36%	0%	0%	0%

Source: Research Data

It was worthy to note that the respondents in general considered all the destinations very important or somewhat important.

5.1 Stakeholder Analysis and Management Practices

This section sought to solicit additional information that was to be provided by the respondent in the form of suggestions. It was also aimed at confirming the respondent's perception of stakeholder analysis and management and also to verify the concerns of all stakeholders.

All respondents (100%) indicated that they considered stakeholder analysis and management to be a justified and essential impetus to the performance of the any firm. There is a strong co relation or influence of stakeholders and how firm make decisions.

CHAPTER FIVE: DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Discussion

The objective of this study was:

- To establish or identify stakeholder analysis and management practices in Kenya, in the horticultural industry.
- To identify the factors which influence these practices.

From the Literature review, the key components of the stakeholder analysis process were discussed. They are involvement, analysis and management. All of the respondents indicated that they had strategic plans in place. However a bigger percentage (60%) indicated that they did not mention or include the stakeholders. 23% indicated that their strategic plans were not even in written form.

Whereas there was a formal strategy development process, it was evident from the responses that most of the stakeholder groups were not involved. The chairman of the board, the General Manager, and Board Members were the most

critical and involved completely when it comes to strategy development. They are therefore at the helm of running the farms affairs.

It was evident from the responses that the Umbrella Association in the Horticulture industry is considered vital. Subscription to Fresh Produce And Export Association FPEAK was at 98% of the respondents, 100% of the respondents subscribed to Horticultural Crops Development Authority (HCDA), and 100% subscribed to the Kenya Flower Council (KFC). 98% of the respondent's workers subscribed to Plantation and Agricultural Workers Union. This is a plus for the workers who have a better bargaining power when under the union. They are also free from any victimization.

As far as rating of power and interest of stakeholder groups, foreign customers (100%) were considered to be the most influential and wielding the most power. This could be attributed to the fact that these are the primary consumers of the horticulture farms produce. Foreign communities were also ranked as extremely influential because of their ability to lobby the foreign consumers against produce from a certain company or country. It is evident that the respondents concerns are for the two stakeholder groups who are able to heavily influence the sustenance of a farm in what they described as turbulent environment.

It was evident that there are no defined structures in existence for stakeholder management practices in the response received. The Human Resource Department seems to have been charged with the duty of managing stakeholders. 64% of the respondents indicated so. Other such as the customer care desk and Public Relations department were utilized for this function, albeit, on a much lower scale. It was apparent that structures and processes for managing stakeholders were non - existent. Information regarding stakeholders is deemed important, as is evidence in the means of collecting such information. The respondents indicated that they utilized all option (suggestion box, email, print and electronic media, committee meetings, AGM'S) to collect information. This could be attributed to the fact that there has been a lot of controversy on the management practices in horticulture farms and hence the need for them to solicit any information that is likely to impede performance.

As far as the rating of factors was concerned, the respondents indicated that they are cautious over market concerns, economic trends, their internal resources and technological changes. This could be attributed to the fact that most of the respondents target the export market and concerns such as those raised above weigh heavily on the performance of a firm and in general demand for their products.

The business environment is considered fairly stable by a majority of the respondents. The stability pegged on the demand by the foreign markets. The turbulence nature of the market as indicated by 13% of the respondents could be attributed to the many factors that affect the entire production. This include labor laws and regulations, government policy, competition for foreign markets by new entrants in the market, both nationally and internationally, 'government interference', and the unpredictable climatic conditions. A few of Kenya's 1.7 million horticultural farmers are in a position to supply the export market. Lack of bulk capacity, lack of food standards, inappropriate technology and scarcity of market information are some of the key challenges, especially for small I- holder farmers. (The Standard – Business News Tuesday October 25th 2005)

The relative value of stakeholder groups is determined by the level of influence, power, concern and interest of the given stakeholder group. The greatest determinant is power. It is evident that the stakeholder group that yields the highest power is considered a key group and therefore managing of this stakeholder group is given top priority.

It was evident from the responses that the Government, foreign customers and the foreign - community is ranked highly as stakeholder groups.

This could be attributed to the power they yield in terms of influencing the demand and supply of horticulture produce.

In as far as responding to stakeholder concern goes, there is indeed some relation between stakeholder group ranking and the speed at which response to concerns is made. It is evident that most farms respond to foreign customers requirements very fast. Most of the farms have been in existence for the last 10 years. The economic environment has been turbulent, especially with consumer awareness growing and the pushing for adherence to set codes of practice for all horticulture farms targeting the export market.

Though most of the farms have a good percentage of workers under the permanent and pensionable category, many of them engage a higher percentage of casual / temporary workers. This is dictated by the manual nature of operations. This has also exposed the farms to issues regarding working condition for such workers.

What emerges, as the key factor to stakeholder analysis and management practices is the perceived power and influence a stakeholder group has. The higher the two concerns, the more keenly a farm would manage them.

5.2 Conclusion

The analysis revealed that not all the factors that determine stakeholder analysis and management are viewed as important by the horticulture farms. In the strategy formulation process, it was indicated that all respondents view stakeholder inclusion as very important. Unfortunately the practice of stakeholder analysis and management was not deeply ingrained into the farms operation processes. Lack of a conflict resolution department for example indicated this.

Though employees contribute significantly to the margins for every horticulture farm, it was indicated that they were not ranked highly as a stakeholder group. The study indicates that foreign customers and the government were essential stakeholder groups. Their concerns were addressed with speed. This is a good direction at satisfying their direct consumers as well as regulatory arm of the government through HCDA, but the internal customer as a stakeholder group would require similar emphasis.

It should be noted that the role of the umbrella associations in the horticulture industry is recognized. The subscription to these associations is a key indicator of the above statement. It is evident that members of these associations are better represented both within the local environment and even beyond the Kenyan borders.

Information collection is an important aspect in stakeholder analysis. The use of all mediums available to solicit information was evident by all respondents. This not only keeps them aware of the trends and concerns in the sub-sector, but also, a channel through which they can receive feedback. This feedback can be inputted to their improvement processes to enhance performance by individual farms.

5.3 Recommendations

The recommendations put forth by the respondents to help in the stakeholder management process in horticulture farm were varied. Generally, they could be classed as; Managing Stakeholder Groups, Administrative Requirements and Individual horticulture farms concerns.

Stakeholder management is indeed a big concern for the farms, this could be attributed to the broad representation in the name of stakeholders groups, the farms have to address. Since the number of stakeholder groups is high, therefore, adequately addressing each stakeholder groups concern is impractical.

It was also noted by the respondents that some stakeholder groups use their muscle to swing issues to their advantage. The government, foreign customers and foreign community were mentioned. It was indicated that these groups have little understanding of the operating environment of the horticulture farms, yet they placed very heavy requirements on them.

Involving stakeholder groups in the strategy process seemed impractical to many of the respondents. They believe that the farms are in the business of making money and too much 'third party' involvement would only serve to increase bureaucracy and slow down their operating processes. This would eventually have an effect on their general performance and hence their bottom - line.

In as far as administrative concerns, the respondents indicated that they would like to see deserving employees being considered for senior / executive position, purely on the basis of their performance. It was noted that most of the farms are family business and many of the executives and expatriates are not deserving of their positions if one was to judge by their performance.

The housing structures put up for especially casual/ temporary employees are in a bad state.

Though, some respondents applauded the effort of the farms to accommodate families, provide schools and health care facilities for their employees.

Foreign investors and partners play a critical role in expanding the industry. Internal players (locals) are equally critically to the industry's success. The horticulture farms and umbrella bodies should recognize and include all stakeholders in their management practices.

Employment of laborers is important for poverty reduction. Ways need to be found to strengthen the contractual arrangement, especially with the growing importance of reliable supply volumes and traceability of inputs and agricultural practices. The government can facilitate the continued participation of small farms by disseminating good practice in contracting, awareness raising on export standards, certification of compliance, and support to the industry associations.

5.4 Implication Of The Study

The findings of this study indicate that horticulture farms do practice some aspects of stakeholder analysis. They develop objectives, strategies and plans. They consider the environment stable. Due to the growing demand of their produce and the steady growth and recognition of the industry, they have been able to survive over long periods of time, despite some of the concerns in the markets.

While the farms in this study have well articulated strategic plans, they did not show much commitment in stakeholder analysis. This may be the reason that the industry is riddled with unrest. There has also been continued lobbying on the international front for standard practices to be observed. Performance of these farms is therefore heavily influenced by the stakeholder groups. Management should therefore take a proactive approach in ensuring that all stakeholders are recognized and managed accordingly.

5.5 Limitation Of The Study

In carrying out the research, the researcher was faced with a number of practical restraints. The researcher was operating within broad geographical regions, from Naivasha to Thika.

The pick and drop method was an engaging process as one had to drive all the way to pick as promised only to find the respondent not in, or not duly completed the questionnaire. The limited resources also restricted the areas to be visited.

5.6 Recommendations for Further Research

This study documented Stakeholder analysis and management practices of horticulture farms in Nairobi and its environs. For this reason, it is recommended that more studies should be conducted to address the key individual concerns / problem in this industry. A good case would be the plight of the female worker in the horticulture industry in Kenya. With the increase of the scrutiny of the horticulture industry by the government and foreign players, a clear policy should be set to ensure that minimum prescribed standards prevail. More studies should be conducted to document the effects such a policy would have on stakeholder analysis and management practices.

REFERENCES

Andrew K.R. (1971), The Concept Of Corporate Strategy, Don-Jones-Irwin, Illinois.

Ansoff H. I. (1979), Strategic Management. Macmillan Press Ltd; London

Ansoff H.I. & McDonnell E.J. (1990), Implementing Strategic Management, Prentice Hall, 2nd Edition

Burnes. B. (1996), Managing Change: A Strategic Approach To Organizations Dynamics. Pitman Publishing, London. 2nd Edition.

Business Nation, (2002), Daily Nation, February

Business Nation, (2005), Daily Nation, August

Brinkerhoff D. (1998), From Design To Implementation: Stakeholder Analysis in a PHC Project In India. MD: Abt. Associate Incorporation, USA.

Campbell A. (1997), 'What's wrong with strategy?' Havard Business Review.
pp2-8

Crosby B. L. (1989), Implementing Policy Change. Unpublished paper attached
to USAID project paper for Implementing Policy Change Project.

David, F.R (1997), Strategic Management. McGraw- Hill. 4th Edition

Financial Standard, (2002), Standard Newspaper. October.

Financial Standard, (2005), Standard Newspaper. May

Folmert, H. et al (1995), Principals Of Environmental Resource Economics.
Biddles Ltd, Great Britian.

FPEAK (1999), A Quartely Magazine Of Fresh Produce Exporters Association Of
Kenya. October- December

FPEAK (2002), A Quartely Magazine Of Fresh Produce Exporters Association Of
Kenya. January – April

FPEAK (1999), Code Of Practice

Glueck W., & Jauch L.R (1988), Business Policy And Strategy Management, McGraw Hill International Editions, Management Series.5th Edition.

Goyder M. (1998), Strategic Management. Havard University Press, London.

Goyder, M. (1998), 'Stakeholder Value in Organizations Today,' Long Range Planning Journal, Vol.31, issue 2, pp 231.

Government Of Kenya Economic Review (2004), Status Of Food And Agriculture Statistics In Kenya. Central Bureau Of Statistics.

Hammond J.S et al (1998), 'The hidden Traps in Decision Making', Havard Busines Review, Septmeber – October, pp 47-65, 1998

HCDA (1998), 'The Status Of The: Horticulture Industry Challenges and Strategies, now and beyond 2000', HCDA Newsletter. Nairobi.

HCDA (1999), Horticulture News, No. 22 July – August

HCDA (2000), Horticulture News, No. 27 November- December

HCDA (2002), Horticulture News, No. 31 July - August

HCDA (2004), Horticulture News, No. 37 January – February

Harrison, F. L (1996), 'How Corporate Planning Responds To Uncertainty', Long Range Planning,9 (2), April, pp88-93. In Aosa E., ' An Empirical Investigation Of Aspects Of Strategy Formulation and Implementation within Large, Private Manufacturing Companies in Kenya', Unpublished Ph.d Dissertation, Feb. 1992

Hax A. & Majluf N.S (1991), The Strategy Concept And Process: A Pragmatic Approach, Prentice Hall.

Johnson & Scholes. (1999), Exploring Corporate Strategy. Hernel Hempsted, Prentice Hall Europe.

Kang'oro V. (1991), The State Of Strategic Management Practices In Public Sector Organizations In Kenya, Unpublished Thesis, University Of Nairobi.

Kirith, N. (2001), 'State Of Strategic Management Practices. In Non Profit Organizations: The Case Of Public Membership Clubs In Nairobi.' Unpublished MBA Dissertation, University Of Nairobi.

KFC, (1999) Codes Of Practice, Nairobi

KFC, (2000) Newsletter No. 7

Lubatkin, M. (1991), 'Shareholder Value Relationship. in Testing Temporal Stability Across Market Cycles.' Strategic Management Journal, Vol. 12, Issue 4, pp 251 –270.

Machin, J. et al. (1981), Towards Managerial Effectiveness. Gower Publishing, England.

Martha, N. (1993), 'Third World Families At Work.' Harvard Business Review, Vol. 71, issue 1. pp 12

Mintzberg H. (1995), Crafting Strategy: The Strategy Process. Prentice Hall.

Morten. H. (2005), 'Accountability And Creating Accountability: A Framework For Exploring Behavioral Perspectives Of Corporate Governance. British Journal Of Management. Vol. 16 pp 65-79

Mugambi K.M. (2003), The strategic Management Process Of Shipping Companies In Kenya, Unpublished Thesis, University Of Nairobi.

Mutonyi N. W. (2003), Strategic Planning Within Micro Finance Institutions In Kenya, Unpublished Thesis, University Of Nairobi.

Nachmias F & Nachmias D. (1996), Research Methods In Social Sciences, Oxford University Press, inc, 198 Madson Avenue, New York.

NETWAS. (2005), From Fragmented To Integrated Water Resource Management. Network For Water And Sanitation Journal. Volume II, No. 3.

Ogutu M. (1983), Advertising agencies in Kenya: Their nature and their operations. Unpublished Thesis, University Of Nairobi.

Parasuraman A. (1986), Market Research. Addison-Welsh Publishing Company.

Pearce, J. A. and Robinson, R. B. (1997), Strategic Management: Formulation, Implementation And Control. Richard D. Irwin Inc., Homewood. 6th Edition.

Penrose. E. (1959) The Theory Of Growth Of The firms. Oxford University Press, London.

Porter, M. E. (1980), Competitive Strategy: Techniques for Analyzing Industries and Competitors. The Free Press, New York.

Porter M.E. (1985), Competitive Advantage. The Free Press.

Porter M.E (1987), ' The State Of Strategic Thinking,' The Economist, 23rd May

Rahab, M. and Nzomo, N.D (1986), A Manual For Research And Writing
School Of Journalism, University Of Nairobi.

Reich R.B. (1991), The Work Of Preparing Ourselves For The 21st Century Capitalism

Strategy," Havard Business Review. March – April, pp 56-69

Strategy, (1997), Management Today, pp 33

Thompson J.L (1990), Strategic Management: Awareness and Changes.
Chapman & Hall, London

Tull. D. S. and Hawkins. D. I. (1987), Marketing Research: Measurement and
Method. McMillan Publishing Company, Revised Edition

Warsame A.A. (2002), A Survey Of Strategy Development Practices Of Relief
And Development NGO's In Kenya. Unpublished Thesis, University Of Nairobi.

Wheeler and Silanapaa (1991), Including The Stakeholders: The Business
Case. Long Range Planning, Volume 31 no. 2 pp 201-210

APPENDIX I

COVER LETTER

UNIVERSITY OF NAIROBI

FACULTY OF COMMERCE

DATE: 25TH APRIL. 2005

TO WHOM IT MAY CONCERN

DEAR SIR/MADAM

Ref: MBA Research Project Questionnaire

(Theme: Stakeholder Analysis and Management by Horticulture Firms within Nairobi and its Environs

I am a student at the University of Nairobi, in the process of doing a research on stakeholder analysis and management in the horticulture industry. I have identified your organization as one of the leading participants and contributors to this industry. Your success is no doubt a result of a deep understanding of the business and the capacity to develop and implement strategies that ensure sustainable growth in an increasingly competitive environment.

As a student of strategy I am challenged by the dynamism of the sector and it is for this reason that I would like to carry out this survey. I would like therefore to enlist your support in data collection by requesting you to complete the following questionnaire, which is meant to facilitate the completion of the survey.

Kindly note that, your responses will be treated in strict confidence and will not be released to any third party without prior approval from you. However the final survey report will be available to you, should you be interested.

Please send back a copy of the complete questionnaire to me through e – mail: hellenmaruti@yahoo.com or hongongo@afrcsonline.co.ke. Should you require any clarifications kindly call telephone numbers: 0733 418 812 Or 0720 140 082

Thank you in advance for your time and effort

Yours sincerely

HELLEN M. MARUTI

Stakeholder Analysis

Part one - General Information

Company Profile

1: Name of Company:

2: Title of interviewee:

3.Type of company (Please tick in the appropriate box)

A. Flower producing for export market

B. Flower producing for local and export market

C. Fruit producing for export market

D. Fruit producing for local and export market

E. Vegetable producing for export market

F. Vegetable producing for local and export market

G. Flower, fruit and vegetable producing for export

H. Flower, fruit and vegetable producing for export and local market

I. None of the above (please specify)

4. For how long has your firm been in operation?

a) Less than five years

b) 10 to 15 years

c) 5 to 10 years

d) More than 15 year

5. How many employees do you have in total?

a) Less than 100

b) 201 to 300

c) 101 to 200

d) More than 300

6. How many of your employees fall under the following categories?

(Please circle the appropriate choice)

Permanent and Pension able

a) Less than 100 b) 101 to 200 c) 201 to 300

d) More than 300

Permanent

a) Less than 100 b) 101 to 200

c) 201 to 300 d) More than 300

Temporary / Casuals

- a) Less than 100 b) 101 to 200
c) 201 to 300 d) More than 300

Seasonal

- a) Less than 100 b) 101 to 200
c) 201 to 300 d) More than 300

PART TWO - STAKEHOLDER ANALYSIS

Please tick the appropriate choice

1. Do you have strategic plans?

YES / NO

2. If yes, are they in written form?

YES / NO

3. Do your current strategies mention or involve any stakeholder group?

YES / NO

4. Who participates in development of the firm's strategy?

(Please Tick the appropriate choice)

a) Chairman

b) General Manager

c) Board Members

d) Specific employees

- e) Employees in general
- f) Kenya Flower Council
- g) Horticultural Crop Development Authority
- h) Committee Members
- i) Other (Specify) _____

5. Does your company subscribe to the following associations?

(Please tick the appropriate choice)

- a) Fresh Produce and Export Association
- b) Horticultural Crops Development Authority
- c) Kenya Flower Council
- d) Other (Please specify) _____

6. Do your employees subscribe to the following trade unions?

- a) Plantation and Agricultural Workers Union YES / NO
- b) Kenya Women Workers Organization YES / NO
- c) Other (specify) _____

7. How would you rate the power and interest of the following stakeholder groups?

KEY: 5 = Extremely influential; 4 = Somewhat Influential;

3 = Influential; 2 = Fairly Influential; 1 = Not influential

Please tick the appropriate choice

	5	4	3	2	1
a) Employees	[]	[]	[]	[]	[]
b) Local Customers	[]	[]	[]	[]	[]
c) Foreign Customers	[]	[]	[]	[]	[]
d) Suppliers	[]	[]	[]	[]	[]
e) Government	[]	[]	[]	[]	[]
f) Unions	[]	[]	[]	[]	[]
g) Local communities	[]	[]	[]	[]	[]
h) Foreign communities	[]	[]	[]	[]	[]

i) General Public

[] [] [] [] []

8. Do you consider stakeholder involvement an essential aspect of the strategy process in your organization?

YES/NO

9. What structures exist for stakeholder management within your organization?

(Please circle the appropriate choice)

A. Public Relations Department

B. Human Resources Department

C. External Affairs Department

D. Customer Care Desk

E. Conflict Resolution Department / System

F. Other
(Specify)

10. How do you collect information on stakeholder concerns?

A. Suggestion box

B. Email

C. Print and Electronic Media

D. Committee Meetings

E. Annual General Meetings

F. Other (specify) _____

11. How do you rate the following factors in your stakeholder management process?

KEY: 5= Extremely Important 4= Somewhat Important 3 = Important
2 = Fairly Important 1 = Unimportant

	5	4	3	2	1
a. Members					
Concerns	[]	[]	[]	[]	[]
b. Market					
Concerns	[]	[]	[]	[]	[]
c. General					
Economic					
Trends	[]	[]	[]	[]	[]

d. Technological

changes [] [] [] [] []

e. Firm's

internal

resources [] [] [] [] []

f. Social &

cultural

trends [] [] [] [] []

12. How would you describe your business environment?

i) Stable

ii) Fairly Stable

iii) Unstable

iv) Fairly Turbulent

v) Turbulent

vi) Very Turbulent

13. How important are the following factors in determining the relative value of stakeholder groups?

KEY: 5 = Extremely Important 4 = Somewhat Important 3 = Important 2 = Fairly Important 1 = Unimportant

(Tick the most appropriate option)

	5	4	3	2	1
a. Influence	[]	[]	[]	[]	[]
b. Concerns	[]	[]	[]	[]	[]
c. Interest	[]	[]	[]	[]	[]
d. Power	[]	[]	[]	[]	[]
e. Return	[]	[]	[]	[]	[]
f. Size	[]	[]	[]	[]	[]
g. Priorities	[]	[]	[]	[]	[]

14. How would you rank the following stakeholder groups?

KEY:

5 = Very Important 4 = Somewhat Important 3 = Important

2 = Fairly important 1 = Not Important

	5	4	3	2	1
Government	[]	[]	[]	[]	[]
Suppliers	[]	[]	[]	[]	[]
Foreign customers	[]	[]	[]	[]	[]
Local customers	[]	[]	[]	[]	[]
General Public	[]	[]	[]	[]	[]
Local Community	[]	[]	[]	[]	[]
Foreign Community	[]	[]	[]	[]	[]
Unions	[]	[]	[]	[]	[]
Horticultural Associations	[]	[]	[]	[]	[]

15. How do you respond to stakeholder group's critical concern's

KEY: 5 - Very fast (urgently) 4 – Somewhat Fast 3 – Fast 2 – Fairly Slow

1 – Slow

(Tick the appropriate choice)

	5	4	3	2	1
Government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Public	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Horticultural Associations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

16. How would you rate the following factors in relation to their influence on stakeholder practices within your organization?

KEY:

5 = Very Important 4 = Somewhat Important 3 = Important

2 = Fairly important 1 = Not Important

	5	4	3	2	1
a. Environmental concerns	[]	[]	[]	[]	[]
b. Working conditions	[]	[]	[]	[]	[]
c. Ethical concerns	[]	[]	[]	[]	[]
d. International market standards	[]	[]	[]	[]	[]
e. Government legislation	[]	[]	[]	[]	[]
f. Trade Union lobbying	[]	[]	[]	[]	[]
g. General public concerns	[]	[]	[]	[]	[]
h. Horticultural Association Codes	[]	[]	[]	[]	[]

16. If you are involved in export trade, which are your main export destinations in order of volume of trade?

KEY:

5 = Very Important 4 = Somewhat Important 3 = Important
2 = Fairly important 1 = Not Important

	5	4	3	2	1
a. Holland	[]	[]	[]	[]	[]
b. Britain	[]	[]	[]	[]	[]
c. Germany	[]	[]	[]	[]	[]
d. Switzerland	[]	[]	[]	[]	[]
e. USA	[]	[]	[]	[]	[]
f. Other (specify)					

PART THREE – ADDITIONAL INFORMATION

1. Do you consider stakeholder analysis and management to be a justified and essential impetus to the performance of any firm?

YES / NO

2. What would you recommend in order to improve the relationship between your firm and its different stakeholder groups?

i.

ii.

iii.

iv.

v.

vi.

Appendix III

LIST OF HORTICULTURE FARMS

COMPANY	CONTACT	PRODUCTS
1. Avenue Fresh Produce	P.O.Box 3865, Nyayo Stadium, Nairobi. Tel: 020 -825342 / 820015	Fresh Beans, Snow Peas, Sugar Snaps, Garden Peas
2. Belt Cargo Service Ltd.	P.O.Box 54240, Nairobi, Kenya Tel: 020 -4448821	French beans, snow peas, sugar snaps
3. Bud Of Paradise	P.O.Box 39953, Nairobi Tel: 020-4448821/4448822	Aubergines, Baby carrots, baby courgettes, chillies (red & green) French beans, snow peas
4. East African Growers Ltd.	P.O.Box 49125, Nairobi Tel: 020-822017/25/29	Asian Vegetables – Aubergine, Chillies, Dudhi, Karella, Okra, Ravaya, Tindori, Turia, baby corn, French Beans, Pigeon Peas, Runner Beans, Snow, Sugar snaps.
5. Everest Enterprises Ltd.	P.O.Box 52448, Nairobi, Kenya Tel: 82414/823333	Asian Vegetables, Aubergines, Chillies, Dudhi, Karella, Okra, Ravaya, Tindori, Turia, Valore, baby corn, baby carrots
6. Fian Green Kenya Ltd	P.O.Box 60455-00200 Nairobi, Kenya Tel 020-821375	French Beans, Mangtout, Sugar snaps

7.Frifoken Ltd.	P.O.Box 30500, Nairobi Tel:020 860096/860449	French Beans, Mangtout, Sugar snaps
8.Greenlands Agro Producers Ltd.	P.O.Box 78025, Nairobi Tel:020-827080/1/2	Sugar Snaps, French Beans, Mangetout
9. Hillfarm Fresh Produce Ltd	P.O.Box 35467, Nairobi, Kenya. Tel: 020-217722	Fresh Beans, Mangetout
10. Indu Farm EPZ Ltd.	P.O.Box 42564, Nairobi Kenya. Tel: 020-550215	French Beans, Sno peas, Sugar snaps
11. Jambo Horticulture Ltd. 2002.	P.O.Box 30019, Nairobi, Kenya Tel: 020-3753079	French Beans, Tomatoes, Carrots, onions, Green pepper
12. Kenya Horticultural Exporters	P.O.Box 11097-00400 Tel:650300	Asian Vegetables, Aubergine, chillies, dudhi, karella, okra, Ravaya, Tindori, Turia, sugar snap, baby corn and runner beans
13. Makindu Growers	P.O.Box 45308, Nairobi Tel: 020-822812	Asian Vegetables, Aubergine, chillies, dudhi, karella, okra, Ravaya, Tindori, Turia
14. Mboga Tuu	P.O.Box 47070, Nairobi Tel: 566497	Asian Vegetables, Aubergine, chillies, dudhi, karella, okra, Ravaya, Tindori, Turia

15. Myner Exporters Ltd	P.O.Box 11706, Nairobi	French Beans, Runner Beans, Snow peas, Sugar snaps
16. Sacco Fresh Ltd	P.O.Box 22124, Nairobi Tel: 020-824687	French Beans (Fine & Extra) Runner beans, snowpeas, sugar snaps, baby carrots, baby corn
17. Sunripe (1976) Ltd	P.O.Box 41852, Nairobi Tel: 020-822518	French Beans (Fine & Extra) Runner beans, snowpeas, sugar snaps, baby carrots, baby corn
18. Tropical Horticultural Products	P.O.Box 56032, Nairobi, Kenya Tel:020-336132	Asian Vegetables, Aubergine, chillies, dudhi, karella, okra, Ravaya, Tindori, Tu
19. Vitacress (K) Ltd.	P.O.Box 63249, Nairobi Tel:020-860650	Carrots, peas, salads, onions
20. Wamu investments Ltd	P.O.Box 26026 Tel: 020-822441	Beans (Fine & Extra), Sugar Snaps, Snow peas
21. Wilham (K) Ltd	P.O.Box 52494, Nairobi	Asian Vegetables, Aubergine, chillies, dudhi, karella, okra, Ravaya, Tindori, Tu
22. Woni Veg-Fru Exporters	P.O.Box 52115, Nairobi Tel:020- 545303	Asian Vegetables, Aubergine, chillies, dudhi, karella, okra, Ravaya, Tindori, Tu
23. Alora Flowers	P.O.Box 52946 Nairobi	

	Tel:020-581509	
24. Aquilla Development Co. Ltd	P.O.Box 357, Naivasha Tel:4440305	
25. Bawan Roses	P.O.Box 43037, Nairobi Tel: 020-47324	
26. Beverly Flowers	P.O.Box 43037, Nairobi Tel: 020 868270	
27. Carzan Cultures	P.O.Box 1801, Naivasha Tel; 050-21222	
28. Finlay Flowers	P.O.Box 233 Kericho Tel: 052-20155	
29. Homegrown Ltd	P.O.Box 10222, Nairobi Telephone 272 1168	
30. Longonot Farm	P.O.Box 8629, Naivasha Tel;050-30160	
31. Magana Flowers	P.O.Box 14618, Nairobi Tel: 020-631440	
32. Oserian Ltd	P.O.Box 43340 Naivasha Tel: 050-30210	

Source: Kenya Flower Council, 2003