

UNIVERSITY OF NAIROBI

DEPARTMENT OF SOCIOLOGY AND SOCIAL WORK

**THE IMPACT OF MULTINATIONAL CORPORATIONS ON LOCAL
COMMUNITIES – A case study of Delmonte Corporation in
Thika District**

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requirement for the award of a Masters of Arts
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DECLARATION

I hereby declare that this thesis is my original work and has not been submitted to any University for academic award;

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DEDICATION

This work is dedicated to those who were there for me during my entire study- my dear husband Danson Karanja and lovely twins Ian Ngugi and Marion Wanjiru.

Acknowledgement

I hereby acknowledge the support of the following people who have offered their relentless support to the successful completion of this thesis: first and foremost to my supervisors Dr. G. G. Wairire and M/s Lilian Owiti who offered academic guidance through the entire course, the UNIVERSITY OF NAIROBI, AMREF and UFADHILI TRUST library staff who enabled me access relevant literature for the study; the chief and village elders of Kakuzi division who facilitated my data collection and to Jane Kanini who carried out the statistical analysis of data. I am also indebted to my husband Danson Karanja for the emotional and financial support during the entire period.

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ABBREVIATIONS

BAT- British American Tobacco

CDA- Consultation Paper on Derivative Action in the Companies

CDC- Centre for Disease Control

DO- District Officer

FGD- Focus Group discussion

GDP- Gross Domestic Product

Harambees- A Swahili term for communal fundraising

HIV/AIDS- Human Immunodeficiency Virus and Acquired Immune deficiency syndrome

IMF- International monetary fund

KSIS- Kenya Shilings

KHRC- Kenya Human Rights Commission

MNC- Multinational Corporation

PBK- Pyrethrum Board of Kenya

UNCTAD- United States Council of Trade and Development

USA- United States of America

ABSTRACT

This explorative study was conducted in Kakuzi division, Thika District with the principle objective of finding out the Community's perspective on the Impact of Delmonte Corporation in their community. This was determined through assessing the community's expectations, as well as the nature of the social and economic relationship between Delmonte and the Kakuzi community. Data was collected through Focus Group Discussions, Key informant and personal interviews.

The research findings showed that the MNC had engaged in few community projects as indicated by 25% of respondents such as the repairing of a road, renovation of public schools in the area and building a shed for cyclists. Despite this, community members still held high expectations towards Delmonte and especially in the provision of employment opportunities (35.8%), which would contribute to enhanced economic status of the community. This prevailed in an environment marked by a series of unresolved strained relationships between the MNC and the community as indicated by 80% of respondents. Nevertheless the community still supported the MNC business activities through the provision of labour (76.7%) and marketing of produce, and still supported the continued operation of Delmonte in their community.

Key recommendations from the study include: The need for the government's development of clear policies on the socio-economic roles of a MNC operating within any community. This should also be coupled with continuous and coordinated dialogue between the MNC and the community prior to its entry and during its period of operation within a community.

CHAPTER ONE

INTRODUCTION

1.1 Background Information

Multinational Corporations (MNCs) is a term synonymous with world trade today, it refers to business that operate across more than one National border, having their original base in more developed countries like U.S.A, Britain and Japan. They are known to form affiliates in less developed countries like Kenya, Bangladesh, Ghana, and Pakistan among others. MNCs may specialize in mining and extraction, service provision, manufacturing or agriculture. Examples of MNCs are Delmonte, Caltex, Shell BP, British American Tobacco and Barclays Bank amongst others.

Profit maximization is the main goal of MNCs operation. Excellence at work is thus, the sole focus of MNCs and by having a performance driven culture it enables them articulate that goal (Sunday Nation September 11, 2005). Madely (1991), observes that some of the largest MNCs have annual sales, which exceed the output of most developing countries. Starkey (2001), confirms that profits of the worlds' top 200 corporations are equal to 28% of the worlds' GDP, and that the economy of Mitsubishi; one of the largest automobile manufactures, is larger than that of Indonesia, which is popular for enormous deposits of natural wealth.

MNCs staggering profits can be attributed to their large-scale production mechanisms and economies of scale. In the case of agriculturally oriented MNCs, their ownership of large acreages of land enables them to maximize production, and through technology cut down on costs. MNCs in the service industry may also own numerous operational facilities giving them an economical threshold over similar local service providers.

These large-scale production mechanisms more often than not, call for a large labour force.

Since the shareholders who own MNCs expect annual returns or dividends, they target setting MNCs in locations that offer more attractions in the form of lower wages for workers, lower operation costs as well as less stringent measures on transfer pricing (Madely, 1991). This cuts down on costs and maximizes profits. Developing countries provided such attractive benefits and thus proved to be a favourable option for the settling of MNCs or their affiliates.

Kenya amongst other developing countries has played host to many MNCs, and this has been the case since the 1980s when the negative effect of foreign debt was intense resulting in a corresponding decline of the economy. In order to facilitate for the economic boost needed at that time, MNCs were welcomed as a practical economic solution at the time (Connel; Brue 1990). Through foreign direct investment and technological transfers into Kenya, MNCs were expected to immensely contribute to an upward growth of the Gross Domestic Profit. The effects of globalization and liberalization accelerated this process of MNCs settlement, with particular reference to the elimination of trade and communication barriers that made the entry of foreign investors into developing countries easier.

In addition to boosting Kenya's economy, MNCs in Kenya have also offered employment opportunities for many as well as supporting community projects as seen in the following cases as cited in the Commonwealth Business Council, 2003 journal: British American Tobacco Company (BAT) Kenya which is one of the leading MNCs, has operated in Kenya for a long time, and since 1988 has promoted the work of 'Jua

kali' artisans through holding of public fairs that exhibit their products. General Motors Kenya Limited, which was established in 1977 as a subsidiary of General Motors Corporation USA, has not only offered employment to many, but has also supported local youth football teams through the provision of balls as well as encouraging them to fight against HIV/AIDS. Nestle foods Kenya, which is an affiliate of the international Nestle foods manufacturers specializes in the production of baby food products and beverages, has been in Kenya well over 50 years. In the year 2005 Nestle Kenya actively supported Youth soccer with the aim of encouraging children between the ages of 7 to 12 years to excel in sports and academics. Communities in Kenya have also benefited from the nutritional education offered through various programs of Nestle foods Kenya.

These examples prove that MNCs in Kenya have not only offered employment opportunities but have also taken an active role in community affairs and in the process improved the lives of many. It is therefore the aim of this study to explore the impact of Delmonte Corporation as an MNCs on the local community in Kakuzi.

1.2 Problem Statement

Kenya, amongst other developing countries has been making an earnest effort to attract and retain MNC in a bid to improve the economy. In a speech to representatives of foreign countries on 29th of September 2005 (Daily Nation 30th September, 2005), Kenya's Minister of Trade and Industry declared that an investment guide would be drawn to encourage Foreign Direct Investment in Kenya. This guide would enable foreign MNC Investors to set up businesses in 21 days, and obtain an investment certificate promptly. This new guide is targeted not only to attract MNC investors but create efficient registration mechanisms to enable the MNC commence business operations (Daily Nation 30th September, 2005). In view of this, more MNCs are

expected to settle in the country with corresponding impacts on the communities surrounding them.

MNCs require resources to facilitate their operation. These resources could be in the form of land, water bodies or even minerals. Increased settlement of MNCs results to an increased demand on these resources. In effect this could result to conflict between the MNC and communities since both parties may claim a right over the appropriation of these resources. On the other hand, long term usage of these natural resources without efforts to reclaim and replenish those resources leads to depletion. A community with depleted resources stagnates in socio-economic development.

Some potential or existing MNCs in Kenya may carry out economic activities that were similar to those carried out by existing industries in the community. With the use of economies of scale MNCs are able to accommodate large scale production and produce value added goods. Their international networks guarantee a ready market for their goods at international prices. In comparison, local investors lack both the capital and technological competence to achieve maximum sales. This results to loss of employment and a source of livelihood for local investors and traders who previously traded in goods now produced by the MNC. In the long run, these business men are forced out of business due to competition.

MNCs need infrastructure for efficient production and supply. This necessitates the presence of roads, dams for constant water supply, and electricity supply amongst other infrastructural components. This could result in clearing of forests, which acts as a home to animals and plants, which local residents may have relied on for food. These forests once cleared, pave way for roads and railway lines which an MNC may need to transport

raw materials and products, to and from their trading base. MNCs may also redirect the course of rivers in order to form dams, and in the process deny local residents the water supplies they relied on for domestic or commercial use.

As a result of increased production, MNCs require a large labour force. Labour may be obtained from within the community or from outside its borders. With increased entry of immigrants into the community, a variety of social and cultural traits are introduced into the MNC community. These new values affect communities existing social and cultural norms either positively or negatively.

Paul Marc-Henry (1991) notes that MNCs often employ seasonal wage labourers from the host community. This may be due to varying production outputs that require different levels of workforce. Those employed seasonally by MNCs may find themselves unemployed at certain times of the year, and having no constant source of income. This is the case for Delmonte Corporation which hires a labour force of between 5000-6000 seasonal labours during peak pineapple production periods, and lays them off when the peak season is over (KHRC report, 2000). If majority of labours are from within the community surrounding the MNC, such a pattern of irregular income could negatively impact on their general socio-economic status of the community.

Established MNCs may also provide accommodation for labourers. These housing facilities are often inadequate to accommodate the employees' entire families and most labourers may opt to leave their families in their rural family homes. This results to family separation and subsequently interferes with the nurturing process of families, especially in cases, where children grow up most of the time with the care of one parent (KHRC report, 2002).

All the above mentioned impacts of MNCs, could contribute to unequal relationships between MNCs and local communities. Ideally all social relationships in a social setting should be of mutual benefit and profitable to all actors and if this is not achieved strained relationships occur. The study analyzed a community's perspective on the impact of MNCs on local host communities, and determined why strained relations have at times existed between local residents of host communities and the MNCs therein. To facilitate this research, the larger Thika District was identified as the study area since it hosts a MNC.

This study focused on Delmonte Corporation as an example of an MNC that has operated in a local community for a many years. Previous documentation on Delmonte mainly focused on employer-employee relations within the Corporation. This study explored the community's perspective on the impact of Delmonte's presence.

The following questions guided the research:

1. Which community development projects has Delmonte Corporation initiated or participated in Kakuzi Division?
2. What broad expectations do Kakuzi residents have of Delmonte?
3. In what ways have Kakuzi residents influenced Delmonte's business activities?
4. How has the present relationship between Delmonte Corporation and Kakuzi residents influenced the social and economic levels of Kakuzi residents?

1.3 Objectives

The principle objective of this study was to determine the Kakuzi community's perspective on Delmonte Corporation. More specifically, it was the aim of this study:

1. To assess the perception of Kakuzi residents on the participation of Delmonte Corporation in community development projects.
2. To determine what Kakuzi residents expect from Delmonte Corporation.
3. To find out how Kakuzi residents have influenced Delmonte's business activities.
4. To explore how the Kakuzi residents perceive the present relations with Delmonte Corporation.

1.4 Rationale

With the liberalization of the Kenyan economy in the late 1990s, Kenya opened up for a large number of MNCs to invest. Presently, Kenya is stepping up ways of making it easier for foreign investors to set up base in the country. A lot of research has been done on the economic advantages Kenya derives after creating more incentives for MNC settlement, but no studies have been carried out on how MNCs have impacted socio-economically on host communities. Findings from this study are likely to reveal other unanticipated impacts from the MNCs to the host communities.

Available literature in Kenya from the Human Rights Agencies documents grievances presented by employees of MNCs in relation to poor wages and working conditions and not the impact of the MNC on the general community. This research focuses on the community's perspective of the impact of a MNC which operates within it. Following publication, information from this study can be used by the government and affiliated agencies in preparing host communities on the potential impacts an MNC investor could have on them.

1.5 Scope and Limitations of the Study

It is worth noting that MNCs are in a position to exact a wide range of impacts in a community. However this study restricted itself to the community's perspective on the impact of Delmonte Corporation. The study covered the community around Delmonte Corporation which comprises of three villages, namely; Methi, Kihia Mwiri and Mwana wa Kio. Most of the residents in the three villages are assumed to have lived there before and during the settlement of Delmonte Corporation in the area, and would thus be useful for the study in providing information on the socio-economic impact of the MNC.

Due to the fact that only the villages surrounding the MNC are sampled, this exerts a limitation on the study. However, this study would have immensely benefited from a inclusion of other villages at a different radius of the MNC.

Since this research was a cross-sectional design carried out at a single point in time, it did not cover the trend of impact, experienced in Kakuzi division over Delmonte's 35 year period of operation. It would have been interesting to find out whether the community has always perceived the MNC as it does. Most of the data collected limited itself to the last ten years, eliminating the possibility of capturing relevant data for varying periods of time.

This study was limited to a review secondary data on the impact of MNCs in foreign countries other than Kenya. This could be attributed to the lack of documented literature on the impact of MNCs in Kenya. The researcher could only access literature on the Corporate Social Responsibility (CSR) by Business Corporations within the Kenyan context.

1.6 Definition of Key Terms and concepts

- **Community-** individuals who reside around the Multinational Corporation (Delmonte Corporation).
- **Community Projects-** pre planned activities in a community that aim at improving the lives of the residents.
- **Community Resources-** skills, knowledge, property that is owned by the residents neighbouring the MNC, which could be used to generate income for either the residents or companies operating in the area.
- **Community Expectations-** presumed benefits that individuals living in the surrounding of the MNC hope to derive from its operations in their residence. Some of these benefits are; acquiring of employment in the MNC, improvement of infrastructure, generation of more property to the residents in the long run.
- **Social Relationships-** The way individuals communicate and deal with each other in the community.
- **Social Networks-** Linkages that define the way different levels of individuals in an area relate to each other, for example an individual in a community relates to his family members, religious leaders, neighbours amongst others.
- **MNCs (Multinational Corporations) –** Business firms that operate in more than one nation, and which specialize in large scale production and distribution to more than one market and across their borders of operation.
- **MNC Impact-** The effects of the MNC operating within Kakuzi Division on ; people, the resources of the community, the general standard of living.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

As colonialism drew to a close, most countries, at the verge of independence, had weak economies. These countries were termed as developing owing to their low capital and technological advancements. For these developing countries, the challenge of participating in international trade to boost their economy had to be gradual. It is in this context that developing countries sought ways of attracting MNC to their countries and creating opportunities for International Trade. The entry and settlement of MNC in communities of developing countries created expectations among the residents, most of whom anticipated getting employment opportunities amongst the new MNCs that were setting up base in the country.

Some MNCs with affiliates in communities, have taken the first initiative to create a good reputation amongst community members. They have engaged in social activities, which have promoted the social and economic interests of the communities they operate in. In summary, most Scholars have attributed some social and economic changes in host communities to the presence of MNC.

This chapter takes a closer look at documented evidence on the settlement of MNCs in developing countries as well as expectations placed on them by local community members. Specific themes under which the literature review was done are;

- MNCs in the Global Context
- MNCs in Developing Countries

- MNCs and Community projects
- Expectations of Communities hosting MNCs
- Relationship between MNCs and communities
- Social and Economic Impact of MNCs to surrounding communities in Kenya

2.2 MNCs in the Global Context

The world has seen a tremendous increase in the global transactions and foreign trade in recent years. The main reason behind this is that more and more countries are getting engaged in trading with each other in order to increase their profit or sales and protect them from being eroded by competition. The main objectives which are influencing the companies to engage in international business are expansion of sales, acquisition of resources, minimization of competitive risk and diversification of sources of sales and supplies (Johnson and Turner, 2003). Besides these there are other few factors like economic, cultural, technological, and social factors which have influence to a greater extent.

The emergence and activities of transnational and multinational enterprises had impacted to a huge extent on the concept of globalization, and multinationals have played an important role. Given their international reach and mobility, prospective countries, and sometimes regions within countries, must compete with each other to have MNCs locate their facilities within them. In this respect, global firms are constantly growing into new markets that show great potential for success. However, these newly formed conglomerates pose an additional threat to local existing businesses, culture and other economic factors (Johnson and Turner, 2003). Multinational and transnational companies entering into new markets can have both positive and negative impacts on

local economies, therefore a greater understanding of corporate globalization must be achieved by global firms.

2.3 MNCs in Developing Countries

A total of 107 nations of Africa, Asia and Latin America are categorized as developing. Developing countries are defined as having low levels of industrialization, high unemployment, minimal capital equipment as well as simple production technology.

Three quarters of the world's population live in developing countries, which are characterized by widespread poverty (MC Connel 1990). Kenya is one such country that meets the criteria of a developing nation and is ranked 146 out of 175 developing countries, according to the 2003 UN human development index (MC Connel 1990).

In recent years, developing countries have made an earnest effort to attract and retain MNCs. By applying few restrictions and less stringent measures, they have succeeded in turning MNCs into setting up affiliates in developing countries. These affiliate companies offer income earning opportunities for local residents. There are three factors that have either enticed or necessitated the settlement of MNCs in developing countries, these are:

- 1 Globalisation
- 2 Privatisation.
- 3 Developing country's debt and conditional aid

2.3:1 Globalisation

Globalisation is a historical process, which transforms the spatial organization of social relations and transactions, generating transcontinental or with regional networks of

interaction and the exercise of power (McGrew and Held, 2002). Globalisation breaks down trade and national barriers resulting in an integration of nations (Mc Connel 1990).

Globalisation can be studied from various angles: Economic globalisation deals with trade across national borders, Environmental globalization reflects on spill over effects on any environmental change of one country into another, whereas Political globalisation refers to decisions made in one part of the world having global ramifications.

In this research, economic globalization was the area of focus.

Following globalization, the world has become as a single market without barriers and this has profound impacts on developing countries. It has created new opportunities for developing countries to open up trading zones for international Corporations. This has increased private capital flows and also improved the in flow of technology. Globally a country's economic level is rated as dependent on its ability to attract and retain foreign capital, skills and technology. This foreign capital is obtained through a globalized economy. Most developing countries have therefore, adopted reforms towards opening their markets for global trade.

MNCs have thus gained entry into developing countries with the wave of globalization. The spread of information and technology has also made MNC settlement and subsequent business activities, in most of the developing countries easier to conduct. Critics of globalisation argue that when a country opens its economy to the outside world, it does this at a cost. This cost is perceived to be the weakening of a country's economic sovereignty, and the erosion of permanent as well as exclusive privileges over, its own natural resources, wealth and economic activities (Zhongying, 2005).

This has admittedly resulted in widening of the gap between the rich developed world and the poorer developing countries, as MNCs from developed nations form affiliates in developing countries offering unequal terms.

Studies conducted have shown how the entry of MNC in communities as part of the global wave, have affected the poor in fundamental ways. The rise of prices for basic foodstuffs, environment degradation and the threat of the imminent extinction of small-scale farms in favour of MNCs has been experienced in some parts of the world (Madely, 1999). The above statement confirms that MNC may offer attractive package in the form of increasing capital flows to a developing economy, as well as offering employment for local resident, but on the other hand may impact negatively.

MNC have immense economic power over that of developing countries. The UNCTAD report of 2001, documented that nearly 60,000 MNCs had over 800,000 foreign subsidiaries in most developing nations by the year 2000. These MNCs accounted for 25% of world production and 70% of world trade (MC Grew et.al 2002). This has resulted in a decreased role of the state as a social regulator of MNC activities (Madely, 1999). When the state loses its control over MNC, communities hosting MNCs are left to bear the positive or negative impacts of MNC in their locality, often with little or no state intervention.

2.3:2 Privatisation

Privatization is a term that refers to the placing of government investments into private companies. In theory, privatization helps establish a free market where- the most competitive and competent owner takes over a government enterprise.

Privatisation is a trend that has slowly found its way in developing countries as part of the global wave (Dharam Ghai; 2000). Since the mid-1980's, most developing countries have sold off at least some state owned companies to private owners and most of them to MNCs (Madely, 1999). While privatisation may improve the efficiency of an enterprise that was formally run by the state, it means that state's assets are sold off- sometimes cheaply, to foreign interests. In effect, privatisation effectively transfers some of the capital resources of a developing country to MNC or its citizens. Most developed countries have been urging developing nations to effect such transfers.

The sale of state assets to MNCs occurs after government expenditures surpass government revenue, making it difficult for a state to adequately provide quality goods and services. This results in the government selling off assets to more efficient and capital empowered corporations. More often than not, MNCs buy state owned corporations since they possess skills and capital required to efficiently run the companies.

Privatisation has been viewed as an impediment to development by some. For instance, local agricultural institutions may be denied the chance to invest and grow in research when high capital MNCs take over agricultural research bodies. Local community members may also be unable to afford services from MNC run bodies, since the cost is higher than government sponsored ones. Other community essential services may also cost higher than before (Crane and Matten, 2003). In effect, privatisation effectively transfers some of the capital resources of a developing country to an MNC. This abdicates government roles in a country, as MNC are left to go on with their activities with little or no government control (Madely, 1999).

However, those who argue for privatization claim it takes some burden off taxpayers who have to support government companies. After privatization, the national budget can be readjusted to support other national projects in developing countries.

2.3.3 Developing Countries debt and Conditional Aid

Private capital flow to developing countries in the 1970s averaged \$28 billion annually and increased throughout the period (McConnel 1990). Then in the 1980's several developing countries experienced a major debt crisis, and could not pay back their loans. Most projects undertaken by developing country's government had failed to succeed, and did not yield income for debt repayment. At the same time western countries were continuing to heavily protect their markets against Third World manufactured goods (McConnel 1990).

With aid stagnating, and no foreign exchange, developing countries had a problem with balance of payments (Madely, 1999). The World Bank and International Monetary Fund (IMF) came to the aid of developing countries, but this aid came along with conditional ties. Developing countries were offered loans to uplift their economies with conditions. One condition was to make their economies more open to foreign investments. Focus was thus placed on exporting of products from developing countries as a means of improving on the balance of payments.

IMF and World Bank were also willing to support economically viable projects, and provided loans for these projects. In order to ensure the success of these projects, IMF and World Bank linked MNCs to facilitate in the implementation of project plans. This

resulted in a continuous flow of MNCs as they came into developing countries under the guise of project facilitators.

- For instance, in Malawi, the Commonwealth Development Corporation (CDC), which is funded by the British Government, has encouraged tobacco growing. However, CDC has employed a MNC tobacco processing company to effect the production and sale of tobacco from Malawi (Madely, 1999).

2.4 MNCs and Community Projects

MNCs engage in community projects for a number of reasons, such as;

- Intention to promote social justice in the communities they work in.
- Expression of an individual organizations distinctive identity, image of mission.
- An attempt to secure legitimacy or competitive differentiation.

However, for whatever reasons an MNC chooses to participate in community projects more often than not, the communities stand out as beneficiaries (Gynn et al., 2005).

In this research, emphasis was placed on involvement of MNCs in community projects primarily for competitive advantage. This is in reference to the initial justification for the settling of MNCs in developing countries, which is for profit making purposes. Some of the theories used in this study, also point to the anticipated rewards for MNCs as they set up base in communities of developing countries. These rewards are primarily in terms of financial profits made.

MNCs are aware that for successful business, engaging in community projects is essential. For MNCs philanthropic efforts are not only a direct attention to community needs, but also a means of boosting their reputation both at national and international

levels (Giatamah, 2005). MNCs have the ability to mobilize resources and employ them both creatively and efficiently, to expand the economic capabilities of the society they work in thus, improving the quality of life.

MNCs participate in community projects as a means of “competitive advantage’ when the traditional mode of economic competition proves difficult. As companies expand into markets outside of their home country, they are likely to experience business benefits associated with community involvement in those markets. From experience, MNCs have learnt that business success does not only come from technical and financial tactics that are superior to competitors, but also from favorable relations with the communities of operation. These initiatives contribute to a company's ability to create a stronger, healthier community as well as to enhance its labor base. In a growing number of cases, company activities are viewed as a strategic investment, creating stable business environments, training labor pools, engendering economically empowered local customer bases, and promoting overall economic growth.

Crane and Matten (2003), cite a survey conducted by a British membership organization, that supports communities through raising business involvement in community needs. The survey found that 86% of consumers had a positive image of a company, which engaged in community projects. This example points to the relationship between a corporate reputation and its interest in community affairs. Any business that takes an interest in community affairs and participates in them gains popularity. A popular business no doubt attracts profits and is well favored by surrounding populations.

MNC participation in community projects extends beyond the immediate profit maximization, to goals which are intended to increase social benefits to the firm and

boost future financial prospects. Corporate involvement in community projects can help build critical infrastructure that can spur economic development, accelerate business development, and create a healthier, more vital community. For instance when an MNC supports a community road construction project, it not only facilitates easy entry and exit from the community of operation, but encourages the entry and settlement of other investors who provide employment opportunities to the community members, purchase local commodities, introduces transferred technology amongst other social and economic benefits. The MNC also increases the number of potential consumers of their products.

MNCs Contribution to Community Projects

Many MNCs work under a social license. This means that to gain community approval and support of business operations, they must attain set social qualifications in the form of supporting development in the region where they operate. This could be by, initiating community outreach projects such as building or upgrading schools, health facilities and other social amenities. This is valued though it may directly have little to do with their business interests but are often valued as an aid to fostering good corporate and community relations. To ensure that these projects are sustainable, capacity building of community members is undertaken, through formal or ongoing trainings (Baker, Business Respect 25th January 2010)

An MNCs social action may focus on promotion of existing community projects such as providing financial or technical support to community cultural activities which may seasonally be held as a means of upholding cultural values. Building houses for needy community residents, setting up or expanding health care centers, supporting health

facility outreach services, putting up vocational learning centers or improving those already in existence, initiating or supporting community clean ups (Gynn et al., 2005).

MNCs may also support local community and business development, through introducing technology to local business sites and sponsoring it, in other cases technical advice and ideas may be passed on local business agents in a bid to promote community self sustaining projects (Gynn et al.2005). MNCs could also sponsor youth groups to train for various short courses, provide small loans to organized youth groups or provide free mentorship programs on business skills. This not only builds the potential of individuals but that of an entire community, enhancing its future socio-economic growth.

Traditional forms of MNC philanthropic actions in a community are also common. These are in the form of charitable contributions during fundraisings for community fundraisings, donations of books and equipment to schools, hospitals and even welfare groups. Whatever form of community support an MNC may chose to have, is wholly dependent on the policies set up within (Zhongying, 2005).

Factors that determine MNC involvement in community projects

The form and level of involvement of MNCs in community projects may depend on, MNC policy, the economic level of the community , cultural orientation of community as well as political and stakeholder influences within the community.

1. MNC Policy

A policy is defined as a deliberate plan of action to guide a decision. MNCs also define procedures of making important organizational decisions, this includes; the identification of different alternatives such as technical programs for support or spending priorities, and choosing among them on the basis of the impact they will have. These policies also

define the amount of money set aside for non business activities by the MNC. These may refer to community projects that an MNC may have interest in supporting within its area of operation. Preset policies therefore greatly dictate the type and level of support offered to community projects. Depending on the budget dictates from the head office, an affiliate of an MNC may have stipulated amounts set aside for other activities apart from business which in effect dictates the type and scale of involvement in community projects (Madely,1999). Over and above, the readiness of executives in an MNC determines the kind of social action involved. The more dedicated the executives of an MNC are towards communal issues, and especially in cases where an MNC is hosted by a community, the more readily they will come up with avenues of initiating or creating policies in favor of community project support.

2. Economic Status of Community

In comparison to industrialized economies, most developing countries fall short of factors of production essential to modern industry. The scarcity of these factors of production contributes to low level of per capital income and often prevents developing countries from realizing economies of scale which many rich countries benefit from. Politically, instability, insecure property right and unguided economic policies have discouraged investment in capital and skills, thus reducing economic efficiency (Dingha, 2005).

These factors make developing countries attractive to MNCs whose primary objective is to make profits at minimum costs.

Most communities to MNCs are aware of this fact, and this only heightens the expectations pegged on MNCs. Such communities expect more financial, technical or material support from MNCs towards community projects. This may call for larger sums of money and commitment being directed towards the community by the MNC.

3. Cultural values

Culture refers to the pattern of human activity and the symbols that give significance to these activities. It is an integral part of every society and is a learned pattern of behavior and ways in which a group of people share. Culture is essential for the existence of a society, because it binds people together. Similarly, MNCs must seek to understand community perceptions and culture to secure a harmonious business relationship (Corporate Social Responsibility Environment Management, 2006)

Community cultural norms may influence the kind and level of MNC involvement in community projects. Certain cultural values of giving if deeply propagated in a community may create an expected trend of adherence by the community towards the MNC. Common ways of giving set the standards on how an MNC contributes towards community project. For instance, a certain community with philanthropic values may impress on an MNC the need to make monetary contributions or donations in assisting community projects, on the other hand cultural dependent communities may expect an MNC to provide socio-infrastructure as well as maintain such projects. An MNC may do well to assess community perceptions on entry so as to remove potential obstacles that may hamper constructive stakeholder relations (Corporate Social Responsibility Environment Management, 2006).

4. Political and Stakeholder Influence

When a community's local leaders actively promote community projects, they may put measures in place that may compel MNCs settling in their communities to engage in community projects, as part of their community cooperation strategy. (Gynn et al, 2005), points to the importance of close relations between non-profit groups in a community and the MNC within. Local elite non- profit groups often have the objective of social and

economic development for their community, and are not short of ideas of what projects their community can engage in to achieve this. These community groups can write proposals to the MNC in their community or invite representatives from the MNC to certain community projects that need assistance amongst other social engagement strategies.

2.4:1 Experiences of MNCs Participation in Community Projects

MNCs participate in community projects in different ways; some MNCs may plan activities with the help of the local community as in the case of the Bigott Foundation in Venezuela. The Bigott foundation established by BAT; is the world's leading MNC specializing in tobacco manufacture. The foundation was established as a center for promoting and preserving Venezuelan clan culture. It holds annual workshops that attract hundreds of participants as well as promote the respect of Venezuelan culture. The Bigott foundation has published books, TV documentaries and music on the Venezuelan art and culture, playing a major role in spreading Venezuelan culture overseas (Common Wealth Business Council Journal, 2003).

In other cases MNCs may identify areas of need in a community, coming up with projects they establish and run with the aim of alleviating an identified problem in the community. For instance, in South Africa, Anglo –American is an MNC that leads in mining, and is a joint venture with operations and subsidiaries in South Africa. In a bid to coghme up with a strategy of combating the rising cases of HIV/Aids, Anglo- American established Voluntary Counseling and Testing Centers in its area of operation and trained 50 volunteers in Home based care for the care of those suffering from HIV/AIDS. Anglo-

American has also established health clinics where those infected with HIV get free treatment for opportunistic infections.

MNCs may have community projects as part of their policy framework. Environmental and social concerns listed in a MNCs policy framework may dictate that certain community projects be undertaken as seen in the following cases:

Billiton Chemfo is a MNC that specializes in open cast mines. Between 1940 and 1993 it operated an open cast mine in Western Cape, South Africa, and as it exited revegetated the mine using special botanical expertise. Billiton Chemfo's involved the local community in this rehabilitation project, providing the needed training and subsequent employment. It also provided the surrounding community with water and electricity.

After the MNC left the area, the community surrounding the rehabilitated was now more potentially productive than before (Mantle and Rockey, 2004)

Unilever has developed a business-training program in for rural residents in India that gives participants the skills necessary to set up small-scale businesses by selling Unilever products. Participants are not required to sell Unilever goods, but many participants do, and as a result the company can now distribute its products to the 700 million Indians living in rural communities. Most of the program participants are women and many have been able to create sustainable micro-enterprises, generating steady incomes of approximately 1,000 rupees (around U.S. \$20) per month, nearly doubling their household incomes(Common Wealth Business Council Journal, 2003).

S.C. Johnson in the United Kingdom suspends operations for an entire day once a month, so that more than 500 employees can spend half the day working on company-sponsored community-service programs and the other half on volunteer projects of their choice. In

2002, projects focused on environmentalism, including clean-up on local land to bring plants and animals back to the area, clearing and restoring the banks of the local canal, repairing a leaking pond and building otter holts along the river bank. In addition, some employees spent time on the local grounds setting up bird tables and baths, planting shrubs, clearing woodland and refurbishing a nearby trail (Common Wealth Business Council Journal, 2003).

In the above cases, communities hosting the fore mentioned MNCs clearly benefited from the Community activities that the MNC participated in. However, it is evident that most documented evidence points to MNCs engaging in Social activities at their own discretion. In most cases, no consultation is made with a community with regard to priority needs. since an MNCs budget, inclination of the managerial team determines the type and level of Community activities it will undertake. This thus means that MNC social activities may not always coincide with community expectations thus precipitating dissatisfaction or outright conflict with community members.

2.5 Expectations of communities hosting MNCs

Communities have high social and economic expectations on MNCs setting base in their midst. Since most MNCs set up affiliates in developing countries, communities that play host to them are more often than not, characterized by poverty. A community's poverty may be caused by high illiteracy levels, inadequate utilization of community resources, poor infrastructure as well as lack of state support in community development projects. These amongst other reasons exaggerate the dire situation that most communities hosting MNC are in and when MNCs settle in such poor communities, the members start visualizing the economic benefits they anticipate to receive.

The sheer size of the large corporation gives it enormous power over governments in developing countries. The larger the size of an economic organization, the more it seems to promise (Madely, 1999). MNC therefore appear to hold positive impacts on a community. Communities hosting MNCs therefore have high expectations of job opportunities with the MNCs. These job opportunities are expected to pay better and to have favorable working conditions as compared to those of local firms. More so, community members expect these jobs to be more long term, unlike those of local companies. In addition, some communities expect MNC operating within to provide skills and expertise to the youth. This could be in the form of on-job-trainings, attachments sponsorships for educational programs amongst other forms of assistance. These skills are aimed at grooming them for future employment opportunities outside the community (Corporate engagement project journal: issue No.5, 2003).

Since MNCs occupy large areas for production purposes and seem to continually expand, local communities also hope that future generations in their community will have access to job opportunities within the company. This is ultimately expected to improve their living conditions. With better jobs and better pay, local residents hope to afford most of the live hood utilities better than before (Wilson and Lodge, 2006). Improved living conditions are anticipated in the form of water supply to villages surrounding the MNC, improved road networks, electricity supply as well as introduction of new technology to the areas surrounding the MNC. These changes are further calculated to mean a growth of population, expansion of business and thus, growth in community wealth.

It is thus evident that most communities expect to have favorable relations with the MNC in their community, which is more often than not interpreted through the establishment of

social amenities, lack of violence and a measure of trust between the community and MNC. The Consultative Paper on Derivative Action, (2003), however notes that most MNC do not know what the expectations of the communities they operate in are, either because; they rarely consult with the communities or they may deliberately chose not to find out for fear of unleashing unrealistic demands by the host communities.

2.6 Relationship between MNCs and communities

Communities not only provide an environment for a MNC, but also provide both a social and economic environment that facilitates business activities (Gatamah, 2005). When MNCs set up affiliates in developing countries, they look forward to abundant cheap labour; natural resources to exploit, communal infrastructure that facilitates transport and communication for corporate firms, in addition to large expanses of land to settle in. Communities of developing countries more often than not provide the needed incentives for MNC settlement (Nikolai, 2000). When local residents are employed by MNC to work in their firms, they pass on knowledge to corporations. Agricultural MNCs may employ local residents to cultivate crops they have traditionally grown in a small scale. Indigenous residents therefore possess knowledge and expertise on the, the crop varieties that yield best and the most favorable agricultural practices. MNC find this knowledge valuable in maximizing their production.

Communities also provide MNC with a socio-economic learning laboratory (Nikolai, 2000). A community's social economic problems often are economic solutions for MNC. In the search for addressing social problems in developing countries some MNC have come up with ways of maximizing profits. In developing countries, the socio-economic

crisis as a result of foreign debts was a solution for MNC global expansion since developing countries needed economic saviors. Thus, MNCs stepped in readily with capital and expertise in the search for solutions (Madely, 1999). This search for solutions has led to the encroachment of MNCs in developing economies (Zhongying, 2005).

On the other hand, communities of developing countries benefit from the MNC operating in their midst. Most community members access employment in MNCs, and are at times housed by the Corporate depending on their terms of employment and thus, cut down on economic expenses incurred. When MNCs also engage in community projects, their superiority in financial capabilities, technology, expertise and international oriented ideas, may go a long way in facilitating the success of community projects. It is therefore evident that both communities and MNCs can derive mutual benefit from each other.

Indicators of measuring the quality of relationship between an MNC and the Host Community

A successful relationship between a community and an MNC has been defined as one that meets clearly defined mutual interests of both the MNC and the host community. Most MNCs lack benchmarks for defining what successful relations with a community comprise of (Consultative Paper on Derivative Action, 2003). This has been an area of concern especially for the oil and gas MNCs that have made it their concern to facilitate development in the communities they operate. In April 2003, stakeholders of the oil and gas industry met at Durdent Court, United Kingdom, to discuss issues of mutual interest related to the nature of relationships between their corporations and the communities of operation (IPIECA Stakeholder dialogue, 2003). Following the three day dialogue at Durdent Court, UK, the stakeholders unanimously agreed to the importance of MNCs engaging community members in the implementation of their projects. When

representatives of a community are enlightened on the activities of a MNC, it is likely that the community will consent more to the MNC activities following dialogue. With the community's approval MNCs have a better chance of having successful relations in future.

Preliminary findings from the (Consultative Paper on Derivative Action Issue Paper of July 2003), noted that MNCs and communities define successful relations differently. Some communities define successful relations as those that do not foster violence and infiltration of the rights of community members, while MNCs define successful relations as equal to the number of community projects they have engaged in. These definitions vary across borders, and although important in fostering cordial relationships between MNCs and communities they may not go a long way into defining the quality of relationship that actually exists.

Consultative Paper on Derivative Action (2003), proposes the importance of setting up indicators that measure the communities' perceptions of an MNC. These indicators are not final objectives but signs that an MNC is meeting its goal. However these indicators should not be drawn in the absence of representatives of the community, since a mutual ground is the only benchmark for success. An MNC should find out from the community what will define their milestones of success. This is only possible if an MNC gets feedback from the community through suggestion boxes, village elders or nominated representatives of the community.

Indicators of success should also take into account influencing factors that may or may not be in the control of the MNC. For example the way MNC staff treat community members may promote either a positive or negative image of the MNC from the

community. MNCs should therefore take into account how a change in the influencing factors affects the perception of the community about them. This difference may arise after a good record of employee relations is affected by a single incident of employee mistreatment.

Last but not least, indicators of successful relationships should focus on quality and not quantity. For example an MNC may build soccer fields as part of their idea of success relationships. It would be important for the MNC to find out whether these soccer fields are being used, by whom and for what purpose. What an MNC may consider as important for the community may really not be the case. As above stated, lack of dialogue with local community leaders and member representatives may result in inappropriate projects.

Successful relations between an MNC and a community may go a long way into improving its business, when a community has a positive attitude towards a MNC; the MNC gains a good reputation and corporate image. In 1994, a survey was conducted by the Walker research institute; the findings were that 78% American consumers avoided products from corporations that did not relate well with surrounding communities (Crane et.al 2003). In this age of globalization where corporate activities are monitored globally, a poorly reputed MNC may slacken in profit gain, as consumers worldwide shun their products. It is also noteworthy that the quality of relations between MNCs and communities produces a social and economic impact on these host communities.

2.7 Socio-economic impact of MNCs on host communities

2.7:1 Global Social Relations in host communities

Every community is made out of social networks. Families, neighbours, workmates, employees, amongst others, are part of social networks in a community. These networks foster sociable relations and interpersonal support (Wellman, 1988). All forms of social networks act as resources for community members since they not only create an identity for community members, but also are essential in social control. Proper social control is achieved when experiences, knowledge and ideas that conform to social values are passed on from one individual to the other during the process of socialization (Wellman, 1988). An individual is therefore trained on maintaining social values that enhance the peace of a community.

Families and kinship, which are examples of social networks in a community, control property ownership, ensure rites of passage are fulfilled accordingly and maintain social cohesiveness of kinship members (Sorokin, 1941). In order to supervise and control these social networks, community leaders and gatekeepers are unanimously elected to perform duties such as settling social disputes and maintain law and order in communities.

Impact of MNC on a Community's Social Relationships

MNC depends on human interrelationships to facilitate the production of their goods and services or to consume their products (Karugor Gatamah, 2005). MNC therefore need the support of communities to thrive. The relationship between a MNC and a local community may produce positive or negative consequences on the community.

When MNC prepare to set up their operation, they lease land or property that harbours productive resources. Productive resources may be land that is a prospective mine field, oil reservoir or land that is fertile. In order to set up base, people are displaced and often not adequately resettled. For instance, in the early 1980s, a Brazilian MNC acquired large areas of India's tropical rainforest displacing 7000 Indian families, which had lived together in neighbouring villages, sharing communal activities and ceremonies. This fertile tropical rainforest coverage provided the Indian families with animals for food, vegetation for food and medicinal purposes. These families were not resettled elsewhere and therefore settled on the streets of nearby towns, giving rise to street families and slums. Social circles were disintegrated, cultural values lost in the process of resettlement and economic networks interfered with as sources of livelihood had to be reinvented (Madely, 1999).

It is therefore clear that MNC may at times break kinship and community bonds interfering with processes of socialization.

In other situations, when an MNC is preparing to establish itself in a community it may seek to incorporate community ideas in their plans. (Commonwealth Business Council, 2003) cites the example of Anglo America as a MNC mining company that set up an affiliate in South Africa. From the year 2003, it ensured that it consulted the community members in its proposed area of operation to come up with ways in which it would minimize disruption of the community's social setting, after it started mining. Anglo America has also since the year 2003 donated 0.9% of its pre-tax profit to community gatekeepers who invest the funds in community projects.

Poor waste disposal procedures may endanger the lives and health of community members. Unhealthy individuals in a community are not in a position to nurture life and

to play their respective social roles as expected to. (Freemantle et.al, 2004), highlight an MNC in Papua New Guinea that specialized in mining, the MNC regularly emptied 50,000 tons of waste in Angabanga River, which the local community tapped on downstream. After a couple of months, local community members suffered swollen bellies and yellow skin. Such possible fears have halted MNC initiation of economic activities as seen in the case of Tiomin mining in Kenya. A court injunction was issued in 2001 by a court in Kenya following fears that the mining of Tiomin would not only displace local residents but may harm the environment, (Business Respect, 2001).

2.7:2 Economic Networks in a Community

Economic networks refer to agents and factors in a community that organize the production, distribution and consumption of goods and services (Macious, 1992). Individuals in a community may be involved at different levels of an economic organization. Some individuals may specialize in extracting raw materials from the environment; others may process and sell manufactured goods. The complexity of economic networks offers employment opportunities for many community members depending on their knowledge and skills. The more the employment opportunities for community members, the greater it's self-reliance.

Before a MNC settles in a host community, there are other businesses that may be specializing in providing goods or services; similar to those the MNC intends to offer. However, after the entry of the MNC, these similarly small businesses are slowly marginalized and are eventually done away with (Goldthrope 1984).

Friends of the earth (2003) documented an experience in Chile. In 2001 Nutrec, which is a Dutch MNC. that is amongst the worlds leading producers of Salmon fish, set up an

affiliate in Chile where local residents had for decades earned their livelihoods through fishing. With the entry and settlement of Nutrec, local fishermen were pushed out of the market as the MNC now occupied most of the water bodies. The remaining traditional fishermen run out of business as Nutrec attracted local supplies of fish to itself.

Some MNC may create new economic activities for community members as they prepare for their exit. In South Africa, a gold mining MNC made the decision to invest in agriculture after its closure. This decision meant that labours in the firm who were largely from the local communities would still have a source of income, after the MNC moved out. The MNC took the initiative of training 100 former horticulture labours, and provided them with capital to start off their business activities (Freemantle and Rockey, 2004). The above experiences point out that MNCs are in a position to impact positively or negatively on a community's economy.

2.7:3 Social and Economic Impact of MNCs in Kenya

With the liberalization of the economy in the 1980s, Kenya has been a host to many MNCs especially. Having been categorized amongst developing countries, Kenya is a target for MNCs due to the attractions it offers in terms of less stringent measures on foreign investments, cheap and abundant labour that suits MNC large scale activities. As part of its economic development strategy, Kenya has made concerted efforts to attract and maintain MNCs in the country. The presence of foreign investors in the country means; employment opportunities for many people, foreign revenue for the country as well as international recognition as part of the global network.

MNCs in Kenya have had an impact on both communities of operation as well as surrounding communities. This impact can sometimes be positive as seen in the case of SC Johnson which is a MNC with its head office in the United States, but has established affiliates in many developing countries including Kenya. SC Johnson specializes in the manufacturing of insecticides from pyrethrum and has done so in Kenya for the past 30 years. Common manufactured brands include Raid and Baygon, which serve both the local and international market (Yale Centre for the study, 2006).

SC Johnson gets its pyrethrum from the Pyrethrum Board of Kenya (PBK), and has worked closely with it for the past 30 years. SC Johnson has worked towards offering technical support to PBK that enhances its delivery to the communities producing pyrethrum in the highlands of Kenya. Through regular trainings and facilitations, SC Johnson has empowered the PBK to pass on latest farming technologies that enhance production for the pyrethrum farmers. More recently, SC Johnson has initiated projects with local NGOs towards promoting irrigation technologies that will enhance pyrethrum crop yield as well as enable provide a variety of income generating activities for the pyrethrum farmers (Yale Centre for the study, 2006)..

The above example points at positive impacts an MNC may have on a community especially if it derives resources from it. Communities appreciate MNCs that endeavour to make them socially and economically better than they found them. On the other hand the Coastal community of Kenya has not appreciated the entry of mining MNC in their midst. Tiomin Resources Incorporation is an MNC that specializes in extraction and processing of titanium, which is used to make products such as paper, plastic and paint. In order to commence its activities, Tiomin MNC will displace over 5000 residents presently residing in the prospective mining fields (The East African Standard Nairobi,

2003). Although it promises resettlement compensation, this has not been well received by the affected community since they claim the terms of compensation are unclear (Daily Nation, 2006).

The local community has also raised fears about the aesthetic beauty of the Coastline being interfered with as well as the loss of many endangered species that have found refuge in the serene Coastal forests. Despite the fact that Tiomin MNC has not started operations, it is clear that the community surrounding the MNC has had a negative impact from the presence of the mining MNC, (Titanium Mine Threatens Communities in Kenya 1999). The current Kenyan constitution seems to have many loopholes regarding the legal rights of local residents' towards their resources as well as policies on compensation of relocated communities (Daily Nation, 2006). It is therefore evident that the government has not put into place systems that monitor MNC activities as well as their social and economic impact on local communities

2.8 Theoretical Framework

This section presents and discusses four theories namely; the Functional Analysis Approach, the Social Systems theory, the Structural Exchange theory and the Dependency theory. These theories explain the possible factors that could contribute to MNC influence on local communities. A detailed analysis of these theories considers the following in this study: the harmonious integration of a communities' structural framework, which in this case includes economic systems such as MNCs, in relation to other functional entities. The level of community institutions fulfilling socially prescribed roles. The cost and benefit relationship experienced by actors in a community

and lastly the intertwined influence of both political and economic factors that influence the role of MNCs in local communities.

All the above cited theories play a complimentary role to each other; the functional analysis approach defines the globally economic driven need for the presence and operation of MNC in developing countries. For this role to be met successfully, society must meet their different roles as described in the Social Systems theory. In this case, society includes MNCs that operate amongst communities. An integrated and functional society is also expected to fulfil mutual expectations of all actors, the Structural Exchange theory outlines cost and benefit expectations, however, meeting these expectations may be influenced by historical and economic factors. The dependency theory defines historical and economic factors that could result to unequal power relationships between actors in a society.

Functional Analysis Approach

The functional approach emphasizes the common index of needs. Needs vary from one entity to another, and appropriate mechanisms are put in place to deal with those needs as they arise. Robert Merton was a proponent of this theory, but was influenced by the work of Talcott Parsons and Pitrim Sorokin. Merton analyses society with reference to whether society's structures are well integrated or not. He considered the examples of family or political systems as social structures, which could be studied to observe whether they were well or badly integrated (Merton, 1957). The degree of integration was gauged from how orderly and stable these social institutions were.

Merton however, stated that all social institutions were inherently good for society. However, some may have consequences that are functional to some parties and

dysfunctional to others. Merton distinguished these consequences as manifest and latent. Manifest functions are those recognized and intended to occur by a social institution, latent functions are unintended and sometimes not recognized by these institutions (Merton, 1957). Similarly, MNCs set up affiliates in developing countries in a bid to make profits and at the same time come to the rescue of the existing weak economy. Profit making is thus a global need, which MNC strive to satisfy. In the long run, MNC may have unintended impacts on their communities of operation, these impacts may be positive or negative and more often than not are not a focal point for most research. Positive impacts include provision of jobs for local residents, participation in community projects, technological transfer to a community of operation as well as any skills or expertise passed on to the local community. This study seeks to document these intended and unintended impacts of MNCs on host communities.

Social Systems Theory

The proponent of this theory was Talcot Parsons and was greatly influenced by the work of Emile Durkheim. Both scholars viewed society as a moral entity. The social structure of any society refers to the structure of expectations embedded in the different roles institutions in society play.

For a society to operate, four conditions have to be met, these are:

1. Adaptation to the environment – society must ensure that the physical needs of its members are met. An organized system of production and distribution is set up to ensure that physical needs are met adequately and efficiently. This condition applies to communities surrounding MNC, which have pre-existing modes of production and distribution is set up to ensure that physical needs are met adequately and efficiently.

2. Goal attainment – society must have some agreement with its members about priorities and aims. Necessary arrangements are thereafter put in place to attain society goals. Communities hosting MNC have collectively identified social and economic priorities essential to their well-being. Some of these priorities may involve infrastructure developments in their community, such as the building of roads, community water projects, mining of local resources amongst others. When an MNC set up base in these communities, they may disrupt goal attainment. If an MNC requires large amounts of water for production purposes, it may tap all available water sources and disrupt community projects. The surrounding community then loses out on fulfilling its goal.

3. Pattern maintenance and tension management- for a society to function well, it must ensure that its members are sufficiently motivated to play the necessary roles. A mechanism of dealing with emotional tensions that arise in the process of role-play has to be established. Existing social structures in communities serve the purpose of motivating members to play their roles, as well as dealing with tension. Kinships, political structure, a productive economy and prevailing culture in a community serve the purpose of maintaining order in a community. MNC settling in communities introduce new culture, new economy as well as different social values. These may either enhance pattern maintenance in a community or destroy it.

4. Integration: - In order to maintain its existence, society has to ensure co-ordination and control between the internal elements and various parts. For a community to function well, its social-economic networks within must be in order. The community must be in a capacity to be self-reliant and effectively manage itself. If MNC exploit resources within a community and do not replenish them, the community will not be in a position to economically sustain itself and will thus be threatened.

Structural Exchange Theory

George Homans and Peter Blau suggested that all human behaviour reflects the actors' calculations of costs and benefits. These basic notions of exchange can further be applied to corporate actors, companies or even countries dealing with one another. The structural exchange theory postulates that all human relationships revolve around social attraction (Ritzer and Goodman, 2004). Social attraction causes actors to manipulate qualities that convince others that they are desirable. Each actor feels equal to the other and thus, able to meet the other actor's needs adequately. Actors indicate that they possess valued qualities, and in effect establish a claim on others for the receipt of rewards from them. Social life is filled with people's competitive efforts to impress each other and thereafter extract rewards.

Developing countries have offered attractive incentives to MNCs, less stringent procedures transfer pricing, cheap labour; available natural resources as well as a favourable political climate are all attractive features to MNCs. On the other hand MNCs, settle into communities and promise employment opportunities to local residents. They also engage themselves in community social activities as a means of enhancing corporate community relations, which provide them with security of tenure. In this scenario, local Communities are aware that they possess resources that a MNC needs for its business survival and on the other hand MNCs know that their immense capital and business orientation will be of economic benefit to the local communities.

Peter Blaus theoretical contribution draws attention to the consequences of an actor deprivation of expected rewards in any exchange relationship. "Deprived actors tend to retaliate against those who have denied them the expected rewards. Such opposition

creates strained relations between actors especially when the unequally treated actor is aware of their important role in the relationship (Ritzer and Goodman, 2004).

The structural exchange theory is of importance to this study, since documented evidence from human rights agencies points to strained relations between Delmonte Corporation and the surrounding community. It is thus the aim of the researcher to determine whether certain expected rewards between Delmonte Corporation and Kakuzi Community contributed to the strained relations.

Dependency Theory

The Dependency Theory was first developed in the late 1950s under the guidance of the Director of the United Nations Economic Commission for Latin America, Raul Prebisch (1901-1986) and later on furthered by Paul Baran (1910-1964) and Andre Gunder Frank (1929-2005). Dependency theory is based on the notion that an unequal economic relationship exists between industrialized countries, which are referred to as the core, and the periphery which refers to the developing countries (Sanchez Omar, 2003). It is a response to the modernization theory that failed to address the critical issues that patterned developing nations to their present state. It holds that relationships between developing and developed countries are based not on the growing cooperation between them, but rather on the dependence of developing countries on developed ones. This relationship is characterized by extraction of resources from the periphery by the core, reinforcing an ongoing process of inequality.

Raul Prebisch as cited by Ferraro, (1996) noted that economic growth in the advanced industrialized countries did not necessarily lead to growth in the poorer countries. He attributed this to the unequal sharing of economic benefits accrued from resources

extracted and processed by rich countries from developing nations. In essence this occurs when poor countries export primary commodities to rich countries who then manufacture “value added” products selling them to international markets and to the developing countries at a very high price. This process creates capitalism characterized by unequal economic relationships between the core (industrialized countries) and the periphery (developing countries).

Andre Gunder Frank and Paul Baran also asserted this inequality would continue existing for as long as the rich developed countries remained in the international capitalist system and the underdeveloped states continued supplying cheap labour, resources and also serve as the repositories of surplus capital, obsolescent technologies, and manufactured goods from the developed countries. All the three theorists: Raul Prebisch, Gunder Frank and Paul Baran share a common point of view that external powerful forces, such as Multinational Corporations, Monetary Aid, International commodity markets as well as technological inventions relentlessly propagate this inequality (Ferraro, 1996).

While discussing key features of dependency, Baran as cited in Amin S. (1976), highlighted the aspect of international division of labour as a feature of dependency. Skilled workers were positioned at the core whereas unskilled workers were at the periphery. These unskilled workers serve as cheap labour for the industries set up in the developing countries. Baran notes that the surplus in profits after sale of manufactured goods is sent to the developed country while little is used for development in the periphery. In reality, the economic gains made-by the core (developed countries) translate to poverty for the periphery (developing countries).

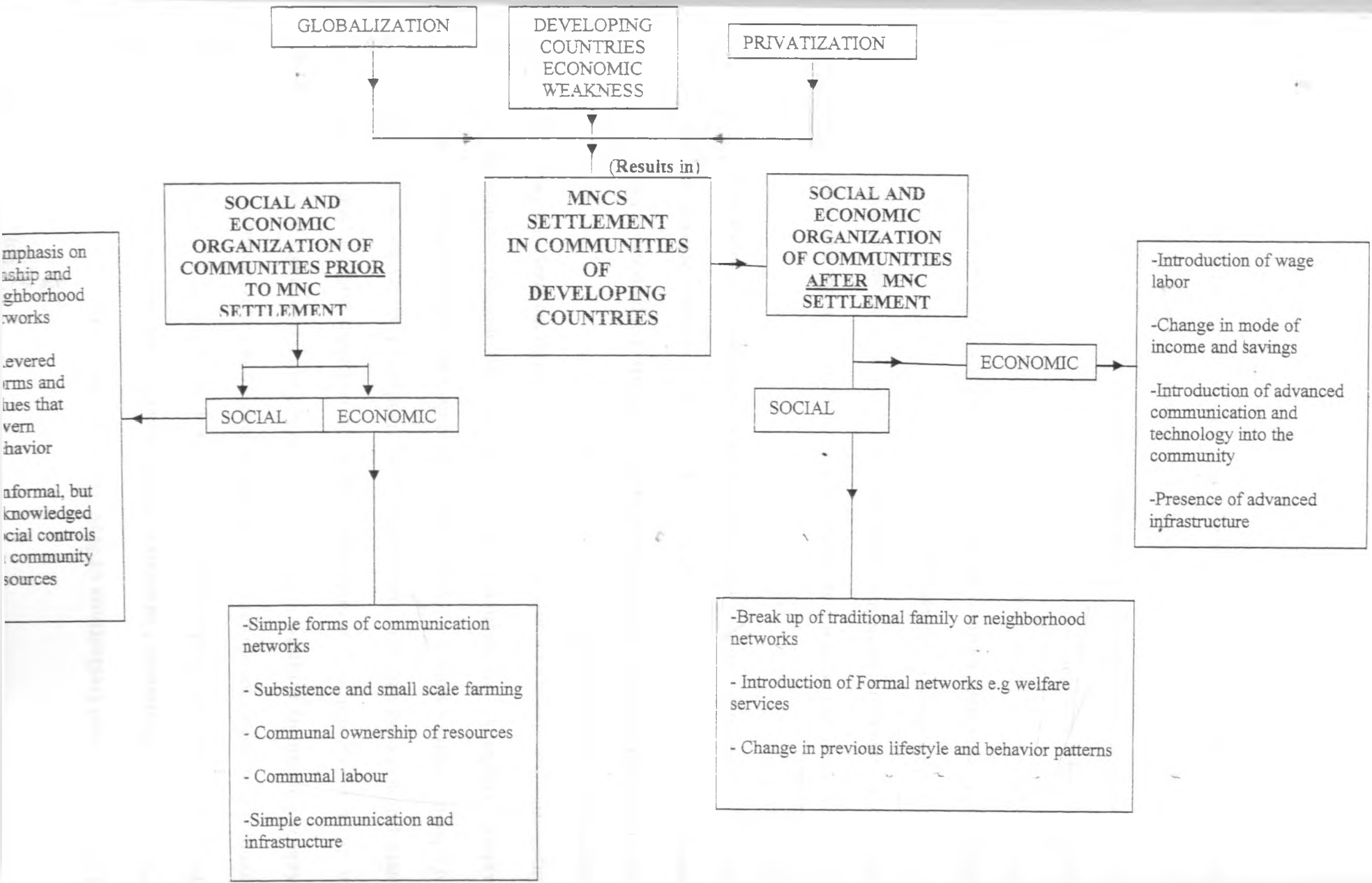
Prebisch, Baran and Andre Gunder Frank as cited by Amin (1976) also point at the deliberate inflow of capital from the industrialized countries to those that are developing as another major feature of dependency. This inflow of capital could be in form of loans granted on stipulated terms or modes of repayment, monopolistic business ventures, and technological subordination among other subtle forms of exploitation. The Third World debt crisis of the 1980s and the subsequent conditional aid is one such situation that creates a cyclic nature of financial support by the developed countries. The theorists conclude that if unchecked, this dependent relationship leads to poverty for the nations at the periphery.

This study focuses on a socio-economic relationship that has existed for decades between a Multinational Corporation -Delmonte Corporation whose head office is in United States, and its subsidiary in a developing country- Kenya. This has mainly been through the community's supply of cheap labour in the form of casual labourers from the Kakuzi community and raw materials in the form of pineapples to the MNC. These pineapples are processed; canned and exported internationally and sold locally as value added products. Profits derived are invested back to the country of origin. This situation has existed as part of a historical process of Globalization and Conditional Aid that has seen the infiltration of foreign investments in Kenya as a result of economic dependency. This theory has been used to explain the probable reasons why the MNC has continued to operate in the Kakuzi community for decades as well as the possible outcome of this relationship.

2.9 Conceptual Framework

A diagrammatic representation has been used to summarize the proposed study as well as highlight major pointers of the literature review as follows: the three main factors that have enticed MNCs to gain access to developing countries, the resulting social and economic impact after the settling of MNCs in host communities.

Following the economic crises in developing countries Globalization and privatization were adopted by Third World nations as a means to bridge the economic gap. As a result a conducive environment has been created for the settlement of MNCs. These MNCs settle in communities that have indigenous social and economic systems. These communities may have enjoyed close knit neighbourhoods and revered norms governing relationships. With the entry and settlement of a MNC these systems may be disrupted giving way to a shin existing social economic systems. The conceptual framework flow chart presents this interrelationship as well as resultant effects.



2.10 Operational Definitions of Key Terms in the study

Participation of Delmonte Corporation in Community projects- This term refers to the various ways in which Delmonte Corporation has assisted in the initiation, completion or sustenance of community projects undertaken in Kakuzi division

Kakuzi Community projects- In light of this research, Kakuzi community projects refer to all activities which they undertake or plan to undertake with or without the participation of other agents, to improve their living standards. This may involve building of schools, hospitals, water catchments, installation of electricity amongst other activities.

Kakuzi residents' expectations- These refer to preconceived ambitions, of improvements in living standards of community members with the entry of a Delmonte Corporation in their community.

Present relations between Delmonte and Kakuzi residents- For purposes of this study, present relations were taken as the presence or absence of conflicts between the two. This will also take into consideration factors that have contributed to presence or absence of conflict.

Prevailing social and economic levels of Kakuzi- In this research this term implied the present interpersonal relations that define the community as a whole, as well as, the means of livelihood and wealth created in the community.

Delmonte Corporation business activities- These were defined as all those activities that enabled Delmonte Corporation earn profits, these included trade relations between Delmonte Corporation and the community.

Kakuzi residents' contribution to Delmonte's business activities- In this study, this term referred to various ways in which community members have supported or facilitated for the advancement of Delmonte's trade activities within or outside the community.

2.11 Variables and Variable Indicators

Table 2.1 Variables and Variable Indicators

Variables	Variable Indicators
1. Participation of Delmonte Corporation in community Projects	<ul style="list-style-type: none"> - No. of projects Delmonte Corporation has initiated - Degree of supervision and maintenance of initiated community projects - Forms of support Delmonte Corporation offers to sustain community projects. e.g technical assistance, professional advice.
2. Residents expectations from Delmonte Corporation	<ul style="list-style-type: none"> - No. of residents with held expectations from Delmonte Corporation - Direct expressions from community members of met expectations from the MNC - Assumptions of community expectations by the MNC
3. Relationship between Delmonte Corporation and Kakuzi residents	<p><u>Conflicts</u></p> <ul style="list-style-type: none"> - Frequency of conflicts between the community and Delmonte Corporation - Nature of conflicts experienced between Delmonte Corporation and Kakuzi residents -Method of conflict resolution and its effectiveness <p><u>Residents Satisfaction</u></p> <ul style="list-style-type: none"> -No. of people comfortable with Delmonte,s

	<p>operation within the area.</p> <ul style="list-style-type: none"> - Stated reasons by community members of being comfortable/or not with MNC operation in area.
4. Social levels in the community	<ul style="list-style-type: none"> - No. of families living together in one house - No. of families living in present location for past 10 yrs - Direct responses of interaction patterns in the community since the settling of Delmonte Corporation
5. Economic levels of the community	<ul style="list-style-type: none"> - No. of permanent house structures -No. of family members in employment -No. of family members with income above Kshs 10 000 per month - No. of dependants per nuclear family - Presence all weather roads - Electricity connections and piped water supply.
6. Kakuzi residents' contribution to Delmonte's business activities	<p>Resources that Kakuzi has contributed as capital to Delmonte Corporation, resulting to its business success.</p> <ul style="list-style-type: none"> - % of respondents presently working for the MNC. - % of respondents marketing Delmonte Products though not employed in the Firm.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The purpose of this study was to determine the impact of Delmonte Corporation on its surrounding community. This study applied scientific procedures in collection and analysis of the data. Vital variables were also identified as a means of ensuring that the research objectives were met.

3.2 Study Area

The study was carried out in the old Thika district which is located in the Eastern part of Central province of Kenya, at a distance of 40km from Nairobi. The district covers an area of 1,960.2 sq Km². It borders Nairobi City to the south, Kiambu District to the west, Maragua District to the north and Machakos District to the east. The district lies between latitudes 3°53' and 1° 45' south of Equator and longitudes 36° 35' and 37° 25' east. According to the 1999 census report, Thika District had a population of 645,713, covering an area of 1960.10km², (CBS 1999). The district is predominantly rural, but its urban population is soaring as Nairobi is growing rapidly.

Administrative Units, Population and Population Densities

The district is divided into 6 divisions namely Ruiru, Gatundu South, Thika Municipality, Kakuzi, Gatanga, and Kamwangi (Gatundu North). It also comprises of 20 locations and 89 sub-locations. Table 3:1 below shows the various administrative divisions, their population and population densities.

Table 3.1 Administrative Units, Population and Population Densities of Thika District (2005-2010)

DIVISION	AREA (SQ.KM2)	POPULATION	DENSITY
Thika Municipality	220.2 107	174,487	487
Kakuzi	481.2 71	71,622	149
Gatanga	251.1 103	103,048	410
Gatundu North	289 99	99,460	344
Gatundu South	192.1 113	113,699	392
Ruiru	526.6 150	150,710	286
TOTAL	1960.2 645	645,713	329

Source: Thika District strategic plan 2005-2010

The district is quite densely populated but with diverse distribution varying from one division to the other. Gatundu, Thika Municipality and Gatanga Divisions are the most densely populated with Gatundu having the highest. The lower parts of Ruiru and Kakuzi Divisions have the least densely populated. High population density in most parts of the district has put pressure on land leading to fragmentation into smaller uneconomical units. In addition to Thika being a rich agricultural district, it is one of the leading industrial districts of the country. However there are isolated pockets of poverty in the district and mainly found in urban slums in Thika Municipality, Ruiru Town and Juja.

Topography and Climate

Thika District is divided into two zones; the upper zone which is characterized by cool climate with rich volcanic soils and the lower zone which is warmer. The upper zone is

favourable for growing coffee, tea and pineapples while the lower zone favours subsistence farming, since it experiences lesser rainfall.

Welfare Indicators

1. Education

Thika District has 342 primary schools. The primary school enrollment rate is 83% for both boys and girls. The Primary school going population (6-13 years) makes up to 20.3% of the district total population and was estimated to be 131,235 in 1999 (Thika District strategic plan 2005-2010). This cohort increased to 150,730 in year 2004. Although the enrollment rate is high (83%), the district will need to invest in the provision of additional educational facilities. The district has 98 secondary schools and an enrollment rate of 70% for both boys and girls. This secondary school going age group comprises 9.3% of the total population and was estimated to be 60,198 in 1999. It is projected to rise to 77,242 by year 2008. Many children drop out of primary and secondary school mainly due to inability to afford cost of education and the limited number of schools (Thika District strategic plan 2005-2010).

2. Labour Force

The labour force in Thika District is increasing rapidly. According to the (1999) Population and Housing Census the total population of labour force age is represented by 56.3% (267,376) of the total population and comprised 187,529 males and 184,647 females. This number was projected to increase to 477,549 comprising of 240,623 males and 236,926 females by year 2008. The high increase of labour force has led to increase in unemployment and this could lead to escalation of crimes as a result of non-absorption of this active population in services of gainful employment (Thika District strategic plan 2005-2010).

3. Poverty Analysis

In Thika District, all forms of poverty including food and absolute poverty are experienced and indeed poverty incidence is on the increase due to factors such as unemployment, collapse of agricultural sector, collapse of industries, poor infrastructure and the rise in HIV/Aids. The prevalence of poverty in the district currently stands at 48.4%. The poverty situation in Thika District is manifested in various forms such as inaccessibility to education and inadequate education facilities (Thika District strategic plan 2005-2010).

4. Health

The Thika District strategic plan of 2005-2010 listed over 105 health facilities that are spread across the district. The doctor/population ratio was about 1:21,940 showing over-utilization of doctors. The average distance to a health facility was less 5 Km. Diseases most prevalent are Malaria, HIV/AIDS and Broncho-pneumonia while the childhood diseases include anemia, marasmus, eye infection, pneumonia, malaria, Kwashiorkor. HIV/AIDS in Thika is a major health problem with a high prevalence averaging at 34%. With regard to bed occupancy, about 60% of the hospital beds are occupied by patients with HIV/AIDS related diseases. The age group 20-49 years is the most affected, majority of whom are females (Kenya Integrated Household Budget Survey, 2006). This has resulted in high increase in the number of HIV/AIDS orphans in the district with a high percentage of the families' incomes being directed towards addressing the pandemic at household level (Thika District strategic plan, 2005-2010).

The main causes of the spread of HIV/AIDS in the district include unsafe sexual behavior, drug abuse especially drinking of illicit brews, high levels of peer pressure and

ignorance of facts, family breakdowns amongst other social vices. The socio-economic impact of HIV/AIDS in the district include the drop out rates in high school, female and children headed families, loss of manpower and high mortality and morbidity rates, orphans and street children amongst other social problems.

Study Site

The study was restricted to Kakuzi division where Delmonte Corporation is situated. Delmonte Corporation is surrounded by a rural population of approximately 1000 residents, of which some residents are employees of the Corporation. Majority of these residents live in settlements comprised of three main villages; Methi, Kihia Mwiri and Mwana wi Kio. It was of interest to this study to find out the impact of the Delmonte as a Multinational Corporation to the community surrounding it.

3.3 Research Design

This study was largely exploratory in nature. Explorative studies are generally non experimental, and are often carried out at a single point in time. They are conducted on issues or problems where there are few or no earlier studies to refer to.

The researcher therefore identified this design as appropriate for the following reasons; the study was to find out whether a problem really existed and if so what was its nature? Secondly, this study aimed at investigating a social phenomenon without prior explicit expectations or assumptions in previous or similar case studies. In reference to this study, most documented research available was on the relationship between employers' employees of MNCs in Kenya. This information could not define the community's perspective of the MNCs.

3.4 Unit of Analysis

This study analysed the community surrounding Delmonte Corporation. This community was made up of families, organized community groups as well as local community leaders who co existed.

3.5 Sources of Data

Data was mainly obtained from household heads in the community through personal interviews using a questionnaire, but in their absence, a mature member of the family above 20 years qualified as a substitute respondent.

Individuals holding key positions in the community were also another source of data for the study. A key Informant Interview was used by the researcher to obtain data from these individuals. Targeted individuals were; the local D.O who is a representative of the District Development Committee and may have first hand information on the social and economic activities of Delmonte Corporation in the area and two community members who had lived in the villages surrounding the MNC for more than 10 years.

A community group was also targeted as a source of information. A focus Group discussion was the main method for collecting data from the community group, and a Focus Group Discussion guide was designed for this purpose. In this study, a youth group comprising of both males and females was selected and a focus group discussion was conducted. All the above respondents were derived from within the community surrounding the MNC and not from the MNC itself. This was largely due to the nature of the study which focused on the community's perspective of the MNC, and was thus drawing information from those impacted upon by the presence of the MNC.

3.6 Sample Size

During sampling, a representative is drawn from the entire population. In this study both probability and non-probability sampling methods were employed. A sample size of 120 was selected. Out of the total number of respondents, 100 responded to all questions while the remaining 20 answered in part or did not give responses in some cases. Since the total population of the three villages hosting the community surrounding the MNC is estimated to be 5580, the ¹Fishers formula was employed to get the actual sample size.

3.7 Sampling Procedure

The researcher obtained a list of the villages from the District Officers office 1999 census report as well as a map of the division. The map indicated that 3 villages surrounded the MNC and their population size was as follows: Methi 2250, Kihia Mwiri 1975 and Mwana wi Kio 1355 giving a total population of 5580. Proportionate cluster sampling was thus applied to arrive at a percentage sample size of the following house holds per village: Methi 40% (48) respondents, Kihia Mwiri 36% (43) respondents) and Mwana wi Kio 24% (29) respondents). Random picking of the households was thereafter done, with every 5th house in the selected villages picked as part of the sample. This was carried out with the help of a list of households obtained from the chiefs in the respective villages.

The Key informants and an organized group for the FGD were selected purposively. This involved the deliberate and careful identification of individuals who would provide accurate information on the history of the MNC in the community. Two of these individuals should have lived in the community for more than 10 years, one of the key

¹ $n_r = n / 1 + (n/N)$ Fisher (1998)

informants was also required to possess administrative knowledge and authority in the area. In view of these requirements individuals identified for as key informants were, the D.O of Thika District, 2 community members who had lived in the community for more than 10 years.

For purposes of a focus group discussion, the researcher required a community group that was active, and that had both male and female membership, of individuals who were born and lived in the villages surrounding the MNC. To this effect, an active youth group with 8 members (4 male and 4 female) was identified for the focus group discussion. The socio-economic check list was also filled by the researcher in the course of collecting data from all the above sources through observation and informal enquiries. To enable the researcher access the targeted respondents she requested the respective village elders, of each of the three villages, to identify one individual who was well known and respected by the community members, and who had lived in the village long enough to know various households as well as key individuals therein. The identified individual assisted the researcher as a community guide in identifying households, key informants as well as community groups that the researcher wanted to interview in the respective villages.

3.8 Data Collection Methods

The main data collection methods applied in this study was through personal and key informant interviews. Non-participant observation was also used as a means of confirming some responses, and also to obtain additional data. This was in form of a checklist of observable socio- economic features that the researcher ticked as observed or not during the period of data collection.

During the process of data collection, the researcher and research assistants reassured all respondents of confidentiality of any information shared. This was with the intention of allaying any fears of possible victimization by Delmonte Corporation in case they came across the research findings. In addition, this reassurance was reinforced by the observations made during data collection especially from employees of the Corporation, who risked loss of jobs or life, if directly referred to as the source of information.

Questionnaires

Questionnaires were designed to conduct personal interviews with individual community members. They were divided into 7 sub sections namely:

- Demographic information
- Socio economic information
- Presence of MNC in community
- Participation of MNC in Community Projects
- Relationship of MNC with Community Members
- Expectations of Community from MNC
- Contribution of residents towards MNC

This tool primarily targeted house hold heads who have resided in the village for at least 5 years.

Key informant Interview Guides

This tool targeted specific individuals, in the community with specific historical information of the MNC. A few guiding questions were designed to lead into a discussion with key informants. The questions revolved on the history of ownership of land

presently occupied by the MNC, the socio-economic activities of the residents prior to the settlement of the MNC as well as the impact of the settlement of the MNC.

Focus Group Discussion Guide

This tool was designed to lead into more detailed group discussions with members of the organized community group. A pre-existing group was preferable since it was easy to access and had been sharing a common centre of interest. Such a group was more likely to generate a more productive discussion, and in this case issues that revolved around their community.

The tool was divided into the following sub sections:

- Impact of MNC on the community, (with probe on the positive and negative)
- Relationship between MNC and community
- Expectations from the community
- MNC involvement in community activities
- Role of community and local government structures to MNC

Non- Participant Observation Checklist

During the data collection process, the researcher looked out for the following physical indicators:

- Social and economic status of the community
- Infrastructure of area
- Social amenities of the area
- Development projects of the area

Presence or absence of any of the above was noted by either ticking or crossing in the checklist.

3.9 Data Analysis

Data collected from the personal interviews was cleaned, coded, entered and analysed using SPSS. Some of the data obtained from the Focus Group Discussions and Key Informant Interviews was also coded and analysed using SPSS. The remaining data from the Focus Group Discussions and Key Informant Interviews was to be analysed through thematic headings. Observations during the study were recorded in the observation check list which was analysed in an excel worksheet.

3.10 Ethical Considerations

During the study, various factors were taken into consideration with the view of ensuring that the respondents were protected from undue victimization. This was necessary because some of the respondents had relatives working in the MNC and feared that sharing information about the MNC could result in their loss of employment. The following ethical considerations were employed in the study,

1. Voluntary participation was required for all respondents and none of the respondents was forced to participate.
2. All respondents were assured of confidentiality. Respondent codes were used instead of names to preserve the anonymity of the respondents.
3. The researcher provided accurate information about the objectives of the study as well as the future use of data collected from the study.
4. To avoid possible victimization of community members by the MNC, focus group discussions and interviews were held in the privacy of homes.

3.11 Challenges in Data Collection

1. Some respondents were apprehensive about sharing information about Delmonte Corporation for fear of victimization; the researcher had to constantly reassure the respondents about confidentiality. This was highly noted during the focus group discussion where the group had to relocate from under a tree to a building in fear of the Delmonte Corporation guards who randomly arrested people and accused them of having the intention to steal from the MNC plantation.
2. Many respondents assumed that the researcher was working for a human rights organization that was seeking to apprehend Delmonte Corporation. They expressed dissatisfaction with the way the MNC handled trespassers. As a result, they had a high expectation that the researcher was a human rights activist and would present their grievances to relevant authorities. However, the researcher informed them that she was not in a position to advocate for their rights, but would ensure that the information received and documented would reach influential stakeholders who would be in a position to influence policy.
3. There was no reliable mode of transport into the villages, and this prolonged the data collection process.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter focuses on presenting results after data collection and analyzing them to obtain logical conclusions. In order to achieve that objective, the researcher used the SPSS package to facilitate in the analysis of both quantitative and some of the qualitative data which was coded. The main sources of data were obtained from; questionnaires, key informant interviews, a focus group discussion and the observation checklist. Data from all the sources was analysed and results presented with the use of descriptive statistics, which were then triangulated and the results summarized and presented in the form of: tables, graphs and pie charts. Corresponding discussions under each of the presented results was undertaken to give an overview of the situation as reflected by the study. The following are the main themes that emanated from the research findings:

4.2 Socio demographic information of respondents

Gender and Marital Status

The following were the findings on the gender of respondents and their marital status:

Table 4.1 Gender of Respondents

Gender of Respondents	%
Male	60.8
Female	39.2

Majority of the respondents were male (60.8%).

Table 4.2 Respondents frequency on Marital Status and Number of Children

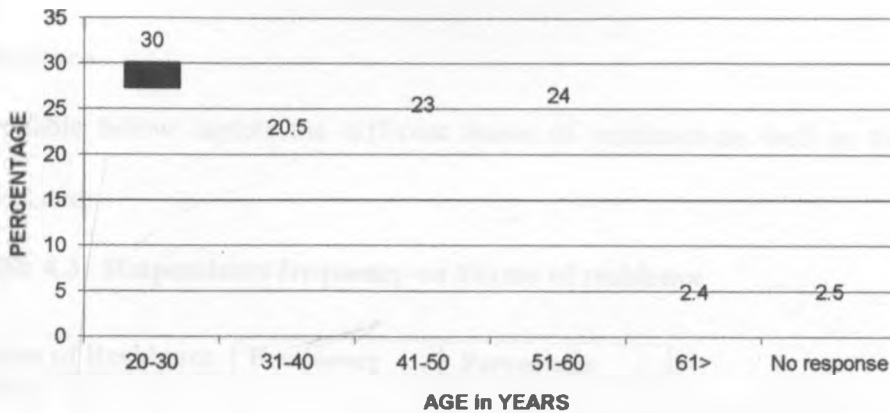
Marital Status	Average No. Children	%
Married	5	64.4
Single	2	20.8
Separated	3	6.7
Widowed/widow	4	2.5
Divorced	3	5.0
Total		99.4

A majority of respondents were married (64.4%) and all respondents had children as dependents. The highest frequencies were reported for couples with between 5 children. This was slightly higher than the average household size of the district which stood at 3.8 children as indicated in the Thika District Strategic Plan (2005-2010). The higher the number of children in families: the more likely, that there will be a greater demand for available economic resources to sustain them.

Age

All the interviewed people were of age above 20years but most (30%) of them had age between 20years and 30years as shown on the graph below;

Graph 4.1 Ages of the Respondents As Provided in Personal Interviews



As shown above a large percentage of respondents were in the age group of 20 to 30. This percentage was followed by those between the ages of 51-60. In this community, individuals between the ages of 20 to 30 may be the biggest labour force, found in informal employment since they were the main respondents. These are the economically active age groups in any community and form the threshold for economic force within a community. The results also indicate that this same age group have additional family responsibilities, and thus have other dependents. This was also noted in households where a male parent was absent, a comparable larger percentage of male young adults within the age bracket of 20-30 (78.8%) were present for the interview as compared to females. This denotes a likelihood of higher ratio of males as compared to females in most households in the village. These findings correspond to the Thika District Strategic Plan (2005-2010) that reported variations in sex ratios between the age brackets of 0-9 and 25-54 reflecting a slightly higher percentage of males over females. No substantive reason was given for the variation but a plausible explanation was that more males were moving into the district in search of employment more than females (Thika District

strategic plan 2005-2010). Those in the age group of 51-60 may be individuals who have retired from active employment and are therefore found within the homesteads.

Residence

The table below depicts the different forms of residence as well as the frequencies associated;

Table 4.3 Respondents frequency on Forms of residence

Forms of Residence	Frequency	Percentage
Rental	24	20.2%
Squatter	17	14.3%
Land owner	68	56.3%
Other (Specify) e.g living with relatives	11	9.2%
Total	120	100%

Majority (56.3%) of the respondents lived and owned land in the area surrounding Delmonte Corporation. A further probe revealed that most of them had been born in the area, while the rest of them had migrated into the villages in search of employment and had thereafter resided in the villages as subsequent land owners. An observation checklist tally indicated that most houses were semi- permanent and well defined by boundaries of live fences or barbed wire. This could be because the land was legally demarcated and households legally owned titles for their parcels of land. A smaller percentage of 43.7% lived as either squatters or tenants, but for an average of 10 years. This was an advantage

to the researcher, since majority of the respondents were in a position to have a considerable background of the Delmonte Corporation's activities in the area.

Highest Level of Education

The different levels of education for the respondents are shown below:

Table 4.4 Respondents Highest Level of Education

Level of Education	Frequency	Percentage
No education	2	1.7%
Primary School Education Only	6	5%
Secondary School Education	106	88.3%
Post secondary e.g Tertiary College	6	5%
Total	120	100%

Most of the respondents (88.3%) had secondary school level of education and were thus able to articulate the issues addressed to them during the interviews and group discussions, and satisfactorily. This high secondary school enrolment rate was in line with the (Thika District strategic plan 2005-2010) findings that highlighted a 70% enrolment rate for both boys and girls in the 98 secondary schools in the District. A high level of educated youths calls for a variety of employment options; in absence of this an escalation of crimes could result from non-absorption of this active population in services of gainful employment. This could be the reason why many young men were reported having been brutally beaten or killed as they sought to steal pineapples from the Delmonte farm.

Socio-economic status

The socio-economic status of the respondents is depicted in the table 4.3 below:

Table 4.5 Respondent frequency on Main Sources of Income and Income Levels

Main Source of Income	Income Level	Frequency	Percentage
Employed	5001-10000kshs	46	38%
Self- Employed	5001-10000kshs	38	32%
Others e.g seasonal wage labour	Below 5000Kshs	16	13%
Missing cases		20	
Total		100	83%

Through observation, the researcher noted that a small shopping centre marked the entry into the villages. It was characterized by retail shops, a bar and small market traders. It also served as the parking base for *boda bodas* who offer transport services into the villages at a small fee. Small scale farming and animal husbandry are the main economic activities undertaken by the villagers, characterized by zero grazing of cattle and goats. This indicates the presence of micro economic activities within the community. Similar findings were also reflected in the district strategic plan findings after a poverty analysis that indicated that all forms of poverty including food and absolute poverty were experienced in the District. This resulted in an increase in incidences as a result of unemployment, collapse of the agricultural sector and poor infrastructure.

This study further revealed that 38% of respondents were employed and earned a salary, while the rest were either self employed or did not have any source of income. Income levels for the 38% who were employed and 52% who were self employed earned between 5000-10000kshs per month.

The 38% of respondents who were employed were living with other family members in addition to their children, majority of these additional dependents were unemployed (80.8%) but had no source of regular income. According to the CBS Statistical Abstract 2005, purchases of food items accounted for just over 50 per cent of the expenditures made by low-income households, KIHBS, (2006). This depicts a situation where one family member with an average income of 7500KSHS supports six other family members. In such a situation, if the family member in employment uses 50% of their income for food, the remaining 50% of 7500kshs is to be used for clothing, education, health care as well as other household utilities. Such an individual may not be in a position to save for additional income generating activities.

Since this study represented a representative sample of the population, it can therefore be concluded that most respondents and consequently majority of families were not able to save and could therefore not accumulate capital for other Income Generating Activities. This limits financial options to either disposal of fixed assets or credit facilities. Following an observation of the study area, there were no visible institutions of microfinance. This was later confirmed during the Focus Group Discussion which was comprised of youth who came together with the intention of creating a revolving fund which would offer loans to members. They were motivated by the fact that there were neither microfinance institutions in the area nor were their organizations willing to lend money to the youth.

A high percentage of respondents also depended on wage employment. This corresponded to the findings in the (Thika District strategic plan 2005-2010), that reported 42.7% of the district residents depended on wage employment. They were mainly employed in the MNC plantation although, some respondents worked in neighbours farms, herded goats, or cultivated farms for a living. This source of income was not dependable since the MNC hired wage labourers during peak seasons, while the need for wage labour by some community members was also seasonal. This could imply that during off seasons, those dependent on wage labour were depending on other household members for sustenance, thus eroding household savings.

Wage employment is clearly an important component of the strategies employed by rural households and individuals to maintain and improve their well-being, (Paul Winters, 2008.) Participation rates in rural labor markets, however, vary substantially across developing countries and are complicated by the fact that rural laborers often work in casual or seasonal employment rather than in permanent employment. While the poor and unskilled are disproportionately involved in casual and seasonal agricultural activities, a significant number of individuals who are employed in agriculture and non-agricultural laborers are poor. This scenario is similar to the one present in Kakuzi, where the income levels of those employed are not significantly high as compared to the wage earners.

The District strategic plan report 2005-2010, cited the prevalence of poverty in the District at 48.4% and attributed to its manifestation through various forms such as inaccessibility to education and inadequate education facilities. Through observation, the researcher noted the presence of only one school per village, and one dispensary with four health care workers who serve the entire 3 villages. In view of the population of the three villages, each health care worker serves approximately 1860 patients. This ratio is equally high as

compared to the WHO recommended ratio of 2.28 health care workers per 1000 population, WHO Bulletin, (2009). It is thus apparent that essential infrastructural setups are disproportionate to the population served.

Respondents viewed it as the principal role of the government to increase health services and facilities in the division. However, respondents were of the opinion that other businesses and institutions in the area should come to the support of the government if it fails to do so due to lack of funds. This is also indicated as one of the major proposed activities in the district as reflected in District Strategic plan. However it is to be undertaken with the support of willing stakeholders who are targeted to support funding. This is a reality yet to be achieved and in the mean time, Kakuzi residents will make use of the available health care options.

Despite the above, 90 (75.8%) out 120 of all those interviewed still viewed the socio-economic status and standard of living in their community as moderate despite the above challenges. This strongly asserts that only a community can best define its socio-economic status as well as other vital parameters that may influence them positively or negatively.

4.3 Participation of Delmonte Corporation in Kakuzi community projects

During the study, the researcher was informed of current and ongoing community projects within the three villages namely; a murram road was under construction, the rural electrification program was underway and a tree planting project had recently been initiated. Community members together with their local leaders had initiated most projects in the Division (85%). A key informant also confirmed that the one and only local dispensary was

soon to be refurbished through the CDF funds which the local leaders had lobbied for. The fact that most of the projects had been initiated by the local leaders demonstrates the type of influence they have in determining the socio-economic outcome of the community. This strongly suggests that if the local administration is focused and development conscious they have the ability to influence stakeholder support of community projects. Some of the confirmed development projects through observation were two rows of new business sheds at the shopping centre, a newly constructed *murram* road from the shopping centre that runs for a distance of approximately 20KM up until where the main entrance is to the MNC.

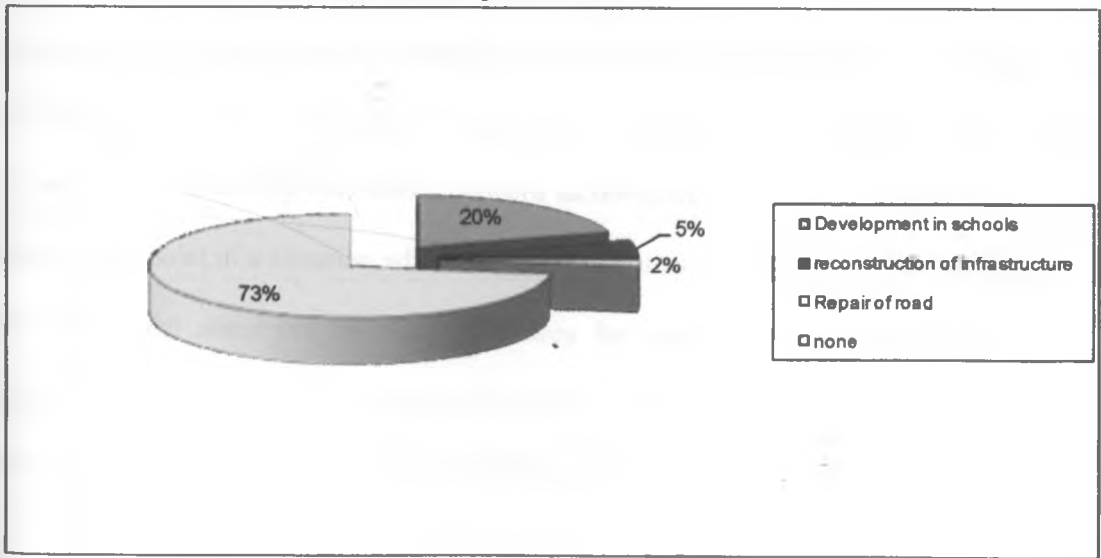
In view of the noted frequency of children in the families interviewed, it can be projected that community infrastructure will soon be under strain. This translates into the need for more community projects that are geared to the improved living conditions of the residents. Sources of heavy financial support within the district are limited to CDF funds and *harambees*. This calls for substantial support from other stakeholders and in this case such as Business Corporations in the area. From the data collected, 74.2% of respondents reported that Delmonte Corporation had not participated in community projects in recent years. Their view of participation included school development and construction of infrastructure in the community. Infrastructure in this case referred to the sheds constructed by the road, as well as a *murram* road that runs for a few kilometres, while school development involved the rehabilitation of some class rooms in one of the local schools. In all the above mentioned cases, Delmonte participated in projects that had been previously initiated by the government or other stakeholders. The MNC had also no record of participating in such projects in the recent 5 years preceding the interviews.

Since most of the respondents were not aware of Delmonte's support, it may imply that Delomonte engaged in projects at their own discretion. The level and type of involvement in

any community projects was not publicly made known to the community. For example the murrum road that runs for a few kilometres, serves primarily the MNC since it ends at the entrance of the MNC. Though the community expressed appreciation for these projects, most of the respondents felt that Delmonte was capable of doing bigger projects that would give them greater recognition as the MNC they claimed to be. Similar responses cited that it was not what the community needed at that time but Delmonte nevertheless carried them out.

It is evident that Delmonte’s interest in community development activities is different from that of the community. These diverging viewpoints may be attributed to the possibility of little or no dialogue between the MNC and the community over development projects expectations held by each party. A similar response was also drawn from the Key Informant respondents and those in the focus group discussions. Responses pointed out that Delmonte Corporation had not been involved in any tangible development activities apart from occasionally sponsoring football games for the youth, building of a police post, and building of shades along the roads. Some respondents witnessed the MNC recently plant a few trees along the road but still felt that more could be done.

Chart 4.1 Participation of Delmonte Corporation in community activities as indicated in Personal Interviews and Focus Group discussion



The above chart 4.1 indicates the forms and level of involvement the MNC has had in different community development projects. These projects range from development of schools, reconstruction of infrastructure, repairing of roads. The fact that Delmonte Corporation initiated few projects cannot be used against it to imply their indifference towards community development. This may be due to the reason that MNCs primary objective is profit making, and any other social and community activities it may engage in are secondary to its goals. As earlier indicated, the above community projects that Delmonte Corporation is cited as having supported, was affirmed by only 25% of the respondents. This indicates a remarkable invisibility of the MNC in community development despite the fact that Multinational Corporations wield conspicuous power and wealth. On the other hand, the community calls for greater social responsibility from MNCs on issues ranging from the environment to combating poverty, (Michael, 2003). For an International MNC, such as, Delomonte, it is expected that its community involvement would be widely acknowledged and visible to residents and visitors alike.

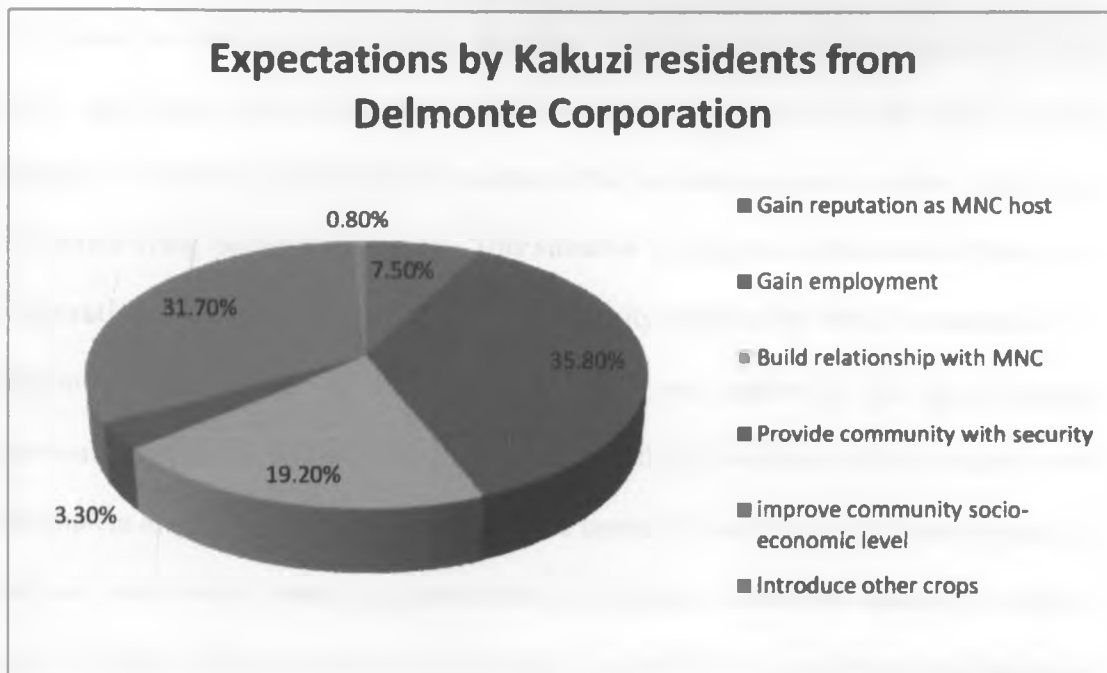
It was also obvious through observation, that there was great need for stakeholder support in community projects within the three villages. This was manifested by lack of electricity supply within the environs of the shopping centre, absence of water supply to all households with donkeys as the main means of supplying water to the villagers from the permanent river flowing at the boundary of Delmonte Corporation. The absence of a health facility within easy reach for the residents was also a concern as revealed during group discussions. These notable factors point at a situation where the basic facilities of a community are missing or in short supply, and stand out as a potential area for support by any stakeholder who is observant and willing to make a change within the community. Further observation revealed that there were no notable ongoing development projects on site.

While the idea that MNCs should have more responsibility for community development is not common in the literature or widely shared, however, their involvement may be appreciated especially when the government is unable to do so, or when other agents are failing to address their responsibility. This is especially so if such community development will be of benefit to the MNC. However, there is the danger that such assumption of responsibility might allow the government to abnegate its development responsibility to other stakeholders. To avoid such an outcome MNCs can work within the framework of a partnership arrangement with public institutions, communities, and the Local Government. Under such an arrangement, MNCs would not only be increasing economic production for all their stakeholders, but also they would be facilitating the development of institutional capacity and ensuring the sustainability of their community development initiatives.

4.4 Expectations of Kakuzi residents from Delmonte Corporation

As earlier noted in the literature review, most residents living near MNCs had expectations from the MNC. This is indicated by the majority (96.7%) of respondents affirming that they had expectations from the MNC. It was not also surprising that the major expectations were socio-economic in nature having employment and reduction in poverty as the most frequently mentioned. The chart 4.2 presents these expectations:

Chart 4.2 Expectations by Kakuzi residents from Delmonte Corporation as provided in the Personal, Key Informant interviews and Focus Group Discussions



Of the above expectations, only 35% had their expectations met, with 22.5% of them citing employment as their greatest achievement. This creates the impression that the greatest expectation communities may have from MNCs operating within them is creation of job opportunities, while other issues are more secondary. Some respondents stressed this view making statements as these:

“Give us jobs so that we can live like brothers”, “All we need is food on our table and if we get jobs, we will not steal pineapples.”

This statement denotes that when community expectations are met, it subsequently results into improved relations between the MNC and the community.

However, further probe revealed that the MNC was never informed of such expectations; (Uwafiokum, 2007) describes this as a psychological contract. He describes such

contracts as psychological, containing implicit expectations that companies and communities have for each other. It remains beneath the surface of the relationship and it is dynamic in character, continually changing, and frequently unacknowledged. As a result, each party assumes that such a contract exists and each expects the other to act in keeping it. Normally psychological contracts often go unrecognized by other individuals or entities living outside the scenario. This situation is portrayed in the case of Delmonte Corporation and Kakuzi community, the community expects the MNC to participate in community developments as well as honor expectations, despite the fact that it had not previously communicated this to Delmonte. The MNCs may thus make decisions with incomplete information as to how honoring the contract or failing to do so may impact on the host community. Identifying community expectation is therefore necessary so that it can be aligned with corporate expectations and in the long run minimizes the likelihood that the psychological contract between the MNCs and communities is not violated.

4.5 Kakuzi community's influence on Delmonte Corporation

When respondents were asked to name the greatest influence the community had on the MNC, provision of labour (76.6%) was rated as the highest contribution the community had made to Delmonte Corporation. Other benefits the community had extended to the MNC included access to the community resources such as fertile land and water and provision of security to the MNC by acting as a bulwark around it. Due to constant victimization by the MNC after security breach incidences, community members had volunteered to protect some of the MNC equipment such as water pipes that run near the villages from external vandalism and inform the security team of any incidences, as a form of goodwill co existence.

Some respondents cited the promoting of the MNC products locally through the sale of pineapples and other MNC products, building of business near the MNC to offer easy accessibility to food and other amenities to MNC staff. The table 4.6 below describes the benefits the MNC derives from the community.

Table 4.6 Respondent frequency on Community influence on Delmonte Corporation

Community Influence	Frequency	Percentage
Provision of inexpensive labour	92	76.7%
Sharing of natural resources like rivers	12	10%
Marketing of Delmonte produce	7	5.8%
Help in maintaining security	9	7.5%
Total	120	100%

It is not surprising that, community members were quick to identify the provision of labour as a major benefit to the MNC; closely in line are the resources that the community thrives on. This high index of response indicating the provision of cheap labour affirms the prevailing economic levels as low. This was further characterized by responses that indicated community members as willing to avail themselves to more job opportunities that arose. Other responses denoted that the community regarded their land and natural resources as a major contribution to the MNC. This supports the information that all key informants gave regarding the ownership of land presently occupied by the MNC. Their responses pointed to the land as being owned by the community, and was utilized for

grazing, small scale farming especially for squatters, a playing ground for the youth as well as a social ground by acting as a venue for community meetings, prior to the settling of the MNC.

Water was also another major resource contribution by the community to the MNC. The only fresh water river initially supplying water to the residents in the three villages was redirected to the MNC during its construction and only a small stream outlet was retained for the residents. The residents expected this situation to prevail during the construction period but this has remained the situation to date and the community has to rely on this stream for its water consumption. This is a challenge during the dry spells when the stream dries up and they resort to buying water from the MNC. The researcher observed this from the numerous donkey carts that distributed water, drawn from the MNC, to residents at a fee of 10KSHS per twenty litre gallon.

A majority of respondents (75.8%) also felt that the profits Delmonte Corporation gained as a result of quality produce largely depended on the shared knowledge and skills gained from the community. This was in the form of local skilled experiences shared on fruit grafting, natural weed control, re-use of the fruit factory waste and its conversion into useful by products for animal fodder. Local community members willingly shared this knowledge at no cost and this has resulted in economies of scale in production for the MNC. Indigenous knowledge has been used in many parts of the world to improve MNC business. This is the experience as shown by Canadian MNCs which use indigenous Norwegian culture to improve fish farming. MNCs engaging in forestry in Norway have also used indigenous local populations surrounding them to improve forestry due to their intimate understanding of the land (Lars Huemer, 2007). When an MNC taps on local

knowledge for commercial use, it can use this opportunity to create a long lasting and collaborative relationship with the community.

4.6 Economic Impact of Delmonte Corporation on the community

Responses to the above deduced that the community perceived the MNC to influence their standard of living.

4.6:1 Economic Influence

Out 100 respondents, 82(68.3%) of them said that Delmonte Corporation had some influence on the standard of living within the community. Some of the reasons listed as greatest were positive socio economic influences were; the creation of job opportunities through casual labour jobs offered at the MNC, the building of temporary sheds along the roads which have been used by community members have to set up small scale businesses. Also listed was the improvement of infrastructure; through the building of roads especially those leading to the MNC, improved security in the area due to the high deployment of security guards around the MNC. In addition there was improved business, as a result of migrant population seeking employment at the MNC. However, a few respondents (8%) felt that the MNC did not contribute in any way, to the standard of living, attributing any change to the national and global influences. The table 4.7 below highlights that influence.

Table 4.7 Respondent frequency on Impact of Delmonte Corporation in the Community

Influence on Community	Frequency	Percentage
Making of roads	14	13%
Creating employment	48	46%
Improved Security	15	14.4%
Increase in small businesses	3	2.9%
Building of temporary shades	17	16%
Has not contributed	8	7.7%
Missing cases	15	
Total	105	100%

Although the MNC may not have directly contributed to landmark economic advancements in the community that improve its living standards, the above stated may result in a trickle-down effect of the emergence of more economic activities in the area. For instance, business investors value security as one of the chief prerequisites while identifying a suitable location for settling. When Delmonte Corporation improves security in the area, other business investors will be attracted to setting up business in the area. More businesses mean more job opportunities for the residents of Kakuzi.

Since Delmonte Corporation did not stipulate which business activities should be undertaken in the sheds, the community is at liberty to create as many lucrative investments as possible; this has inadvertently led to the increase of small business attributed to the influence of the MNC. This is a view that translates to improvement of a community's standard of living. Majority of respondents (68.3%) in the study still held the opinion that Delmonte Corporation had improved the socio-economic status of the community.

4.6:2 Relationship between Delmonte Corporation and community members

The relationship of Delmonte Corporation and the Kakuzi community was described as negative and one of constant conflict by a large number of respondents (80.8%). In most cases male "trespassers" were victims of harassment and killings by the MNC's security team, while women were often raped when found collecting fire wood near the MNC grounds. In some isolated cases, it was known that some women exchanged sexual favours for firewood, which they sell to supplement the family income. This scenario could probably be caused by high poverty levels and the reduced options for survival, resulting in an individual giving in to any treatment just to get his or her basic means of survival. Some respondents complained that families were breaking up as a result of the sexual relationships between Delmonte security guards and their wives. Family break-ups could result in lower incomes for families, less chances for increased education opportunities for the children, early child labour as well as exposure to subsequent social vices.

Lack of trust between the MNC and the community was evidenced by unwarranted searches of business men and women at the local shopping centre as well as constant harassment of those passing near the MNC plantation due to suspicion. The researcher

witnessed that during the Focus Group Discussion, the members relocated twice for fear of being in the vicinity of Delmonte Corporation staff. It was their notion that since Delmonte Corporation viewed “groupings” of people as suspicious; it was never safe for young people and especially men to meet together in public places. It was evident that both the community and the MNC viewed each other with suspicion and distrust. Forms of conflict that emanated from the lack of trust as discussed under the following sub headings:

Resource Conflict

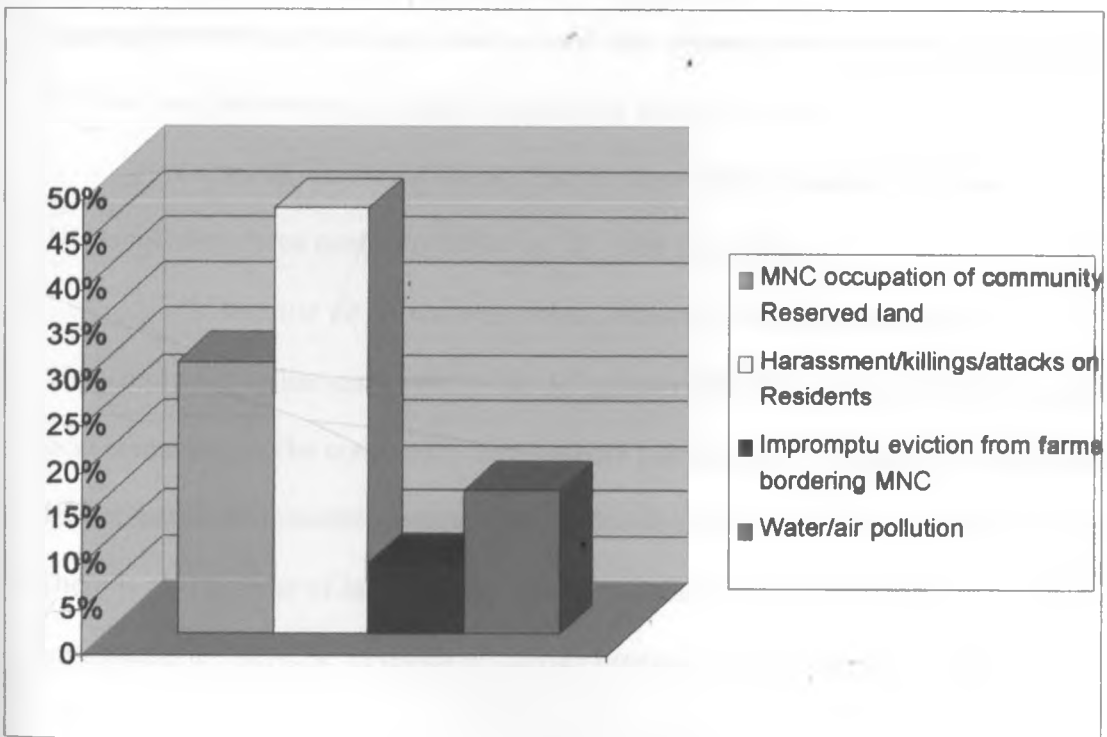
This stems from perceptions held by the local community that the land presently owned by the Corporation was previously owned by the government and had been left to the community as communal land, for use in agriculture and grazing. With the settlement of Delmonte on the same land and forcefully evicting the community members from the area, the community felt ripped of what they knew always belonged to them and considered the manner of eviction as brutal and insensitive. In this sense Delmonte is considered as having forcefully taken land rightly belongs to the community.

Economic Conflict

Initially local farmers enjoyed sole economic threshold in the growing and selling of pineapples within Thika. With the establishment of the MNC, some farmers continued supplying pineapples to the MNC but thereafter, the MNC ceased to purchase from the community after they scaled up production. This resulted in decreased demand for the local produce of pineapples as a result of influx of MNC pineapple production. Subsequently, local farmers experienced reduced income levels attributed to pineapple sales. Local traders within Thika Municipality also preferred purchasing lower grade

pineapples from the MNC at a cheaper price as compared to those from the local farmers. This scenario has created business enmity between the local farmers and the MNC. On the other hand, the transport industry thrived and in particular bicycle riders who obtain their livelihood from transporting employees to and from the MNC. However this was not to be enjoyed for long as the MNC curtailed any form of public transport near its quarters. An alternative means of ferrying the employees was adopted, that is, of using MNC tracks. This move frustrated local bicycle owners, many of whom had purchased them on loan and had anticipated to make a living from the transport services they would offer. An overwhelming majority of both community members interviewed and those in the FGD (86%), were aware that conflicts had emanated from that poor relationship between the MNC and the community. In addition, they cited a number of factors that contributed to this poor relationship. The major forms of conflict revolved around four major issues as described in graph 4.2 below

Graph 4.2 Nature of conflict between Delmonte Corporation and the Kakuzi community as provided in Personal Interviews and FGD



The researcher interviewed a young community member who bore the brunt of such conflict and paid dearly. The young man was gathering fodder near the MNC farm late on one afternoon. When he and his friends were busy at work, they were attacked by guards from the MNC for no apparent reason. They claimed they were the pineapple thieves they had been chasing after and vowed to teach them a lesson they would never forget. It was then that the young men tried to escape but in vain.

"They began beating us until it was dark. Assuming we were dead, they carried us and disposed us in a coffee farm about 3KM away. Much later when I regained consciousness, I realized I could not move my right leg and foot. The intense pain confirmed my suspicion that my limbs were severely fractured,"

Fortunately, a labourer in the coffee farm found them accidentally, and alerted their families. He was hospitalized for a month and even though he got better, he was still bitter with the MNC guards who hurt him for no reason.

During his stay in hospital the area Member of Parliament and the chief visited him and promised to look into the matter and to seek legal redress over the issue. But even after that visit and the promise no action or follow up was ever done.

"I never heard from them and I never knew what happened after that"

His family have been unable to follow up the issue as he says,

"...because we do not know what Delmonte Security can do to us".

This confirmed earlier responses on the deliberate intimidation by the MNC towards the local community. The community also appears voiceless and cannot air their grievances against issues of inhuman treatment at the hands of the MNC due to inordinate fear. There is also a sense of laxity or presumed deliberate ignorance on the part of the local government to intervene in issues of conflict between the MNC and the community.

One of his friends was not so fortunate and lost sight after the beatings while the rest counted themselves fortunate to be alive. This account confirmed previous allegations from community members who claimed that Delmonte Corporation always viewed them as “pineapple thieves.” This prompts unnecessary constant searches and harassment until proved innocent. These actions contravene the basic tenets of justice within the Kenyan constitution. The young man clearly stated his wish as follows;

“...If only Delmonte could use the right means of justice to deal with offenders...”

This statement in itself denotes a sense of goodwill from the community towards the MNC, and a positive inclination towards fostering good relations.

Conflict Resolution

Only 3% of respondents with grievances reported them to the MNC directly, and 65% reported to the local administration, while the rest opted not to follow up on the issue. Due to the aforementioned fear of the MNC by the local community, it is not surprising that only a few aggrieved community members have the courage to face up to the MNC. Yet the overwhelming majority who opt for the local administration prove that they are aware of the protocol of addressing community grievances. A history of fruitless reports of injustice could account for the 38 (32%) respondents who decide to let the issue remain unresolved.

A considerable large number of respondents (71.8%) stated that that most of these cases remained unresolved to date, with only 10.8% of those interviewed confirming that cases of conflict were handled in court. The rest of the respondents mentioned “mutual discussions” as a means of addressing the cases. A major reason for not solving the cases was cited as corruption and bribery by the MNC to the local administration to drop the case. In case these reports are true, this could explain why the local administration is lax

towards following up brutality cases such as what happened to the young man who had his leg broken.

Some respondents stated fear of victimization if one pursued independent legal redress.

One of the reasons stated for this was that;

"...those people (Delmonte Corporation) can cause your downfall if you keep following up such cases, just leave it to God!"

"The statement above is also a clear example of how vulnerable community members can be if left to fend for their rights. When the leaders of a community do not represent the grievances of community members, perpetrators of injustice are left unpunished. The fact that a large percentage of people were aware of existing conflict between the MNC and the community, pointed to its magnitude, which if left unresolved can escalate into a social crisis.

4.7 Recommendations from the community

At the end of the focus group discussions and all interviews conducted, the following were the recommendations given by the respondents regarding the operation of the MNC in their community.

Table 4.8 Responses on whether Delmonte should continue operating in Kakuzi as provided by Key and Personal Interviews and FGD

Opinion on Delmontes Operation	Frequency	Percentage	Reasons
Yes	90	75%	- Delmonte Creates employment for residents -Delmonte can contribute to Community development -MNC does not pollute the environment
No	21	25%	-MNC is not friendly towards residents -MNC does not engage in community development.
Missing Cases	9		
Total	111	100%	

In reference to whether the respondents would like the MNC to continue operating in the community, the greater number (75%) of respondents wanted Delmonte Corporation to continue operating in their area. Reasons for this response included; the MNC still offered a source of employment, it contributed to community development, it promoted environmental conservation through the planting of trees and protecting the river that supplied it with water.

The above results indicate that the MNC-community relations may not always have been characterized by conflict. However, transformation may be undergone as a result of external pressures that fostered conflict and of a sense of relative deprivation by the community. This assumption is further supported by the positive recommendations the community offered in a bid to improve the relationship between the MNC and community

The majority of respondents listed employment of more people at the MNC as positive step the MNC could take in future. This is not surprising, since it was also a major expectation the community had towards Delmonte. The community is also appreciative of this expectation having been fulfilled to some degree, but still feel there is room for more. These expressions from the community may define its perception of the MNC. (Uwafiokun, 2007) categorizes this as a community's perception of MNCs as partners who work together with the aim of achieving community objectives as opposed to a tenant and land owner relationship. He also defines this conceptualized perception as largely dependent on the geographic proximity of the MNCs to host communities and the length of time the MNCs have operated in the host communities. The longer and closer to the MNC has operated in the community, the more likely the community members will see the MNCs as part of their community.

The implication of this perception is that community members expect Delmonte Corporation to instinctively take into consideration community concerns into their decision-making processes and treat community issues as a priority without pressure to do so. The failure of the MNC to do so has invariably led to disappointment among community members and the proliferation of negative perceptions.

It was also apparent from the results that the community was conscious of its development pattern and strongly emphasised the need for community development projects. Since its socio-economic levels are not powerful enough to drive the process, it anticipated that stakeholders such as the MNC could play a large role in improving their lives. Of the targeted 120 respondents, 84 mentioned practical ways that the MNC could involve themselves such as providing bursaries for needy students, initiating water and

electricity projects, building health centres amongst other needs that the community may have, table 4.9 highlights the recommendations below;

Table 4:9 Community recommendations for improved relationship with MNC as indicated in Personal interviews and FGD

Recommendations	Frequency	Percentage response
1. Employ more people in the MNC	36	42.3%
2. Delmonte should involve itself in more community projects e.g provide busaries	17	20.2%
3. Improve the relationship with the community	16	19.0%
4. Incorporate community issues the Corporate policies	8	9.5%
5. The community should be educated on the MNC and land ownership policies	4	4.8%
6. Have other competing firms come in and reduce the MNC monopoly	2	2.4%
7. No response	1	1.2%
Missing Cases		
Total	84	99.4%

Amongst the recommendations mentioned, the researcher noted an evident need for dialogue between the MNC and the community. This has also been emphasised by key informants who define the absence of dialogue between the MNC and the community as the primary cause of strained relationships. The community has also stressed on the need to be incorporated into MNC decisions that may affect them; they have also expressed the desire to be educated about the MNC as well as its activities. This is evident in the fact that most respondents (75%) had visited the MNC site, but they mainly did so when seeking for employment and not for educational or social purposes. However, since the community still wants the MNC to continue operating in its community, a definite mechanism has to be put in to place to issues that may affect either of the two parties.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The following sub headings summarize the key findings of the study as guided by the research questions.

Participation of Delmonte Corporation in Community Development Projects

During the study, it was deduced that the community perceives development projects as those that are visible for example the building of schools, repair or construction of new roads, supply of water and electricity. Though the MNC had engaged in some of the Community projects as indicated by 25% of respondents, the impact of this participation was not widely acknowledged by the community. Those who acknowledged the MNC involvement cited the repairing of a road, renovation of public schools in the area as areas where the MNC had participated in, though a considerable period of time had elapsed since these projects had since been undertaken by the MNC.

Community expectations from Delmonte Corporation

All respondents (100%) confirmed their anticipated benefits with the entry and settlement of Delmonte Corporation in their community. Majority of respondents (35.8%), pointed to getting employment as one of the greatest expectations they had. Also highly rated was the anticipation of their community improving socio-economically (31.7%). Other expectations included creating a relationship with MNC (19.2%), provision of security (3.3%), gaining reputation as MNC host (7.5%) as well as the introduction of other new crops to the community (0.8%).

Community members' perspective of their support to Delmonte Business Activities

The Kakuzi community pointed at the provision of labour (76.7%) as the greatest support to Delmontes Business Activities. Other areas of support included the sharing of natural resources, marketing of the MNC produce and provision of security to the MNC.

Relationship between Delmonte Corporation and Kakuzi

Majority of respondents (80.8%) described the relationship between the MNC and the community as one based on conflict and constant harassment. Cases of conflict rarely go through the entire course of justice and community members have subsequently had to bear the brunt of this injustice. The major source of conflict is over resources (49%). Other forms of conflict include; pollution, squatter eviction from farms as well as assaulting of MNC land trespassers.

5.2 Conclusion

In view of the research findings, the following thematic conclusions can be arrived at;

Participation of Delmonte Corporation in community development projects

The participation of the MNC in community activities is not strongly felt. Only 27% cited its participation. There is no substantial evidence from data collected that the MNC is active in any socio economic activity that is appreciated by the community. This situation exists despite the fact that the local leaders in the district were eager to partner with business stakeholders to promote socio-economic development. This enthusiasm was equally shared by the community, who have clearly indicated a genuine desire to improve their socio economic status with support from both local government and business stakeholders in the locality.

Community expectations from MNC

The research findings clearly point out that the majority (43%) in the community mainly expected the enhancement of their socio-economic lives through the provision of employment opportunities at the MNC. To a reasonable extent this expectation has been met, as indicated by 35.8 % who confirmed that the MNC had provided employment, but there is still demand for more. The community still anticipates this expectation to be fulfilled to a greater degree in future. In addition, the community expected the MNCs to participate to a greater extent in community development projects, since their present participation was not strongly felt.

Contribution of community to enhance MNC business

Majority of respondents (86.6%) listed the major contribution the community made towards Delmonte Corporation as land and labour. These resources have determined the existence of the MNC to date. The community expresses a need for appreciation by the MNC for its extension of its resources. This appreciation could be extended in the form of employment opportunities as well as a display of goodwill on the part of the MNC to the community through fostering of peaceful relations.

Relationship of MNC and community

A poor relationship exists between the MNC and the community. This is characterized by mutual suspicion and brutality on the side of the MNC in some cases. Majority of conflict issues (50%), revolve around MNC harassment towards community members. This is closely followed by the fact that the MNC occupies land viewed as belonging to the community (28%), depriving the local community of farm land. Minimal efforts have been made to resolve contemptuous issues by the local administration and efforts by

community members who have attempted to so have been thwarted. This remains a challenge as cases of conflict escalate with no legal redress. The community strongly feels that this situation can be reversed and cites dialogue as the key.

5.3 Recommendations

In view of the above views expressed by the community and further observed by the researcher, recommendations to enhance the success of Delmonte Corporation, as well as equipping the Kakuzi community with socio-economic negotiation skills have been made. These recommendations are to be undertaken by different stakeholders, namely the government, Delmonte Corporation and the Kakuzi community.

Government

In the view that MNC are capable of providing economic benefits like; a higher standard of living, improved working conditions and more jobs to emerging markets and low income groups -the government can formulate policies that are designed to bar the entry of MNCs that do not have clear indicators of how their activities will contribute to the improved socio-economic status of their community of operation.

Delmonte

Delmonte Corporation should also realise that many successful MNCs work under circumstances endorsed and supported by the host community. In order to gain community support, the following recommendations are made for Delmonte Corporation:

- Consult the community on potential projects to support,
- Include the community when settling issues that provoke controversy between the MNC and the community to promote transparency in conflict resolution

-Enhance the technical knowledge of the its community wage workers through training, initiating forums for training the youth on skills for job creation rather than create anticipation for wage labour at the MNC

-Engage the community in constant dialogue even when there are no grievances as a means of establishing good quality relations and gaining community support.

Kakuzi Community

Delmonte Corporation as a business entity has as its primary objective of making profits. The Kakuzi community should appreciate this and recognize that the MNC focuses on its wealth creation interests ahead of anything else. In order to accommodate community interests into its policies subtle and tactful dialogue must be used. Community representation through its leaders should actively be involved in fronting the community expectations and perceived MNC benefits in meeting them. This should be done diplomatically through the suggested linkage committees.

The community should also seek to address its own economic deficiencies through approaching various stakeholders after designing viable proposals for economic investment. This reduces high expectations and over reliance on MNC employment.

5.4 Areas for Further Research

In reference to the above study, the researcher recommends the following areas for further research:

1. The role of government in regulating MNC influence in host communities should be explored. This will reveal the extent to which community and national social interests are included in Kenya's economic policies as well as its subsequent impact.

2. A study on the effectiveness of community and business collaboration in sustainable community development would be another area of possible research. With the increase in

both local and foreign investors in Kenya, a fostering of collaborative support can be explored as a sustainable means of community development. Such a relationship can create independence from sole reliance on government community development funds that are often irregular or misappropriated.

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APPENDICES

APPENDIX ONE

THE IMPACT OF MULTINATIONAL CORPORATIONS IN COMMUNITIES –

A case study of Delmonte Corporation in Thika District.

Good day! I am a student at the University of Nairobi. I am currently undertaking a research in your area. I am requesting you to participate in my research, by answering some questions. These questions will revolve around Delmonte Corporation and its impact on your community.

It is my assurance that all information you provide will be treated with utmost confidentiality.

Thank you.

Name of village _____

Questionnaire Serial No. _____

Demographic Information

1. Sex of respondent

1. Male 2. Female

2. Age of respondent _____

3. Highest level of education

1. No education
2. Primary
3. Secondary
4. Post Secondary

4. Marital status

1. Married
2. Single
3. Separated
4. Widowed/Widow (cancel not applicable)

5. Divorced

5. Number of children _____

6. Status of the respondent

1. Male household head

2. Female household head

3. Male child >20 yrs

4. Female child >20 yrs

5. Other household members (state relation) _____

7. How long have you been resided in the village? _____

8. Please specify your form of residence?

1. Rental

2. Squatter

3. Landowner

4. Other (specify)

Socio- economic Information

9. What is your main source of income?

10. Are other family members in employment?

1. Yes 2. No

b) If yes, what is your relation to them and what is their main source of income

Household members	Relation	Main Source of Income
1 st Member		
2 nd Member		
3 rd Member		
Others		

11. If No, how many depend on you financially? _____

12. What are your income levels per month?

1. Below 5000
2. 5001 to 10000
3. 10 001 to 15 000
4. Above 15 001

13. Have you ever had a chance to work in the neighbouring Delmonte Corporation site?

1. Yes

2. No

b) If yes, for how long have you worked _____

14. How do you rate the present standard of living in the community?

1. Very poor

2. Poor

3. Moderate

4. Wealthy

15. Has the presence of Delmonte in this area contributed to the standard of living for the surrounding villages?

1. Yes

2. No

b) Explain _____

16. How would you rate Delmonte Corporation to the standard of living in the community on a scale of 1-4 (where 4 depicts excellence)

Tick appropriately

1- Poor

2- Good

3- Very Good

4- Excellent

(Explain the reason for your choice)

Delmonte Corporations' participation in community projects

17. Are there any community projects that Delmonte Corporation has initiated or supported in the community for the past 2 years?

1. Yes 2. No

b) If yes,

18. What kind of projects did it engage in _____

19. Who initiated the project _____

20. Who were the participants of the project _____

21. To what extent did Delmonte Corporation contribute to the project?

1. I can't tell
2. To a slight extent
3. To a great extent

22. Do you know which other organizations or agencies collaborate with Delmont Corporation in the community projects of this area?

1. Yes 2. No

If yes, please list them down

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____

23. On a scale of 1-4, how would you rate Delmontes involvement in community affair in the last 5 years (where 4 depicts excellence)? _____

Tick appropriately

- 1- Poor
- 2- Good
- 3- Very Good
- 4- Excellent

(Explain the reason for your choice)

Relationship of Delmonte Corporation with the community

24. How can you describe the relationship of Delmonte Corporation with the community?

1. Poor
2. Fair
3. Good
4. Very good

Explain your choice above

25. Has there ever been cases of conflict between Delmonte Corporation and the community?

1. Yes
2. No

b) If yes, what was the nature of the conflict? _____

c) If no, what factors have avoided conflict? _____

26. How have differences between Delmonte Corporation and the community been handled?

27. How can the present relationship be improved?

28. Would you like Delmonte Corporation to continue operating in your area?

1. Yes 2. No

b) Explain answer (if yes or no why)

29. On the scale of 1-4, how can you rate the relationship of Delmonte with the community (where 4 depicts excellence)?

Tick appropriately

- 1- Poor
- 2- Good
- 3- Very Good
- 4- Excellent

(Explain the reason for your choice)

Expectations of Community members from MNC

30. Did you have any expectations from Delmonte Corporation when they settled in Kakuzi?

1. Yes 2. No

b) If yes, what were your expectations _____

31. Has Delmonte Corporation met your expectations?

1. Yes 2. No

b) If yes, in what ways has the , MNC met your expectations?

Contribution of residents towards Delmonte Corporation

32. Do you think the community has supported the business activities of Delmonte Corporation?

1. Yes 2. No

Explain

34. Has the community shared any knowledge and skills with Delmonte Corporation?

1. Yes 2. No

b) If Yes, in what way

35. What is the greatest contribution the community has made for the success of Delmonte Corporation in this area _____

36. What general recommendations do you have towards Multinational Companies such as Delmonte Corporation which operate in local communities?

APPENDIX TWO

COMMUNITY MEMBERS KEY INFORMANT GUIDE

1. Who previously owned the place Delmonte is settled in?
 - b) Where did the previous settlers move to?
2. Before the settlement of Delmonte Corporation, which local businesses engaged in activities similar to Delmonte? What became of them?
3. In your view, what factors do you think should be considered in the settling of a MNC within a community setting?
4. Who was consulted before Delmonte settled in the area?
5. What has been the impact of Delmonte settling in the area? (Probe positive and negative)
6. How can the government promote successful relationships between MNCs and the host communities?
7. What is your general recommendation?

APPENDIX THREE

COMMUNITY MEMBERS FOCUS GROUP DISCUSSION GUIDE

1. What has been the impact of Delmonte Corporation on the community? (probe positive and negative of:)
 - i. Community socio-economic status
 - ii. Family
 - iii. Cultural values
 - iv. Community development

2. How can you describe the relationship between Delmonte and your community?
 - b) What can be done to improve it?

3. What are some of the cases of strained relationship between Delmonte Corporation and the community?

4. What factors contributed to the strain in relationship between the community and Delmonte?

5. How were the issues that contributed to a strain in relationship resolved?

How can these issues be avoided in future?

6. What were the community expectations from Delmonte as it set up in Kakuzi?

b) Have these expectations been met/are they in the process of being met? (Probe level of satisfaction if expectations have been met)

7 In what ways has Delmonte Corporation participated in community projects?

b) What has been the impact of Delmontes participation in community projects? (Probe positive and negative)

8. What role has the Kakuzi community played, contributing to the success of Delmonte?

9. How can the government promote successful relationships between MNCs and the host communities?

10. What are your recommendations?

APPENDIX FOUR

NON PARTICIPANT OBSERVATION CHECK LIST

The researcher will be interested in looking out for the following during data collection:

- Social and economic status of the community
- Infrastructure of the area
- Social amenities in the area
- Past and present development projects in the area

Findings from these observations will be used to confirm collected data.

(Tick appropriately)

<i>Social and economic status of the community</i>	Yes	No
1. Permanent house structures (stone walled)	<input type="checkbox"/>	<input type="checkbox"/>
2. Well demarcated boundaries of houses (Stone, live or barbed wire fencing)	<input type="checkbox"/>	<input type="checkbox"/>
3. Active business activities	<input type="checkbox"/>	<input type="checkbox"/>

<i>Infrastructure and social amenities</i>	Yes	No
1. Good all weather roads	<input type="checkbox"/>	<input type="checkbox"/>
2. Accessible health facilities	<input type="checkbox"/>	<input type="checkbox"/>
3. Electricity supply	<input type="checkbox"/>	<input type="checkbox"/>
4. Water supply	<input type="checkbox"/>	<input type="checkbox"/>
5. Recreational centres	<input type="checkbox"/>	<input type="checkbox"/>

Past and present development projects

Yes

No

- | | | |
|--|--------------------------|--------------------------|
| 1. Easily identifiable development projects | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Number of active identifiable projects | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Present development projects underway | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Stalled community projects | <input type="checkbox"/> | <input type="checkbox"/> |

DATA COLLECTION BUDGET

PARTICULAR	UNIT COST	NO. OF People/Units	NO. OF DAYS	AMOUNT
Transport	200 kshs	3	12	7,200kshs
Lunch allowance	300kshs	3	12	10,800kshs
Research assistants allowance	500 kshs	2	12	12,000kshs
Printing and photocopying of tools	5 kshs	150 copies	1	750kshs
Communication (airtime)	500 kshs	3	1	1,500 kshs
TOTAL				32,250 KSHS