

**MANAGING FOR VALUE AT THE KENYA  
AGRICULTURAL RESEARCH INSTITUTE (KARI)**

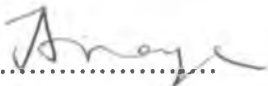
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**A RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE  
DEGREE OF MASTER OF BUSINESS ADMINISTRATION,  
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

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## DECLARATION

This is my original work and has not been submitted for a degree course in this or any other University.

Signed.....

Date.....9/11/2011

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D61/ 8959/ 2005

The Research project has been submitted for examination with my approval as a University Supervisor

Signed.....

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## **ACKNOWLEDGEMENT**

First and foremost I say a prayer of humble thanksgiving to God for providing me with renewed determination and resources to accomplish my study. The successful completion of this project was as a result of the great contribution and encouragement of a number of people. I wish to express my sincere gratitude to my supervisor Professor Evans Aosa for his inspiration and intellectual guidance.

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To my dear friends, Doris and Christine, who always had interesting reasons why I had to keep rolling when I wavered and whose support always propelled me forward. I wish to appreciate the passionate support and encouragement of my mother, Ms Owino, whose keen interest in my progress gave me impetus to carry on.

## **DEDICATION**

This project is dedicated to a number of people who are closest to my heart:

To my parents, Harrison and Consolata Owino, for their enduring love

To my brothers and sisters, Edith, Lydia, Suzie, Ronnie, Joyce, Joel and Anne, for their support and encouragement

To my nieces, Virginia and Blair, for the joy and vitality that they give to my life

## **ABSTRACT**

Stakeholders have become more enlightened, have a wider array of choices and have become more demanding. In order for an organization to prosper it has to satisfy the interests and expectations of key stakeholders by providing value. Thus organizations have to adopt a value orientation by setting the right climate, competence and capacity to deliver value to stakeholders.

The Kenya Agricultural Research Institute (KARI) has made a commitment to enhance value to its stakeholders and is undertaking a number of measures to drive it towards creating and delivering value. This study sought to identify the key stakeholder value requirements that KARI is seeking to fulfill and to establish how KARI is managing for value. In order to arrive at the results the study identified the key stakeholders of KARI, what KARI perceives as the value requirements of its key stakeholders, and how KARI is managed to ensure that the value of these stakeholders is enhanced.

The data was collected by way of interviewing three respondents who are senior managers at KARI and thus have a deep organization-wide understanding of the operations and practices undertaken at KARI. Secondary sources were also used to complement the primary data that was collected.

The study shows that KARI aims to fulfill the value requirements of its key stakeholders who include the farming community, the government, KARI employees, collaborating partners, and suppliers of goods and services. It was found that KARI is undertaking measures to ensure that it meets the expectations and value requirements of its stakeholders by committing to certain key targets through performance contracting system, adopting ISO 9001:2008 Quality Management System; adopting a participatory approach to research; involving players in the Agricultural Product

Value Chain (APVC); forming multi-disciplinary research teams; procurement of goods and services from responsive sources; forming strategic alliances, partnerships and collaborations; undertaking human resource management practices that contribute to the realization of its strategic goals; devolution of research locations to facilitate faster response to clients needs. The study reveals that KARI is constantly undertaking measures that enhance the value delivered to its stakeholders.

The study however reveals that some of these initiatives are carried out in a disjointed manner and hence recommends that KARI management consider the integration of these practices since it may lead to greater value. In addition in order for all employees of KARI to gain greater appreciation of the significance of fulfilling stakeholder expectations KARI should sensitize them and offer incentives that motivate them towards contributing greater value.

KARI is an org that has operations carried out in many regions across the country. Some of these practices may not be uniformly applied across the organization since data collection was mainly concentrated at a single station, the KARI Headquarters. Hence this study may not be used to make generalizations for the other KARI stations with regard to initiatives undertaken to enhance value to stakeholders. In addition the perception of KARI stakeholders might be contrary to the perception of KARI with regard to the initiatives undertaken by KARI towards enhancing value to its stakeholders.

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

In the past the business environment was characterized by low competition that was mainly attributed to the low number of firms, relatively homogeneous customer tastes and preferences, relatively high demand for products and relative stability in the organizational environment. Organizations had a production orientation that was mainly characterized by product creation and selling (Kotler, 2009). Firms focused more on productivity and competed by how well they could capture the benefits from economies of scale and scope and by employing technology into physical assets that offered efficient mass production of standard products. Kaplan & Norton (1999) referred to this as the industrial age and said that it took place during the period from 1850 to 1975. During the industrial age firms advantage was significantly determined by the industrial technology they possessed. Webster (1994) notes that during this age firms focused more on their production ability, rather than on the customers, and thus were production oriented.

In recent times, several developments have taken place in the business environment including liberalization of markets, advancement in information technology and globalization. These developments have resulted in wide ranging changes in the business environment that is now characterized by intense competition, increased awareness by the customer about products, diverse and highly dynamic customer tastes and preferences, shrinking product lifecycles, and a highly volatile market. As a result of these changes the bargaining power of the customer has increased significantly (Porter 1998). In order to survive or prosper in current times organizations have to adopt a value orientation. Iyer (2006) notes that organizations

that adopt a value orientation are sensitive to the needs of the stakeholders, and especially to their customers.

The changes in the business environment have affected organizations in varying extents and in response organizations have realigned their strategies accordingly. The Kenya Agricultural Research Institute (KARI) is an organization mandated to carry out research in agriculture, and to generate and disseminate technologies. KARI has experienced the changes in the business environment and has realized that fulfilling customer requirements has gained greater significance to ensuring organizational prosperity. Thus, even as KARI undertakes its activities it is adopting a stakeholder value orientation.

### **1.1.1 Value Creation**

Value refers to the benefit or worth that a user or customer derives from a product and is a function of its importance and cost (Iyer, 2006). According to Harris (2003), value is created by providing a benefit, solving a problem, meeting a need or helping a customer to achieve a goal. He emphasizes that value of an item depends on the utility that it yields and explains utility as “the state of being useful and serviceable, fitness for a purpose, aptness for a given application, beneficial for a given condition, timeliness in meeting a need, suitable and having the capability to satisfy wants” (p. 2). Webster (1994) notes that value delivery is the key strategic variable today. He adds that delivering value is more important than capturing market share or achieving the lowest cost.

In many instances, value is created by the offer which consists of the physical product or service, the price and the communicated message offered to the customer. Those organizations that find better ways to deliver value in the short term will gain tremendous long term advantage over those who delay the pursuit. Edersheim (2007) states “What the business thinks it produces is not of first importance- especially not to the future of the business or to its success. What the customer thinks he is buying, what he considers ‘value’ is decisive” (p. 17).

Organizations whose managers best understand customers and the means of effectively and efficiently meeting their needs will be the winners of the value race and become market leaders (Harris, 2003). Hence organizations are realigning their focus in tandem with the environmental changes and are now adopting a customer orientation. The value delivery continuum originates from the customer whose needs are considered and identified before a product is created in order to satisfy their needs. Kanter (2003) however adopts a broader view to include the other constituents of the organization in addition to customers and notes that, organizations exist primarily to provide value to stakeholders including employees, suppliers and shareholders. Freeman, Wicks and Parmar (2004) note that in order for an organization to maximize value it has to fulfill the interest of its stakeholders. They add that successful organizations see the significance of values and relationships with their stakeholders as a critical part of their ongoing success.

Organizations perform many different activities each of which contributes to building the final product. Thus every firm is a synthesis of activities performed to design, produce, market, deliver and support its products. Each of these activities contributes

towards adding value to the final product and since value is a critical factor for customers' choice of products, organizations will endeavor to enhance its delivery. Value is quickly becoming the most important measure of success in organizations.

### **1.1.2 The Agricultural Sector in Kenya**

In Kenya, all organizations that contribute to national development have realized that in order to prosper they have to focus on providing value to the stakeholders. The agricultural sector in Kenya is committed to contributing to increased productivity, competitiveness and vibrancy of the Kenyan economy. According to the Government of Kenya (2006), the Kenyan economy is largely agro-based, with the agricultural sector accounting for 25% of the gross domestic product (GDP). The sector contributes over 80% of employment and 57% of the national income both directly and indirectly. About 80% of Kenya's population live in the rural areas and derive their livelihood from agriculture through crop and livestock production, fishing, forestry and exploitation of other natural resources. It is therefore imperative that for the economy to grow, the agricultural sector must also be focused on growth. Furthermore, rapid development in the agricultural sector will significantly reduce poverty in the country.

The agricultural sector is not only important for economic development in the country but is also expected to contribute significantly to the delivery of other regional and global commitments. One such commitment is the achievement of the first millennium development goal (MDG) on poverty and hunger that pledges to reduce the proportion of the population living in hunger and absolute poverty by half by 2015 (Ndiritu, 1998). The value created by the agricultural sector can be increased

significantly by implementing several priorities including improving delivery of agricultural research, extension and advisory support services; increasing access to quality farm inputs and financial services; and taking measures to improve access to markets for agricultural produce (Strategy for Revitalizing Agriculture). These functions are performed by agricultural research organizations, agricultural extension organizations, transportation organizations, providers of funds to agricultural organizations, marketers of agricultural products and the farming community. Nderitu (1998) however notes that many of the future needs of Kenyan agriculture can only be met by the greater contribution of the agricultural research system.

According to the KARI Strategic plan 2009 - 2014, agricultural research is a source of knowledge, technology and innovations that propels current and future agricultural development. Nderitu (1998) notes that global agricultural competition will favor those countries that have the most productive system of agricultural research. Agricultural research is critical in enhancing agricultural productivity, improved national and household income levels, introduction of more tolerant crops that can withstand environmental constraints, development of environment-friendly farming practices, crops and livestock disease control and improving conservation of natural resources (Ndiritu, 1998).

The agricultural research system in Kenya has evolved drastically since its formal inception in the first decade of the 20<sup>th</sup> century. Pre-independence agricultural research in Kenya was designed to serve the large-scale farmers by evaluating and introducing new crop varieties and livestock breeds in production systems. At independence, agricultural research started to address the needs of small scale

farmers. In order to facilitate responding to the demands of the small scale farmer in a timely manner, there was a corresponding expansion of research facilities to a country-wide network of laboratories and field stations. In addition new crop varieties, livestock breeds and production systems were tested for adaptation and productivity under a wide range of ecological and socio-economic conditions. Building of partnerships between agricultural research organizations and an expanding range of stakeholders thus became a major feature of agricultural research in Kenya and the developing world in the late 20<sup>th</sup> century and continues to be equally important today. Research approaches and methodologies have also evolved from laboratory and station based experiments and trials to on-farm adaptive testing of technologies in collaboration with farmers (Ndubi, 2006). With the increasing challenges of globalization, the role of agricultural research has become even more critical. Furthermore, demands on agricultural research systems have changed, increasing drastically due to changing national and international development policies and needs.

A number of organizations in Kenya carry out agricultural research resulting in the development of knowledge, technology and innovations. These organizations include; Kenya Agricultural Research Institute (KARI), Kenya Forestry Research Institute (KEFRI), Kenya Sugar Research Foundation (KESREF), Tea Research Foundation, Coffee Research Foundation of Kenya, the Universities such as University of Nairobi and Egerton University. However in Kenya the leading organization mandated to carry out research in agriculture is the Kenya Agricultural Research Institute (KARI).

### **1.1.3 Kenya Agricultural Research Institute (KARI)**

Ndubi (2006) notes that research and development challenges are becoming increasingly more complex and daunting. The Kenya Agricultural Research Institute (KARI) a semi-autonomous state corporation was formed in 1980 under the Science and Technology Act (Cap 250) of 1979 to undertake agricultural research of strategic national importance and produce improved agricultural technologies, information, knowledge and approaches to support the agricultural sector. The establishment of KARI was aimed at increasing the agricultural research system's capacity to respond to changing needs of the agricultural sector in a timely manner and to improve the productivity of the highly trained scientists and technicians (Ndiritu, 1998).

Agricultural research has evolved greatly in form and content over the last three decades. Since its inception KARI has made remarkable contribution to the agricultural sector and currently it envisions a vibrant commercially oriented and competitive agricultural sector propelled by science technology and innovation. It is committed to contributing to increased productivity, commercialization and competitiveness of the agricultural sector through generation and promotion of knowledge, information and technologies that respond to client demands and opportunities (KARI Service Charter 2009). Ndiritu (1998) notes that KARI has kept pace with the increasing demands and has been instrumental and proactive in providing scientific solutions for agricultural development. Nevertheless in order to provide even greater value KARI is required to go beyond research and become a vehicle for development.

The scope of services provided by KARI is provision of laboratory, consultancy and research services; development of agricultural research information systems, quality assurance for developed agricultural technologies, management of national gene bank, capacity building to agricultural sector ministries and related services. The organization undertakes several research programmes aimed at developing appropriate technologies for use by its clients. These programmes include research on food crops, horticulture and industrial crops, animal production and fodder crops, animal health research on priority livestock diseases, socio-economics and biometric research, land and water management, biotechnology research on crops and livestock improvement, adaptive research on the adaptation of technologies to diverse agro ecological zones and socio economic situations, management of information and communications technology in support of research functions, and germ-plasm conservation and multiplication

KARI operates under a Board of Management and has a Chief Executive Officer who is the Director KARI. The Director KARI is supported by two Deputy Directors, ten Assistant Directors in charge of the various research programmes, twenty-two Centre Directors in charge of the KARI stations, and three Chiefs of Divisions. KARI has 23 main Centres/ stations (including the Headquarters) and 14 sub-centres strategically spread throughout the country to cater for different agro-ecological zones and socio-economic systems.

The main clients of KARI include farmers, farmer associations and community based organizations, government ministries and state corporations, public and private extension service providers, universities and other tertiary education institutions, and the general public.



## **1.2 Research Problem**

Value is the chief criteria for product selection in open market systems and it is also becoming the most important measure of success in organizations. In the long-term an organization maximizes wealth creation by having a purpose based on adding value to customers and all other stakeholders. Hence, it is necessary for organizational management to focus on enhancing value delivered to the various stakeholders in order to achieve long-term prosperity (Iyer, 2006). According to Harris (2003), the future belongs to organizations that are committed to adding real value to their stakeholders.

The Kenyan agricultural context is experiencing a number of changes. Some of the changes include, markets rather than production increasingly drive agricultural development, increase in competition for limited natural resources e.g. land and water, diminishing government financial contribution towards agriculture, liberalization of markets, and agricultural development increasingly taking place in a global context. In addition the nation is also facing the challenges of unemployment and poverty. In order to address these challenges and constraints, the Government of Kenya has developed a strategy for revitalizing agriculture. The strategy considers agricultural research as integral in the development of agriculture in Kenya and also emphasizes on the contribution of agricultural research towards increasing agricultural productivity and national competitiveness.

KARI is aware of the changes, constraints and challenges that are taking place in the Kenyan agricultural context and in response it has developed measures that are aimed at enhancing the value that KARI delivers to its stakeholders.

Previous studies have been conducted that are quite closely related to managing for value. Odero (2006) conducted a study on the value chain and competitive advantage in the corporate banking industry in Kenya. He found that whereas the firms in the banking industry set up measures to achieve competitive advantage, they also incidentally fulfilled stakeholder value requirements. However the primary focus of the firms in the banking industry was to gain advantage over competition. Awuor (2006) studied the strategies employed by Kenya Tourism Board to establish a sustainable competitive advantage for Kenya as a Tourist Destination. In the study by Awuor (2006) the same results emerged with the primary focus being on gaining competitive advantage. This is common in highly competitive industries. However this study on Managing for Value at KARI is in the agricultural research context. Unlike the banking industry and Tourism industry the agricultural research sector being a public good sector is less competitive. Organizations in the Agricultural Research sector will focus more on providing goods or services aimed at satisfying its stakeholders rather than try to gain advantage over the other players within the same sector. This study seeks to address the measures undertaken by KARI in order to meet its stakeholders value requirements. The aforementioned studies are based on different contexts.

Although a number of studies have been done on topics that are closely related to managing for value, none has been done in the context of KARI. Some of the recent studies conducted on KARI include Gicobi (2006) who studied sustainability strategies adopted by KARI and described the measures employed by the organization in order to respond to the changes in its economic environment. This study will also focus on the context of KARI and specifically on the management initiatives that it

has undertaken in order to enhance its value delivery. Thus the study seeks to bridge the existing knowledge gap by finding responses to the question ‘How is KARI managed in order to enhance the value that is delivered to its stakeholders?’

### **1.3 Research Objectives**

This study has two objectives. These are;

- i. To identify the various facets of stakeholder value that KARI (Kenya Agricultural Research Institute) aims to fulfill
- ii. To establish how KARI is managing for value.

### **1.4 Significance of the Study**

The study will avail more knowledge in strategic management and specifically on strategic measures adopted by KARI in order to enhance value created and delivered to its stakeholders and especially to the farming community. In addition, current and potential agricultural research stakeholders will gain greater appreciation of the contribution of KARI to national development. Also, on a wider scale, society will gain new insight about the effort being undertaken by KARI to uplift the wellbeing of the people.

To the researchers and other scholars the study will act as a point of reference as well as adding to the existing literature on the area of value creation and delivery. In addition the study may stimulate interest that will lead to further research in a related aspect in the field of strategic management.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter examines previous literature that is related to Managing for value. First it examines the significance of having a value orientation. Then it shows the value requirements of various stakeholders and discusses customer value requirement in greater detail. The last section provides a review on managing for value.

### **2.2 Significance of Value orientation**

The Oxford English dictionary defines value as the regard for a thing, situation or attitude, which, for some reason, is esteemed or prized by the value holder. The term value is used by many people, in many ways, to mean many things, in many contexts. The wide scope of definitions permits its extensive use. Dictionary meanings include: worth, a fair equivalent, esteem, and effectiveness, excellence, or that which renders anything useful or desirable.

Organizations do not operate in a vacuum; they are very much affected by their surroundings. All organizations are environment serving because they depend on the external environment for sources of inputs in form of raw materials and for destination of outputs inform of markets. As an organization interacts with its environment, it affects and is affected by its environment. It is one entity among many and its specific identity is a combination of its own internal integrity and its relationship with others. The continued growth and continued life of the organization depends largely on its interaction with its ever changing context and environment (Pearce and Robinson, 2005).

Pearce and Robinson (2005) indicate that monitoring a variety of political, economic, social, technological and physical environmental forces and trends can discover opportunities and threats. Besides monitoring trends and events, the strategic planning team should also monitor particularly important external stakeholders, especially those that affect the organizations supply of resources, including customers, suppliers, funding agencies and relevant policy bodies. Kanter (2003) notes that, organizations exist primarily to provide value to stakeholders. Stakeholders include customers, owners, employees, suppliers and society

In a hypercompetitive economy, with increasingly rational buyers faced with abundant choices, a company can win only by fine tuning the value delivery process and choosing, providing and communicating superior value (Kotler, 2009). Hence a firm will develop competitive advantage by offering superior value to its customers. According to Porter (1985) competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceed the firms cost of creating it. While these considerations seem salient to commercial businesses, very similar issues arise for public organizations. Managers in these organizations will thus consider how it might be possible to for instance provide best value services in ways which demonstrably and sustainably meet the expectations of users, compete effectively for scarce resources and meet the ever-growing pressures for better value for money from the providers of those resources, such as government and donors (Johnson, G., Scholes K. & Whittington R., 2005).

## **2.3 Value to the stakeholders**

Iyer (2006) states that organizations exist in order to provide value to its stakeholders. Hillman and Gerald (2001) note that, attention to stakeholder interests is crucial and that the key to success for public and non-profit organizations is the satisfaction of key stakeholders. Conversely, the organization has an interest in the general well being and effectiveness of key stakeholders. Stakeholders can heavily influence the performance of the business hence their support is necessary in order for the business to succeed. The stakeholders in turn, have certain expectations from the company. Ndiritu (1998) notes that an organization is effective only if it satisfies its major stakeholders and that the effective organizations recognize that there is more to success than just good profits. Freeman et al (2004) notes that economic value is created by people who voluntarily come together and cooperate to improve everyone's circumstance.

Kaplan (1999) asserts that the best organizations balance their concerns over the short term with the recognition that long term success requires satisfying a variety of stakeholders. Thus in addition to satisfying the demands of shareholders, the best organizations also address the concerns of employees, customers, members of the local community, government regulators, public interest groups, and other organizations that they do business with including suppliers, distributors and alliance partners. Each is a stakeholder seeking value and hence in order for an organization to prosper it has to respond appropriately to the varied yet sometimes conflicting needs (Hillman & Gerald, 2001).

Hillman and Gerald (2001) note that, attention to stakeholder interests is crucial and that the key to success for public and non profit organizations is the satisfaction of key stakeholders. They single out the customer as a stakeholder of the organization and notes that value driven organizations have certain common characteristics that include a focus on the customer, an understanding of the changing needs of the customer, a determination to maximize the value delivered to the customer, focus on continuous improvement, effective leadership and fostering value producing relationship with its stakeholders including employees, suppliers and customers.

## **2.4 Value to the customer**

Edersheim (2007) notes that, the purpose of a business is to provide value to the customer. It is the customer who determines what a business is, what it produces and whether it will prosper. It is the customer who determines: what a business is, what it produces and whether it will prosper. Moore, W and Pessimer, E (1993) states “What the business thinks it produces is not of first importance- especially not to the future of the business or to its success. What the customer thinks he is buying, what he considers ‘value’ is decisive” (p. 17). Harris (2003) notes that value driven organizations strive to maximize the value it delivers by focusing on the customer as the chief recipient of value and aligning and streamlining its critical and supporting processes to produce and deliver high value.

Edersheim (2007) states that, the customer comes first among the stakeholders in the company because all others are served best when the customer is satisfied. Webster (1994) emphasizes that the customer is first among equals because the customer must want the company’s products and be willing to pay a reasonable price for them if any

of the other constituencies of the firm including the owners, employees, managers and suppliers, are to achieve their objectives in the long run. He however adds that the firm's management has to balance the claims of these constituencies and to optimize the firm's total performance. Ndubi (2006) notes that agricultural research and development should involve all the concerned players, not farmers alone, since they are also affected by agricultural research and development policies. Iyer (2006) notes that carefully crafted links to reliable suppliers will continue to be as important to business success as are intimate ties to customers.

Edersheim (2007) notes that customer power is growing world wide industry after industry as the explosion of technology and the globalization of markets increases customers' choices. So to compete effectively, companies must move from thinking like producers to thinking like customers. He adds that globalization has shifted the balance of power from the firms to the customer. Kotler (2009) puts it that in order to meet and exceed customer requirements the firm has to adopt an outside-in view.

## **2.5 Managing for Value**

Harris (2003) notes that value driven organizations are designed on a solid foundation. He adds that such organizations know why they exist and make plans to accomplish their objectives. Iyer (2006) indicates that managing for value is about setting the right climate, competence and capacity to deliver value. An organization can only create high long term value added if it is designed and operated to do so. It is not an accidental phenomenon that drives wealth creating success; it is leadership (Sanchez and Heene, 2004). Management should demonstrate commitment to



providing value to its stakeholders. Kotler (2009) indicates that organizations need a well defined strategy for value creation.

A company can provide superior value either by offering benefits whose superiority outweighs any difference in cost to the customer or by offering equivalent benefits at a lower cost to the customer. Porter (1985) states that value to the customer can be delivered by either through a cost leadership position or a differentiated product position or focus on a specific market. He termed this as the generic competitive strategies for a firm to offer superior value than its competitors. Moore and Pessimer (1993) however states that firms always compete by delivering products or services that provide superior value to customers rather than on price.

Kotler (2009) argues that organizations effort to manage for value should have a customer satisfying orientation rather than a goods producing orientation because while products are transient, basic needs and customers endure forever. He therefore encourages organizations to redefine their businesses in terms of customer needs and not products. Johnson (2005) says that it is important to see value through the eyes of the customer. He adds that customer's concept of value changes over time either because the customers become more experienced or because competitive offerings become available which offer better value.

Johnson (2005) notes a major criticism of public service organizations that they tend to conceive of the value of products internally. Thus the product is not tested out with customers or clients and hence results in a false view of what is really valued by customers and by extension the competences needed to provide best value. Kotler

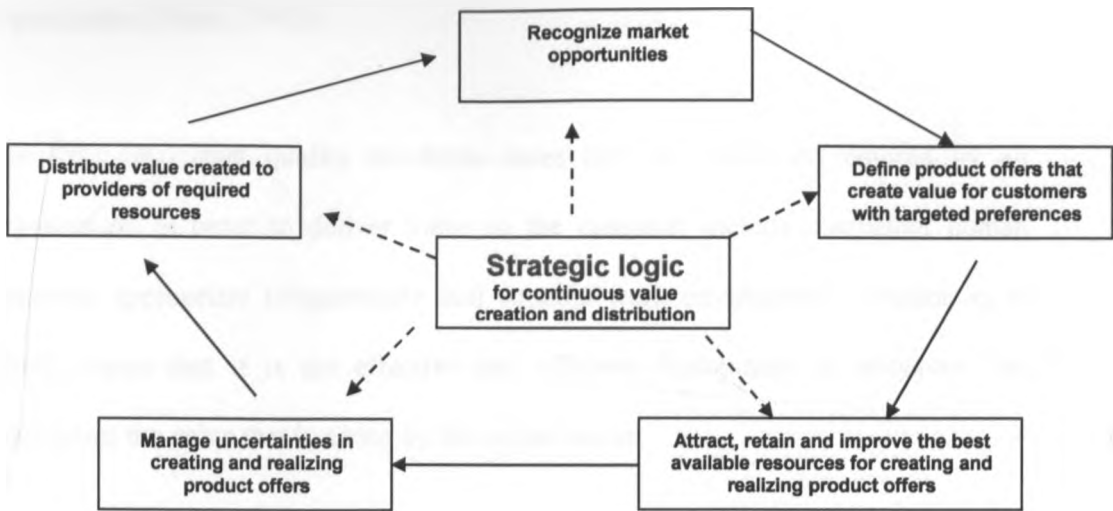
(2009) puts it that in order to meet and exceed customer requirements the firm has to adopt an outside-in view. It is only with an outside in view that businesses can change customer expectations and begin to provide products and services that customers did not know they wanted.

### **2.5.1 Capability to Create and Deliver Value**

Long term successful organizations provide value to all their stakeholders so everyone wins. Kanter (2003) contends that managing for value benefits all and adds that delivering customer value should come first and this would result in shareholder value. Johnson, Scholes and Whittington (2005) notes that organization success depends on the proper foundation and that in the long term an organization maximizes wealth creation by having a purpose based on adding value to customers and all other stakeholders. Johnson et al (2005) recognizes the significance of providing value to stakeholders by noting that organizations undertake strategic management in order to achieve advantage that will enable it to fulfill stakeholder value requirements.

A key question for managers therefore is how to enhance delivery of value hence managers are faced with the need to continually rethink how maximum value can be achieved within the organization. Sanchez and Heene (2004) state that value focused organizations function through a virtuous circle of value creation and distribution. This is as illustrated below:

**Figure 1: Virtuous circle of value creation and distribution**



Source: Sanchez, R. and Heene, A. (2004). *The New Strategic Management: Organizations, Competition and Competence*. John Wiley & Sons.

Sanchez and Heene (2004) states that managers in an organization must discover opportunities for creating value in markets and lead their organization in defining the product and service offers and to realize the wanted products and services. To facilitate the achievement of this the managers should attract the best available resources and improve the capabilities of available resources for creating and realizing product offers. Finally the managers must devise effective ways to distribute the economic value created by an organization to the providers of resources used by the organization's value creation process. In this process managers must succeed to mediate the multiple interest of a potentially large number of stakeholders.

Value is actualized through the critical process of planning, designing, producing, marketing, selling, delivering and supporting. The major processes are usually supported by other processes such as purchasing, recruiting, training, accounting and

legal. The importance of both the critical processes and support processes depend on the type of business, the type of product or service and the maturity of the organization (Porter, 1985).

The ISO 9001:2008 quality standards states that the resources required by an organization in order to deliver value to the customer include competent human resource, appropriate infrastructure and suitable work environment. Johnson et al (2005) states that it is the effective and efficient deployment of resources that maximizes the value that is added by the organization.

Edersheim (2007) noted that to give your customers what they need you must follow two rules: first you must do what you do best, that is play to your strengths; and second to meet the full range of customer needs beyond your strongest capabilities, you must collaborate with other players who can complement your strengths with what they do best. He emphasizes this by noting that strategy is more important than ownership. In the new world collaboration is not just an option but an imperative. Drucker (1992) puts it that organizations are critically important as organizers not as employers. Often the most productive and profitable way to organize is to disintegrate and partner. The agile organization positions itself as a bundle of capabilities and resources.

## **2.5.2 Value through Human Resource Management**

Porter (1985) emphasized that competitive advantage is achieved through people. He noted that the key difference between good and poor performers is the quality of staff they employ and the extent to which those staff are motivated and committed to

making an effective contribution to organizational success. Price (2008) notes “Management is about human beings; a company is really its people, specifically, their knowledge, capabilities and relationships” (p. 9). Edersheim (2007) states that organizations management need to enhance and develop the inherent capacities, contributions and potential of people by providing learning and continuous development opportunities.

In the modern business environment the employees are knowledge workers who realize that they have to deliver value by what they know and by the information that they can provide. Thus investing in managing and exploiting the knowledge of every employee has become critical to the success of information age companies. Edersheim (2003) states “People are the business, they are your front room, your connection to others and to the customer; they are your knowledge and your access to changing opportunities and resources” (p. 108). Today organizations focus on getting the best out of people by building their capacity and capability. Armstrong (2006) notes that it is through the management of human resource that the organization adapts to the needs of its stakeholders.

### **2.5.3 Organizational Performance and Continual improvement**

Management should measure how their organizations create value for current and future customers and how it enhances internal capabilities and the investment in people, systems and procedures necessary to improve future performance. Johnson et al (2005) suggest that a value focused organizations needs a performance measurement system tied to the stakeholder value drivers. Harris (2003) notes that value driven organizations apply metrics and information systems that that ensure the

necessary knowledge is available for everyone to perform their jobs and that appropriate measures of success permeate all levels and aspects of the organization.

Intense global competition requires that companies continually improve their capabilities for delivering value to customers and shareholders. Customers have become highly demanding and hence they expect better products that provide ever greater value (Iyer, 2006). Product life cycles continue to shrink and the business environment has become more competitive. In order to survive and prosper in the modern and future business the company has to focus on continually improving both its processes and products. Managing for value is a continuous never ending journey. The real challenge is to build dominant skill set in areas that the customer would value now and in the future (Edersheim, 2003).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter outlines the research methodology that was used in the study. It includes the research design, data collection method and data analysis method.

### **3.2 Research Design**

This is a qualitative research constituting a descriptive case study. It sought to establish the activities that KARI undertakes in order to enhance value. It involved an in-depth, cross sectional examination of a single instance. Odero (2006) and Gicobi (2006) used a similar design successfully in their studies.

The case study approach was preferred since it facilitates intensive study of the concerned unit and provides an in-depth understanding of its behavior pattern. Kiptoo (2008) asserts that a case study research design is appropriate where a detailed analysis of a single unit is desired as they provide a focused and valuable insight into a phenomenon. In addition the case study method enriches generalized knowledge and makes it possible for the researcher to use one or more methods depending upon the prevailing circumstances e.g. in-depth interviews, questionnaires etc.

### **3.3 Data Collection**

The main source of data in the study was primary; however secondary sources of data were used to supplement the primary data. While collecting primary data the researcher conducted in-depth interviews guided by open ended questions in an interview guide (Appendix II). The persons who were interviewed included two

Assistant Directors and one Chief of Division; they are Assistant Director for Socio-economics programme, Assistant Director for Monitoring and Evaluation, and the Chief Internal Auditor. These respondents were selected since they are senior managers at KARI who have a deep and organization-wide understanding of the operations and practices undertaken in the organization. Open ended questions were applied to avoid subjectivity that could arise from limiting the respondents answers to the questions. Open-ended questions also allow the respondents to provide more information, express their feelings, attitudes and understanding of the subject thus enabling the researcher to better access the respondents' true feelings on an issue (Bryman & Bell, 2007). The interviews were conducted and data collected within two weeks.

Secondary data was obtained from newsletters and magazines. The sources of secondary data mainly provided the relevant background information about KARI and also served to confirm some of the findings noted during the interviews.

### **3.4 Data Analysis**

The collected data was evaluated and analyzed to determine its adequacy, credibility, usefulness and consistency. It was then summarized according to the study theme, which is, managing for value at KARI. The data was analyzed using content analysis approach. Content analysis was considered as the appropriate approach analysis in this study since it enables quantifying and analyzing the presence, meanings and relationships of words and concepts within texts. In addition it allows inferences to be made about the messages.



Cooper and Schindler (2008) point out that content analysis measures the semantic content or the 'what' aspect of the message. He further points out that content analysis guides against selective perception of content and provides for rigorous application of reliability and validity criteria. Ichangi (2006) notes that content analysis is a technique for making inferences by systematically and objectively identifying specific characteristics of messages and then relating the themes. The approach has also been used by Muturi (2006) and Kiptoo (2008).

# **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

## **4.1 Introduction**

This study intended to achieve two objectives; to identify the various facets of stakeholder value that KARI (Kenya Agricultural Research Institute) aims to fulfill, and to establish how KARI is managing for value. This chapter presents the findings of this study with regard to these objectives, and the related discussions. First a description of the key stakeholders of KARI together with their related value requirements is provided. Then the initiatives that KARI has undertaken to deliver value to its stakeholders are explained. The last section provides a discussion on the findings of the study.

## **4.2 Stakeholder value at KARI**

According to the respondents the key stakeholders of KARI are: agricultural community, collaborating partners like the universities, KARI employees, the Government of Kenya through the Ministry of Agriculture, suppliers and the society. The relationship between KARI and its stakeholders varies and is influenced by the expectation of these stakeholders on one hand and by the interest of KARI on the other hand. The interest of the key stakeholders varies from one stakeholder to the other. The stakeholder interest sometime conflict, however KARI tries to balance its actions while fulfilling these interests.

### **4.2.1 Agricultural community and consumers of agricultural products**

An organization exists for the purpose of providing value to its client. In order for the organization to prosper it has to study the needs of its clients and respond to them appropriately. According to the respondents the main clients of KARI are the agricultural community and the consumers of agricultural products, both locally and internationally.

The farmers expect KARI to generate and disseminate new agricultural technologies that will respond to their farming needs. They also expect information and advisory services on the most appropriate farming practices given their different agro-ecological, social and economic circumstances.

### **4.2.2 Suppliers of goods and services**

The respondent indicated that KARI derives most of the inputs that are necessary for carrying out its operations from the external sources. Due to its large size and diverse operations, KARI acquires large amounts of inputs from very many different suppliers and hence most suppliers consider it as a significant customer.

KARI perceives its suppliers as desiring to establish and maintain a good relationship that is mutually beneficial to both of them. In addition the suppliers expect KARI to pay them promptly on account of all goods and services that they provide to the organization.

### **4.2.3 KARI Employees**

The respondent indicated that KARI is a large organization with many operations and has a large number of employees. Since the organization undertakes research in many different areas, its employees have expertise in varied disciplines. The nature of work demands that KARI constantly searches for new technologies and innovations, hence the most of the employees have to keep improving and updating their knowledge and skills. The employees interact a lot with the customers and other stakeholders, and hence they are the major link between the organization and its stakeholders. Thus they are the means by which KARI delivers value to its stakeholders.

The respondents indicated that KARI employees expect the organization to provide a suitable work environment, care for their welfare, accord them fair treatment, remunerate them reasonably for the results they deliver, develop their capacity by means of training, and give recognition for their contribution to the organization. When the employees are valued and their expectations are met they are motivated to contribute more towards meeting the organization's objectives.

### **4.2.4 Collaborating Partners**

The respondents indicated that KARI has formed several strategic alliances, partnerships and collaborations with other organizations. KARI mainly enters into the collaboration and partnership arrangements with those organizations that share a common objective. Most of the organizations that collaborate with KARI are also in the agricultural research sector. The institutions that KARI has formed collaboration arrangements with include universities such as the University of Nairobi; Ministry of

Agriculture extension services; other research organizations such as Coffee Research Foundation and Tea Research Foundation; and farmer organizations and groups.

The collaboration arrangements results in mutual benefits for the organizations. KARI capitalizes on the expertise, financial capacity and international network of the collaborating organizations. On the other hand the partner gains from wide geographical network of KARI centers and diverse expertise of KARI scientists.

#### **4.2.5 The Government of Kenya**

KARI operates within the agricultural research sector of the Ministry of Agriculture of Kenya. The Government of Kenya supports KARI by providing funds for the payment of salaries of the staff and for paying recurrent operational costs. The government also provides resources for instance land, infrastructure e.g. buildings, and a facilitative policy environment for KARI to undertake its agricultural research operations.

According to the respondents, the government has set national development goals including Vision 2030 and target periodic growth rates for various Ministries. These goals are cascaded lower to the government ministries. The Government of Kenya expects KARI to align its goal in line with the national development goals and a commitment that KARI shall work towards contributing to the achievement of these goals. Specifically, the Government of Kenya expects KARI to generate and promote agricultural technologies that will enhance agricultural productivity.

### **4.3 Managing for Value at KARI**

According to the respondents KARI recognizes that in order to prosper and survive it has to fulfill the varied value requirements of its stakeholders. In addition in order to be beneficial, research operations undertaken at KARI has to be responsive to global development goals such as Millennium Development Goals (MDGs), Vision 2030, Market demands and the needs of the agricultural community.

The respondents noted that KARI is undertaking an integrated set of management initiatives aimed at enhancing the value of research operations. Noted below are the initiatives that KARI has undertaken.

#### **4.3.1 Strategic Planning**

The respondents indicated that KARI has developed a Strategic plan that is aligned to meet the expectations of its stakeholders. In addition KARI has aligned its strategic plan to the broader developmental goals including the Millennium Development Goals (MDG), Vision 2030 and the Agricultural Sector Development Strategy (ASDS). The MDGs and Vision 2030 emphasizes the need to achieve reduction in poverty levels, improved food security situation and empowerment of women among other goals. These broad goals represent the interests and expectations of key stakeholders including the government, the agricultural community and general society.

The KARI Strategic plan lays particular emphasis to promoting commercialization of agriculture, improving income levels and reduction in poverty levels, protection of the environment and empowerment of women through gender mainstreaming. All the

agricultural research operations that are undertaken at KARI are expected to develop their project work plans in alignment with the strategic plan. In addition the employees are sensitized on the strategic objectives that the organization has set to achieve, and they commit to undertake practices that will contribute to the achievement of the strategic objectives.

#### **4.3.2 Adoption of ISO 9001: 2008 Quality Management System**

KARI has adopted the ISO 9001: 2008 Quality Management System in order to contribute even greater towards meeting the expectations of its customers and other stakeholders, and to continually improve on the value delivered to them. Towards this KARI has developed a quality policy that guides the organization towards adhering and committing to certain requirements including; consistently satisfying its customers, empowering employees to deliver quality, protection of the environment, provision of an enabling and safe working environment for all employees, compliance with statutory requirements, devotion to corporate social responsibility and continuous improvement.

In order to respond appropriately to client needs KARI solicits user opinions, reacts to customer feedback and carry out customer satisfaction surveys. KARI also undertakes regular performance reviews and surveillance audits in order to evaluate conformance with the requirement of its quality policy, and to identify where improvements can be made towards fulfilling stakeholder value.

The respondents noted that implementation of the requirements of ISO 9001: 2008 Quality Management System at KARI is still in progress. It is expected that when

complete it will lead to a greater commitment to meeting customer requirements and improvement of operations thus ultimately resulting in many benefits including higher efficiency and effectiveness of operations, increased customer satisfaction and retention, improvement in employee motivation, more fulfilling relationship with suppliers, increased productivity, reduction in the level of waste and increased financial returns.

### **4.3.3 Performance Contracting**

The Performance Contract system is intended to promote individual responsiveness and a performance orientation that is aligned to fulfilling stakeholder expectations. In undertaking Performance Contracting KARI has set performance targets that are aligned to the broader targets of its parent ministry, the Ministry of Agriculture in Kenya. The performance target of KARI is cascaded to lower constituent units that carry out the implementation and contribute to the achievement of the higher level targets. The levels of the Performance Contract are between Ministry of Agriculture and KARI Board of Management, KARI Board of Management and Director KARI, Director KARI and the organizations departments, the departments and the organizations divisions; and finally the divisions and their staff members.

The Millennium development goal on poverty reduction for instance specifically sets to reduce poverty by half by 2015. The Ministry of Agriculture has a target to increase the growth of agricultural productivity to a rate of 10 percent. KARI, as an organization within the Ministry of Agriculture, has set a target to increase the rate of adoption of its technologies by 10 percent and to increase the productivity per unit of land by 11%. Each of the Divisional unit that operates in KARI has also set individual



targets that are aligned to the organizational target. For instance the KARI Food crops Research Programme has set the target of increasing productivity per unit of land area by 12 %.

The KARI Performance Contract indicators include both financial and non-financial indicators. The financial indicators that KARI has set include: compliance with budgetary levels, cost savings and the amount of revenue generated. The non-financial or qualitative targets include the number of new research technologies generated and the level of adoption of new research technologies. Other performance contract measures that KARI undertakes to achieve include: customer satisfaction, compliance with strategic plan, compliance with ISO, employee satisfaction, corruption prevention, and HIV/AIDS behavior change.

The divisions commit to attain the target and at the end of the year each area is assessed on the extent to which they have attained the targets. Thus it holds them accountable for results and hence improves effectiveness and efficiency. In addition it has also improved transparency in the management of resources since managers are expected to demonstrate how they have used the resources to contribute to the organizations objectives. Achievement of the set performance targets together with other attendant benefits ultimately results in enhanced value to the stakeholders.

#### **4.3.4 Decentralization of the location of KARI Centres**

KARI strives to respond to the needs of the farming community in the most effective way and in a timely manner. KARI Research Centres are strategically spread throughout various geographical regions of Kenya in order to cater for the different

agro ecological zones and socio-economic conditions of the regions. This facilitates faster and more appropriate response to the diverse needs of the various regions in Kenya. The decentralization of the geographical location of KARI centres supports KARI strategy by capitalizing on the location advantages that are present in the regions in order to generate more competitive research solutions.

KARI Katumani Research centre for instance is strategically well placed for the development of technologies for soil and water conservation for the dry farming areas, improvement of maize and other crops with a view to identifying varieties which tolerate soil moisture stress, pests and diseases that are prevalent in the arid and semi arid lands. KARI Thika Centre is strategically placed to carry out its mandate of supporting the national horticultural industry including the development of appropriate technologies covering production of fruits, vegetables and flowers. KARI Kibos Centre that is located at Kisumu is strategically placed to carry out cotton research given the soil type of that area and the climatic conditions that favor cotton farming.

#### **4.3.5 Multi disciplinary approach to research**

The respondents indicated that most researches and development workers are trained in a single discipline and thus may not be able to respond comprehensively to the diverse needs of a client. In order to generate more holistic research solutions KARI engages multi-disciplinary teams to undertake research operations. The involvement of several researchers with diverse disciplinary perspectives, ideas and influences therefore contributes to greater synthesis and insight. This produces innovative solutions to complex problems and meets multiple objectives. The interaction of the

research scientists from diverse disciplines also creates synergistic effects on the innovativeness of the teams.

The use of Multi-disciplinary teams is currently being employed in the research of assessing the productivity of a certain maize crop variety across the regions in Kenya. The research scientists from the various disciplines who are involved are breeders, entomologists to identify the effect of insect pest on the seed, soil scientist to identify the most appropriate soil features and conditions, weed scientists to identify the prevalent weeds in certain regions and that may also affect the maize varieties, and sociologists to study the socio-cultural characteristics of the regions and that may influence adoption of the research product.

#### **4.3.6 Strategic Partnerships and Collaborations**

KARI has entered into partnerships and collaborations with organizations with which they have common goals. The Strategic Partnerships, alliances and collaborations with other institutions helps to promote mutually beneficial collective actions by different stakeholders and ensures that relevant research is conducted effectively and efficiently. Collaborating with other institution has enabled KARI to pool resources and to exploit the comparative advantages of its partners and therefore has improved its capability to deliver greater value. Other benefits that have been realized include economies of scale and reduced duplication of effort, and synergy.

KARI collaborates with regional research networks such as ASARECA (Association for Strengthening Agricultural Research in East and Central Africa) and CGIAR (Consultative Group in International Research); Universities such as the University of

Nairobi; the Ministry of Agriculture extension services; research organizations such as Coffee Research Foundation and Tea Research Foundation; and farmer groups. KARI capitalizes on the funds capacity of its partners and on the other hand the partner organization benefits from KARI in form of its widespread network of research locations, technical capacity and the greater local knowledge of KARI research scientist.

#### **4.3.7 Participatory research approach with stakeholders**

This approach entails the involvement of the stakeholders including the farmers and other interest groups while undertaking research. KARI actively involves all the concerned players in identifying and analyzing the client needs and in formulating joint actions. The situation has been beneficial to both researchers and stakeholders. The stakeholders especially the resource poor farmers are empowered and they get to share their own experiences and provide potential solutions to the problem at hand. KARI on the other hand benefits from the indigenous technical knowledge of the farmer. Thus there is mutual learning among all the players in the research process resulting to the generation of agricultural technologies that are more responsive to the needs of the agricultural community, improved response times, faster adoption and uptake of research technologies.

Towards this KARI has established Research Advisory Committees and Priority Setting Committees whose membership includes KARI researchers, representatives from the farming community, development partners, research partners and representatives from the funding body. In addition KARI undertakes Client-Driven research whereby it first identifies the needs of the client and engages the

participation of the client at an early stage in designing a solution to the problem. When researchers in the organization know who their client is, they are accountable to them and are more likely to develop technologies that are suitable to their ecological, social and economic circumstances and capable of improving their livelihood.

#### **4.3.8 Agricultural Product Value Chain approach**

KARI recognizes that before any product finally gets to the consumer it passes through several players in a chain. Each player in the chain adds value at his stage of processing and hence is integral to the production and delivery of a product that satisfies the requirements of the final customer. KARI recognizes that in designing a research solution it is important to involve each of the players in the value chain and hence it has adopted an approach called the APVC (Agricultural Product Value Chain) approach.

The APVC approach calls for collaboration with other service providers who make up the agricultural product value chain. The players in the APVC include extension workers, provincial administration, packaging companies, distributors and transporters. KARI seeks to improve its relationship with the players so that activities in the value chain are well coordinated. The organizations that are involved in the APVC get to 'learn by doing' and together with the improved relationship among them leads to better synchronization of activities. This leads to greater efficiency in generating the agricultural products and thus resulting in lower cost of agricultural commodities, faster and wider distribution, and other benefits that contribute to enhanced value to the customer and other stakeholders.

### **4.3.9 Human Resource Management practice**

According to the respondents KARI recognizes that its human resource capacity and competence makes an invaluable contribution to its mission of delivering value to its clients. In order to enhance its value delivery KARI undertakes human resource management practices that contribute to increased value delivery.

KARI employs a competitive approach while recruiting its employees in order to set the appropriate competence for value creation. KARI uses a competitive approach to procure its services, and hence the people that are recruited are likely to be employees who are responsive to the organizations need to generate and deliver enhanced value. KARI also seeks to improve the capability of the employees by training them so as to empower them with the knowledge and skills that enhances their performance. In addition, KARI undertakes employee performance appraisal in order to identify competence gaps and thereafter the need for staff to undertake training that will enhance their competence to deliver greater value. KARI also commits to a policy of providing an enabling and conducive working environment for its employees.

### **4.3.10 Holistic Approach to Research**

The respondents indicated that KARI has recognized that research should be holistic in focus and hence should not only generate solutions to technological problems but also solutions that promote social and economic benefits for a lasting impact. When the organization encounters a research problem it carries out analysis on the basis of several perspectives. Thus the ecological, economic and social factors that may influence a research solution are considered when undertaking research.

The holistic research approaches takes account of the specific context hence includes the consideration of socio-economic aspects besides purely bio-physical aspects in agricultural research. For instance, in certain research projects KARI considers socio-economic issues and hence incorporates gender mainstreaming to ensure that needs of both gender are adequately fulfilled. The need for more holistic research solutions has necessitated the use of multi-disciplinary teams to carry out research and thus leading to generation of research solutions that can be adapted to diverse conditions.

#### **4.3.11 Monitoring, Evaluation and Impact assessment**

Resources that are utilized to carry out research are limited in availability. These resources including finances, human expertise, and land have to be deployed in the most efficient manner and in areas where they are likely to generate the highest level of returns. The respondents indicated that KARI continuously undertakes monitoring, evaluation and impact assessment to assess whether resources are used prudently and efficiently in order to generate high returns and greater favorable impact to its clients.

KARI employs a monitoring system that takes account of both financial and non-financial indicators. The Monitoring and Evaluation entails carrying out field visits, mid-term internal evaluations and end-of-term external evaluation of its research operations. In addition KARI uses the Financial Monitoring Report (FMR) system that enables it to take account of both financial factors and non-financial factors (for instance meeting certain milestones in a research project) while evaluating the performance of its research programmes. According to the respondents KARI also undertakes internal audits to assess whether the organizations assets are adequately

safeguarded, operations are carried out efficiently and effectively, and that the relevant statutory and regulatory requirements are followed. The internal audits identify gaps in the system and make recommendations for improvement.

In addition KARI assesses the impact of agricultural technologies on the livelihoods of its clients. KARI adopts a holistic approach while assessing the impact of its outputs and thus considers the economic impact, environmental impact, social impact for instance on gender, and the biological impact of its outputs. Even after a technology has been adopted by the farming community KARI still undertakes continuous impact assessment to evaluate the effectiveness of the research output and to ascertain whether research is achieving the desired results.

## **4.4 Discussion**

This section gives an interpretation of the findings as they relate to the research problem. The interpretations have been made in relation to the theory presented in the study as well as to other empirical studies

### **4.4.1 Comparison with theory**

According to Kanter (2003), organizations exist primarily to provide value to stakeholders. Johnson et al (2005) recognizes the importance of providing value to stakeholders by noting that organizations undertake strategic management in order to achieve advantage that will enable it to fulfill stakeholder expectations. This suggests that in order for an organization to continue being in existence and to prosper it has to undertake measures that enable it to deliver value that meets the interests and expectations of stakeholders.



This study reveals that KARI is committed to delivering value that fulfils the expectation of its stakeholders. The findings indicate that KARI seeks to understand the needs of stakeholders, sets objectives that are aligned to the expectations of the stakeholders, builds the competence necessary to attain these objectives and continuously assesses whether stakeholder interests are fulfilled. Thus KARI undertakes management with the focus of meeting stakeholder value requirements.

KARI is devoted to ensuring its long-term prosperity. Kaplan (1999) asserted that the best organizations balance their concern over the short term with the recognition that long-term success requires satisfying a variety of stakeholders. Johnson et al (2005) also recognize the importance of fulfilling stakeholder expectations while formulating a viable strategy. KARI focuses on fulfilling its stakeholder expectations for strategic reasons, this includes to enable it attain advantage over competition.

Stakeholders can heavily influence the performance of a business and thus their support is necessary (Kanter, 2003). KARI recognizes this and hence it tries to win the support of stakeholders by for instance involving their participation as early as during the planning stage, and having performance management system that has indicators that ascertain responsiveness to stakeholder needs.

Edersheim (2007) noted that to give customers what they need beyond your strongest capabilities, you must collaborate with other players who can complement your strengths with what they do best. KARI collaborates with other organizations to

enhance its capability to deliver greater value to customers. This shows that KARI has a value orientation.

#### **4.4.2 Comparison with other empirical studies**

Freeman et al (2004) indicated that successful organizations see the significance of values and relationships with their stakeholders as a critical part of their ongoing success. Odero (2006) conducted a study on value chain and competitive advantage in the corporate banking industry in Kenya and it emerged that while the banks are seeking competitive advantage they also deliver greater value to their stakeholders, mainly their customer and shareholders. As is evident in the study by Odero (2006) and in this study, realization of long term competitive advantage and fulfillment of stakeholder value expectations go together, hence in order to realize advantage organizations should have a value orientation and thus focus on delivering value to stakeholders

As the findings in the study by Odero (2006) indicate, firms in the banking industry are undertaking certain measures in order to gain advantage, KARI is also undertaking initiatives that enable it to fulfill stakeholder value requirements and at the same time realize advantage. Thus the findings in this study imply that KARI is a vibrant and proactive organization that is sensitive to the changes in its environment and responds to stakeholder expectations.

# **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

## **5.1 Introduction**

This chapter gives a summary of the findings as well as the conclusions gathered from the analysis of the data. In addition it states the limitations of the study and the suggested areas of further study. It also incorporates the recommendations made by the respondents.

## **5.2 Summary**

The key to long-term success for organizations is to meet the value requirements of stakeholders. KARI is constantly undertaking measures that enhance the value delivered to its stakeholders. The study found that the key stakeholders of KARI include the farming community, the government, the organizations employees, collaborating partners, and the suppliers of goods and services. KARI is continuously undertaking a number of measures to ensure that it meets the expectations and value requirements of these stakeholders.

The measures KARI is undertaking to enhance the value and meet its stakeholder demands include; committing to certain key targets through performance contracting system; adoption of the ISO 9001:2008 Quality Management System; adopting a participatory approach to research by involving the players in the Agricultural Product Value Chain (APVC); multi-disciplinary research; competitive procurement of goods and services; forming strategic alliances, partnerships and collaborations; undertaking human resource management practices that contribute to the realization of its strategic

goals; and devolution of research locations to facilitate faster response to clients needs.

### **5.3 Conclusion**

KARI has realized that in order to prosper in this increasingly competitive environment it has to respond appropriately to the value requirements of its stakeholders including the farming community, employees, suppliers, development partners, collaborators and the government. It has therefore undertaken a number of significant management initiatives that enables it to deliver products and services that satisfy the requirements of its stakeholders.

The business environment is experiencing continuous change, and hence KARI is constantly studying the needs of not only its customers but also that of its other key stakeholders as this study has revealed. KARI recognizes that the key to long-term prosperity is to satisfy the value requirements of stakeholders. The study has shown that KARI is constantly undertaking measures to enhance the value delivered to its stakeholders.

### **5.4 Limitations of the Study**

This study has made response to the research problem; it is however subject to a number of limitations. First, KARI has several stations that are located various regions across the country. However data was collected from respondents who are stationed at one location due to limited time and lack of availability of respondents from the other stations. This limited the researcher's ability to carry out a more comprehensive study. Therefore the findings of this study may not be generally

applicable across all the KARI stations and hence it may not be used to make generalizations or broad recommendations concerning the practice in all KARI stations.

Secondly, the study focused exclusively on the perspectives of senior managers who are employees of KARI and therefore its objectivity and impartiality might be quite limited. Time was limited and thus did not allow for confirmation of the effectiveness of the measures undertaken by KARI towards meeting the stakeholder value. It would have been interesting to find out from the key stakeholders of KARI about their perception concerning the value that the organization delivers to them.

## **5.5 Suggestions for further study**

This study was based solely on the views of respondents who are employees of KARI. It would be valuable to carry out a study targeting the views of the stakeholders in order to assess the impact of the measures KARI has undertaken, and also to get the stakeholders' perception regarding the contribution of KARI towards fulfilling their value requirements. Thus another study can be undertaken on the stakeholder perception of the contribution of KARI towards fulfilling their value requirements.

Since KARI has multiple stations located in many regions across Kenya., in order to confirm whether the findings in the study represent the organization-wide practice, another study could be undertaken to assess the extent to which the other KARI stations located in other regions across Kenya are practicing the measures that contribute to stakeholder value.

## **5.6 Recommendations**

The respondents indicated that KARI recognizes the need for fulfilling the value requirements of its stakeholders in order for it to prosper and thus the reason for undertaking certain measures to ensure these requirements are satisfied. The respondents however pointed out that there is need for improvement.

It was recommended that the various initiatives that are aimed at enhancing the organizations ability to deliver value should be performed in a more integrated manner so as to ensure that they are complementary and reinforcing to each other. Since the initiatives contribute to a common goal of enhancing value delivery, they should not be viewed as unrelated and separate, but rather should be assimilated into all KARI activities, both primary operations and support operations.

The respondents also recommended that KARI should improve its performance management system by adopting the balanced scorecard approach. This will enable KARI to have a formal way of evaluating the key value drivers including its internal business processes and learning and growth initiatives as well as the extent of realization of value though its measures of customer satisfaction and financial measures.

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# APPENDIX

## I. Letter of Introduction

**29<sup>th</sup> August 2011**

Dear Respondent

### **RE: INTERVIEW FOR MBA RESEARCH PROJECT**

I am a postgraduate student at the University of Nairobi pursuing a Master of Business Administration (MBA), specializing in Strategic Management. In partial fulfillment of the course requirements, I am undertaking a case study on 'Managing for Value at KARI'.

As a way of gathering data I intend to carry out interviews and I have selected you as a respondent in this exercise. The information collected shall be used solely for academic purposes and shall be treated with confidentiality. A copy on the research proposal can be made available to you on request. Pleased find attached hereto an interview guide that will be used to facilitate collection of data for the research project. Your cooperation will be highly appreciated.

Yours sincerely,

Mr. Jackton Amayo  
**MBA Student**

Prof. Evans Aosa  
**Supervisor**

## II. Interview Guide

Name of Respondent.....

Position.....Date.....

### **SECTION A: Profile of Respondent**

1. How many years have you worked at KARI?
2. What are the functions of your position in the organization?

### **SECTION B: Value Management**

- i. Who are the major stakeholders for KARI? What are their interests? Who are the key customers?
- ii. How does KARI prioritize the interests of its key stakeholders? What drives KARI to commit to fulfilling the interest of its stakeholders? What are the motivation driving this pursuit?
- iii. What measures has KARI put in place in order to ensure it meets its stakeholders' interests and expectations? What management system has KARI put in place to ensure it consistently provides value to its stakeholders?
- iv. What is the value proposition for KARI? How does KARI relate with its stakeholders? What kind of relationships has KARI created with its stakeholders in order to deliver on its purpose?
- v. How does KARI ensure that its objectives are linked to or focused on meeting stakeholder expectations?

- vi. Is there management commitment to meeting stakeholder expectations e.g. by communicating to staff the importance of satisfying customers, and by providing adequate resources?
- vii. What does KARI do to ensure continuous improvement on the value delivered to the customer?
- viii. Does KARI have any distinct competence that enables it to meet and possibly exceed the expectations of its stakeholders?
- ix. What are the critical success factors at KARI? How does KARI ensure achievement of these factors?
- x. How does the organization monitor and evaluate its performance? What are the Key performance indicators and the critical success factors?

**Thank you for your attention and response**