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**THE DYNAMICS AFFECTING SUCCESS OF KENGEN'S CORPORATE
SOCIAL RESPONSIBILITY PROGRAMME**

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**A PROJECT SUBMITTED TO THE SCHOOL OF JOURNALISM AND MASS
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**UNIVERSITY OF NAIROBI
EAST AFRICANA COLLECTION**

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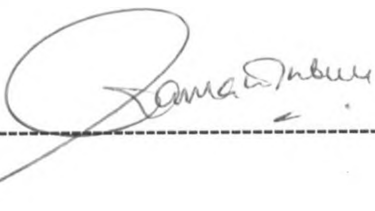
DECLARATION

I hereby declare that this project is my original work and has not been presented for a degree in any other University

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

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Dedication

I dedicate this scholarly work to my lovely wife Dorcus and my dear son James for their understanding and moral support during the entire period I was working on this project

ACKNOWLEDGEMENTS

I acknowledge most importantly all people who have been involved in the realization of this work. Specifically, I wish to thank my project supervisor, Mr. Kamau Mubuu for guiding and supervising this work in its entirety. He went all the way to offer his guidance within and outside the supervision schedule. I also appreciate the role played by KenGen's PR & Communication Department by allowing me to access the project sites and also for facilitating data collection by the way of facilitating interviews to the Corporate Social Responsibility (CSR) implementers and approval to the staff responding to the staff questionnaire.

I further recognize the assistance given to me by the community leaders in Sondu Miriu, Turkwel and Olkaria Power Projects by facilitating access to the various community respondents. Without their involvement it would have been very difficult to get the kind of cooperation I got from the respondents.

Lastly, I salute Claudio Mukodo for proof reading and critiquing this work, his comments helped were invaluable and helped me to refine it further. Due to space limitation I am unable to singularly mention everybody by name but I collectively recognize any positive effort and contribution made towards the realization of this work.

Abstract

This study sought to establish the dynamics inhibiting the attainment of a sustainable harmonious relationship between KenGen and the communities that reside within its areas of operations. The study focused on how effectively the Corporate Social Responsibility CSR programme is executed and whether the programme's content is aligned to the social, cultural and economic aspirations of the host communities. The rider of this general objective is: *Why has the CSR programme not changed the attitude and behaviour of local communities towards KenGen's operations?*

Specifically, the study tried to determine whether CSR programmes are recognized by the host communities for them to identify with their ownership, and whether CSR activities demonstrate the company's commitment to communicate with the communities effectively. Also it was necessary to determine whether KenGen CSR activities address the needs, expectations, and aspirations of the host communities and if KenGen CSR programme content is in line with the social, cultural, and economic orientation of the local communities.

The findings would assist KenGen as a company to know whether there is a gap between expected CSR performance outcome and the target performance. This is crucial because it shapes the direction in which the company should adopt in line with its new growth strategy engineered under the concept of G2G (from Good to Great).

Being critical to public and private business organizations that are still trying to define the corporate social responsibility programmes and activities, the study aims at providing the best practice approach in formality, implementing and sustaining CSR programme, in addition to the body of corporate citizenship and its obligations. Public relations and communication scholars will have an additional and academic platform to execute further research by making reference to the results of this study.

The study establishes one major dynamic inhibiting the attainment of a sustainable harmonious relationship between KenGen and the communities that reside within its areas of operations. This is the ineffective mode of communication employed by KenGen. This particularly focuses on how effectively the CSR programme is executed and whether the programme content is aligned to the social, cultural and economic aspirations of the host communities. According to the study findings, majority of the respondents are aware of the CSR activities, but shockingly majority do not know about the programmes themselves, and that *CSR* programmes have not changed the attitude and behaviour of the local communities towards KenGen's operations.

The CSR programmes are not recognized by the host communities for them to identify with KenGen and therefore ownership.

ABBREVIATION/ACRONYMS

CRS-Corporate Social Responsibility

KenGen-Kenya Electricity Generating Company

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CHAPTER ONE

INTRODUCTION

1.1 Background Information

This study seeks to determine the factors that influence implementation of KenGen Social Responsibility programmes. It examines the dynamics that hinder the success of Corporate Social Responsibility (CSR) by focusing KenGen's CSR programme. Though the company has dedicated 1% of its annual net profit to implement CSR activities in areas of its operations, not much has changed in its relationship with the local communities of the areas it operates. Mistrust, hatred, flare-ups and suits for land compensation has been quite common.

Today's heightened interest on the role of businesses in society has been promoted by increased sensitivity and awareness of environmental and ethical issues. Issues like environmental change, improper treatment of workers and insensitivity to local communities are usually highlighted by the media and reinforced by lobby groups which have increasingly shaped the softening of corporates in the way they treat the local communities as well as their employees.

All these new developments have gradually led the hitherto uncompromising corporate bodies to embracing corporate social responsibility programmes in order to assist the local communities from where their operations are undertaken as well as lobby groups which have become the watchdogs for the impoverished.

Wikipedia Encyclopedia defines Corporate Social Responsibility (CSR) as a concept that suggests that commercial corporations have a duty of care to all of their stakeholders in all aspects of their business operations. Jackson and Nelson (2004) define stakeholders as those who are influenced by, or can influence, a given business' decisions and actions. The stakeholders may include but not limited to: employees, customers, suppliers, local communities, subsidiaries and affiliates, joint venture partners, local neighborhoods, investors and shareholders.

CSR requires that all business account for and measures the actual or potential economic, solid and environmental impacts of their decisions. In some cases the application of a strong CSR policy by a business can involve actions being taken which exceed the mere compliance with minimum legal requirements. Eisenberg (1984) in fact argues that the modern trend has contributed to the pressure on companies to operate in an economically, socially and environmentally sustainable way. The import of this is that CSR goes beyond charity and requires that a responsible company takes full account of its impact on all stakeholders and on the environment when taking decisions. This requires balancing the needs of all stakeholders adequately.

Perhaps the above argument is aptly captured by the World Business Council for Sustainable Development which states that “Corporate Social Responsibility” is the contriving commitment by business to operate ethically and contribute to economic development while improving the quality of life of the workforce, their families as well as the local communities from where the corporate operations are carried out.”

Both the multinationals and national corporations in various parts of the world have embraced the above line of thinking. Such corporations may undertake high-profile CSR programmes in an effort to distract the public from the ethical questions posed by their core operations. A good example is the British American Tobacco (BAT), which has invested a lot in health initiatives in the countries that it has a presence. As a result, massive funding of respiratory diseases has been realized in Latin America, Asia and many parts of Eastern Europe, which a dependable constituency for its cigar products.

The British Petroleum on the other hand has had a steady presence in the installation of wind-turbines on the roofs of petrol stations especially in United Kingdom where regular criticisms have been leveled against it by environmentalists. In Nigeria, Economist (23rd November 2006) reports that BP Shell has initiated sustainable environmental and economic empowerment of the local communities. All these are meant to divert attention from the community’s determination to share the oil profits.

In Kenya, most of the corporates have introduced CSR programmes with an eye to protecting their business interests. Kenya Commercial Bank (KCB) has on several occasions sponsored motor rallies. The objective is to have a niche presence of the *crème de crème* in the Kenyan society. This is the segment that controls the biggest chunk of the country's economy and attracting it to the bank's business is a boon in itself.

Magadi Soda Company has heavily invested in sustainable programmes that are of benefit to the Masaai community who are an important stakeholder in its area of operation. Such programmes involve sustainable water projects, animal diseases control and protection of the environment. All these programmes are enshrined under the concept of "Doing Well by Doing Good."

Other good corporate citizens are Total Kenya, Safaricom and BAT (Kenya). Total Kenya has heavily entrenched environmental improvement in its CSR programme. By running its *Eco-Challenge Programmes*, Total Kenya has been able to provide seedlings for afforestation especially in water catchment areas like Mau, Aberdares and Mt. Kenya Forests, in addition to other parts of the country. This corporate has been receiving various accolades for this initiative by environmentalists in various fora.

Safaricom, like Total Kenya has for the last four years been a recognized corporate citizen. Its range of CSR activities range from environmental conservation and protection to sponsoring sporting activities. In particular, Safaricom Ltd is the sponsor for the annual Lewa Marathon, an international event whose participants are drawn from all the corners of the globe. The goal is to generate funds for wildlife conservation and initiate sustainable economic and cultural activities of the communities around Lewa Conservancy. In addition Safaricom Ltd, has been one of the key stakeholders in the fencing of the Aberdare Forest whose aim is to reduce human-animal conflict as well as protecting the environment.

BAT (K) Ltd has been a key stakeholder on health and agricultural related issues especially on areas that grow tobacco. Tobacco is the raw material for cigar products.

Such areas include Tharaka –Nithi, Embu, Mbeere and Kuria Districts. BAT has focused its CSR activities assisting the local communities in improved farming practices, improving the quality of seeds, undertaking health programmes among others.

KenGen has in the recent past developed and initiated a CSR programme which addresses its stakeholder's needs and aspirations. Its range of CSR activities range from improvement of education standards of the communities within its installations by offering scholarships from high school to tertiary level. In particular KenGen has annual sponsorships directed to main areas of its operations namely: Main Hydros, Upper Tana, Olkaria, Turkwel, Kipevu, Sondu Miriu among others. The company pays fees for the selected students until they complete their tertiary education.

KenGen is also actively involved in protecting and enhancing environment through social re-forestation activities. This includes funding and mobilizing the local communities in tree planting in every start of the rains. Successful tree planting activities are conspicuous in Londiani, Mau and Aberdare Forests. In addition, the company runs effective tree nurseries in many of its hydro power stations. Free distribution of such seedlings to the local communities constitutes one of the tenets of the company's environmental policy.

The company has also put in structures that ensure that its business and operations are carried out in a responsible, ethical and respectable manner and in respect to the culture of the diverse communities around its operational areas. Finally the company has been facilitating attempts to encourage and support staff to carry out voluntary charitable services to the disadvantaged members of the society especially in the areas the company has operations.

Despite the massive funding in CSR programmes around the globe, valid questions have always been raised in relation to the success of such programmes. Embracing a CSR programme should not be seen to be the ultimate. Making it work is what matters. David Grayson (2004) in his book, *Corporate Social Responsibility: 7 Steps to Make Corporate Social Responsibility Work for You* states that many envisioned CSR Programmes have totally failed to achieve their objectives. Tokenism and politics more than genuine concern to "give back to the community."

Has taken the center stage. He further wonders whether CSR is for show as many organizations are concerned with the publicity of charity and tokenism and not the value their funding is creating.

Natalia Yakolova (2005) states that most of the CSR programmes rarely involve the stakeholders. The executives envision what the stakeholders need and provide mostly irrelevant goodies, which may not be in tandem with the communities' expectations and expressed needs.

1.2 Statement of the Problem

Despite KenGen having initiated a CSR Programme to address strained relationships with stakeholders in its areas of operation, the original negative perceptions of the host communities still persist.

In Turkwel, for example there has been a constant clash between the local communities- Pokot and Turkana. These two communities have invaded the station thrice separately. On two occasions, KenGen's staff have been shot at. In addition the two communities have on a number of occasions clashed at the power plant resorting to death on both sides. The power plant is located along the border between Pokot and Turkana communities and each has laid claim on it. Despite their clashes, the two communities have a common attitude towards KenGen – that the company is utilizing their local resource to benefit other Kenyans. They feel that they should be allocated more job opportunities, electricity and other social services such as good roads, water and security provisions. These demands have led to heightened tensions in the recent past. Consequently KenGen has incorporated other peace initiatives in the region like Tecla Lorange Foundation for Peace to ensure peaceful co-existence between it and the local communities.

In Sondu Miriu, the project was temporarily stopped between 2002 and 2004 because of the hostilities by the local community. The bone of contention was that KenGen was not recruiting local people in the project; that inadequate compensation was not done to the people who were evacuated from the land now occupied by the project; that the company was not extending the infrastructural opportunities to the area. This mistrust of the local community towards KenGen

was also picked by busy bodies, which successfully convinced the donors to withhold the funding until all the contentious issues were sorted out.

The same situation is also prevailing in the Seven Forks cascade where some Kamba and Mbeere have consistently staked claim on the land currently occupied by Masinga, Kamburu and Kindaruma dams. There have been forced evictions in the last three years of these clans from KenGen land. Today despite KenGen's overtures in its CSR programme these communities have consistently shown a lot of apathy to this programme.

Lastly in Olkaria area the local community, the Masai living within the Hell's Gate National Park have on a number of times invaded KenGen's installations within the same. They have persistently staked claim on the land despite being a national park. They also grumble over lack of consideration in job opportunities in Olkaria Power Development Project. Though the CSR has enabled them access non-skilled job opportunities, to them KenGen remains a very insensitive corporate body.

This study is designed to establish and analyse the dynamics that adversely affect the success of KenGen's CSR programme. Despite the massive funds KenGen has invested in scholarships, infrastructural development in its areas of operations, critical services like provision of electricity, water and company transport where possible no tangible harmonious relationship and understanding between KenGen and the host communities have been achieved.

The question is; Can KenGen's CSR Plans be implemented to build cross boundary alliances, often with non-traditional allies beyond the business sector; bring about severed relationship and the understanding between it and its host communities?

1.3 Study Questions

- i. Did KenGen incorporate the host communities in its formulation and implementation of the CSR programmes?

- ii. Is there a communication breakdown between KenGen and the host communities thus bringing misunderstanding of the CSR programmes objectives?
- iii. Did KenGen take stakeholders' analysis to realize the needs, expectations and aspirations of the host communities?
- iv. Is the content of CSR programme in line with the social, cultural and economic orientation of the local communities?
- v. Does KenGen have the human capacity to effectively run the SCR Programme?

1.3 The General Objective of the study

The general objective of this study is to establish the dynamics that inhibit the attainment sustainable harmonious relationship between KenGen and the communities that reside within its areas of operations.

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1.5 Specific objectives of the study

The specific objective of the study were to:

- i. Determine whether CSR programmes are recognized by the host communities for them to identify with their ownership.
- ii. Establish whether CSR activities demonstrate the company's commitment to communicate with the communities effectively.
- iii. Determine whether KenGen CSR activities address the needs, expectations, and aspirations of the host communities.
- iv. To determine whether KenGen CSR programme content is in line with the social, cultural, and economic orientation of the local communities.
- v. Asses whether KenGen's CSR activities are supported by provision of adequate resources

1.6 Significance of the Study

The results of this study were meant to assist KenGen as a company to know whether is a gap between expected CSR performance outcome and the target performance. This is crucial because it shape the direction in which the company should adopt in line with its new growth strategy engineered under the concept of G2G (from Good to Great).

The study was critical to public and private business organizations that are still trying to define the corporate social responsibility programmes and activities. It is expected that this study will provide the best practice approach in formality, implementing and sustaining CSR programme.

Lastly this study was expected to add to the body of work on corporate citizenship and its obligations. Public relations and communication scholars will have an additional and academic platform to execute further research by making reference to the results of this study.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAME WORK

2.1 Chapter overview

This chapter present a review of the related literature on the subject under study presented by various researchers, scholars, analysts and authors. The review of literature involved the systematic identification, location and analysis of documents containing information related to the study problem being investigated. It helped to develop a framework within which to work and interpret findings. Models and frameworks by writers were used to illustrate the various sub topics mentioned in the objectives of the study.

The objective in undertaking this literature review was to capture the broadest possible view of Corporate Social Responsibility Concepts, communication and sustainable harmonious relationship.

2.2 Corporate Social Responsibility Concepts

Corporate Social Responsibility (CSR) in modern times has become a rallying call to any business that wishes to remain relevant in the eyes of public. In today's society CSR has graduated from "nice-to-do" addendum to the portfolio to an integral "must do part of every PR department in an organization.

What is CSR? The centre for corporate citizenship defines CSR as the business strategy that shapes the values under pinning and company's mission and the choices made each day by its executives, managers and employees as they engage with society.

Wikipedia Encyclopedia defines corporate social responsibility as a "concept that suggests that commercial corporations have a duty of care to all of their stakeholders in all aspects of their business operations". A company's stakeholders are those who are influenced by, or can influence, a business's decisions and actions. These can include but not limited to; employees, customers, suppliers, community organizations, subsidiaries and affiliates, joint venture partners, local neighborhoods, investors and share holders.

CSR requires that businesses account for and measure the actual or potential economic, social and environmental impacts of their decisions. In some cases the application of a strong CSR policy by a business can involve actions being taken which exceed the mere compliance with minimum legal requirements. This can give a company a competitive reputational advantage by demonstrating that it has the interest of the society at large as an integral part of their policy making. In the light of this Wikipedia Encyclopedia notes that CSR goes beyond simple philanthropy and is more about corporate behaviour than it is about a company's charitable donation budget.

Milton Friedman (1996) argues that CSR is closely linked with the Principles of Sustainable Development where enterprises should be obliged to make decisions based not only on financial/economic factors (e.g. profits, return on investment, dividend payments e.t.c) but also on the social environmental and other consequences of their activities.

Phil Hall (2004) identifies four core principles that define the essence of corporate social responsibility (CSR);

- (i) **Minimize Harm** - Work to minimize the negative consequences of business activities and decisions on stakeholders. This can be through operating ethically, supporting efforts to prevent corruption, championing human rights, preventing environmental harm, enforcing good conduct from suppliers, treating employees responsibly, ensuring that marketing statements are accurate and delivering safe, high quality products.
- (ii) **Maximize Benefits**; Contribute to societal and economic wellbeing by investing resources in activities that benefit shareholders as well as the local communities from where the business is operating. Examples include participating voluntarily to help solve social problems such as (education, health youth development, economic development for local income/ disadvantaged communities and workforce development), ensuring stable employment, paying fair wages and producing a product with social value.

- (iii) **Be Accountable and Responsive to key stakeholders;** - Build relationships of trust that involve becoming more transparent and open about the progress and setbacks business experience in an effort to operate ethically. Create mechanisms to include the voice of stakeholders in governance, produce social reports assured by third parties, operate according to a code of conduct, and listen to and communicate with stakeholders.
- (iv) **Support Strong Financial Results** – The responsibility of a company to return a profit to shareholders must always be considered as part of its obligation to society. Ultimately what distinguishes a company’s practice in CSR is expressed by the way in which it delivers its values. The competitive companies of the future will find how fundamentally align and embedded their core values including the values that society expects them to hold. Values are becoming a new strategic asset and tool that establishes the basis of trust and cooperation.

Deming’s fourteen Points Balanced score card provide the benefits of CSR to business that vary depending on the nature of the enterprise and are difficult to quantify, though there is a large body of literature exhorting business to adopt measures beyond financial ones. For purposes of this study CSR definition will vary from the strict “stakeholder impacts” definition and will often include charitable efforts and volunteering

2.3 The Business Case for CSR within a Company

John Elkington’s states that the business case for CSR within a company is likely to rest on one or more of these arrangements;

- (i) **Human Resources** – CSR can be an important aid to recruitment and retention. Potential recruits are increasingly likely to ask about a firm’s CSR policy and having a comprehensive policy can give an advantage. CSR can also help to build a “feel good” atmosphere among existing staff particularly when they become involved in giving, fundraising activities and community volunteering.
- (ii) **Risk Management** – Managing risk is an integral part of many corporate strategies. Reputations that take decades to build up can be ruined in hours through incidents such as corruption scandals or environmental accidents. These events can also draw

unwanted attention from regulators, courts, governments and media. Building a culture of “doing the right thing” within the company can offset these risks.

- (iii) Brand Differentiation – In a crowded market corporate strives to for “X factors” which can separate them from the competition in the minds of the consumers. Several major brands are built on ethical values. In this case business organizations can benefit too from building a reputation for integrity and best practice.
- (iv) License to operate – Corporations are keen to avoid interference in their business through taxation or regulations. By taking substantive voluntary steps they can persuade governments and the wider public that they are taking current issues like health and safety, diversity or the environment seriously and so avoid intervention. This also applies to firms seeking to justify eye-catching profits and high levels of boardroom pay. Those operating away from home country can make sure they stay welcome by being good corporate citizens with respect to labour standards and impacts on the environment.
- (v) Attention Diversion – Corporations may undertake high profile CSR programmes in an effort to distract the public from the ethical questions posed by their core operations. The British American Tobacco (BAT) will take part in health initiatives and the petroleum giant BP has installed very visible wind-turbines on the roofs of some petrol stations in the UK.

All the above arguments narrow down to enhancement for the position of the stakeholders. In a business perspective who is a stakeholder and how should he/she benefit from CSR activities?

2.4 Stakeholders

Stakeholders are defined as those who affect (impact) or are affected (impacted on) by a business. These include Suppliers, employees, Shareholders/owners, Customers, Society, Government and the physical environment. The company involvement with stakeholder should include and accompany stakeholders' analysis.

Stakeholder Analysis is an activity that is designed to assist manager managers in identifying those interests that should be considered when making a business decision. It involves both the identification of stakeholders and legitimate interests (Elkinton', 1997).

At work place the CSR activities should include and involve issues of the working environment, Remuneration and benefits equal, opportunities employability issues, diversity and human right, training and education, health and safety, labor /Management relation, work-Life Balance and disciplinary practices. Generally this is wholly carried out as Workplace Welfare making an organization an employer of choice.

CSR in the workplace means ensuring that employee welfare and rights are catered for and respected. It means that while employees should uphold their responsibility to supply labor to the firm; they in return should be fairly remunerated, respected and accorded opportunities for development.

2.5 Community Engagement and Being a Good Neighbor

It is important to note that all businesses, large or small, have an impact (Positive and Negative) on the communities in which they operate. Managed well this impact can bring significant benefits to both the community and the business concerned.

Apart from positive impacts such as job creating and provision of goods and services, business can add an extra dimension through a Community Engagement Programme.

Community Engagement Programme's predominantly involve Community Investment, employee Volunteering and Charitable Giving.

A good community engagement programme should involve institutional development of community organizations to ensure long-term sustainability. It follows then that successful organizations in CSR activities have more often applied that they have been name as the Seven P's of Corporate Giving.

The Seven P's of Corporate Giving include mainly; Product, Premises, Purchasing, Power, Promotion, People and Profit. The company should Contribute to the distribution of products and services, Provide free accommodation or access to business assets, Use purchasing power to advance social goals, Use contacts and influence to advance social well-being, Cause related marketing campaigns, Mobilize the passion, expertise and time of employees through volunteering and Provide financial support.

2.6 Companies as Negotiated Enactments of Stakeholder Interests

Employees become involved with companies to assert their self-interest and to satisfy personal, economic, and social goals. Customers assert their self-interests as they select among products and services. In this sense, companies can be discussed "in terms of a set of organizational problems of different meaning and consequences for different organizational stakeholders". Problems are solved by sets of strategies and activities proceeding from different rationalities proposed by different stakeholder groups. This approach is compatible with Putnam's (1989) view of "organizing as negotiation".

Because persons and companies act in ways that affect each other's interest, we can define organizations as negotiated enactments of stakeholder interests.

Stressing this point, writer Mumby concluded, "Organizations are not stable, fully integrated structures. Rather, they are the product of various groups with competing goals and interests. An organization services a group's interests to the extent that it is able to produce, maintain, and reproduce those organizational practices that sustain that group's needs".

Essential to this enactment are individual decisions to seek, give, and hold stakes in the form of rewards or costs. Stakes are negotiable and affect the creation, maintenance, and dissolution or relationships. Stakeholder analysis allows us to see how organizational and individual behaviors enact self-interests and affect relationships.

Each company communicates with many stakeholders. How well it communicates is crucial. In this era of increasing regulatory constraint, managers need to understand how to position their company to take advantage of or rededicate the constraints imposed by various stakeholders, whether internal or external.

Some companies have become increasingly sensitive to the stakes their workers hold. Workers are able to assert their interests through legal and regulatory actions. They can use them if they

believe they have been discriminated against or treated badly. They can "blow the whistle" if the company is violating laws, regulations, or contracts. Alternatively, they can leave and join another company.

Persons outside of organizations assert their self-interests by seeking and granting stakes. Neighbors in the locale of a company's plant may assert their self-interest by complaining about the health hazards it creates. How the society's self-interest is defined and asserted can impinge on the company's goals and operations.

If the plant puts out pollutants that neighbors believe are harmful, they can exercise regulatory and legislative control of those emissions. In this regard, self-interests of neighbors are not simple - i.e., not merely a matter of health, for instance. A plant in a community is a source of jobs - a way its neighbors assert their self-interest. It can affect the tax base of the community and can be a matter of civic pride.

When regulation and legislation are used to negotiate stakes, other self-interests become involved. Self-interested parties include legislators, regulators (local, state, regional, international), judges, and other members of the judicial system including lawyers, and activist groups such as those concerned about environmental or consumer issues.

When many interests are involved, people are likely to experience conflict. Because of their various identifications, people may experience conflict regarding their self-interest, for instance as neighbor to a plant, an employee, and a parent of students in public schools funded by tax revenue from a chemical plant.

Neighbors who are worried about pollution created by the plant may be concerned about losing their job, as well as not receiving taxes from the company if it is forced or decides to relocate. Loss of taxes could affect the quality of public education. Legislators do not want to lose a plant, but also do not want to lose elections by being soft on issues related to the health of their constituents.

Internally, relationships between employees as well as those between employees and their bosses are fraught with efforts to obtain and grant stakes. One obvious stake is the salary and wages a company pays. Employees assert their interest by trying to obtain as many benefits (tangible and intangible) as possible. The company asserts its interest by obtaining stakes held by employees.

One stake is willingness to work for company X as opposed to company Y. The amount and quality of work can be stakes that employees hold, which they choose to give. Companies have stakes other than wages and salaries. They can give promotions, titles, projects, reassignments, relocation, and many other stakes that employees can achieve by asserting their self-interest.

This analysis demonstrates that people who are involved with companies assert their self-interest by seeking and granting stakes. How they do so affect relationships and is a vital aspect of communication. Relationships affect how stakes are given and withheld. How they are given and withheld affects relationships. Negotiation of stakes is basic to communication in companies.

The processes of negotiation correspond to prediction of social exchange theory. Laying a foundation for understanding how relationships are enacted, Roloff (1981) observed: "Social exchange is the voluntary transference of some object or activity from one person to another in return for other objects or activities".

"Self interest is defined as the tendency to seek preferred resources from others." These stakes may be exchanged between people (boss and subordinate, co-workers, employee and customer), between units (multiple departments), between organizations (a company and a trade association or an environmental group), or between a company and external entities such as another company, customers, regulators, or legislators.

Negotiation of meaning is of substantial consequences, as is the negotiation of actions based on that meaning. Willingness to comply with frames of reference depends on the dynamics of social exchange. Employees and management negotiate these frames of meaning. Employees decide with varying degrees of rationality and intent to comply with or flout these expectations.

Even when openness is valued in a company, employees are willing to reciprocate openness only when the avenues are open. Before they disclose, people determine whether they can do so safely. Women, more than men, seek to determine whether their partners can keep a confidence and deserve to be trusted as well as whether they are sincere, likeable, respected, good listeners, warm, and open (Petronio, Martin & Littlefield, 1984).

One person can lead to another to disclose by demonstrating these traits. If empowerment is value embedded in the culture, employees enact it to the extent that they are rewarded for doing so and based on their perception that managers are serious in achieving empowerment.

In this way, agreement, understanding, and compliance with cultural perspectives are stakes to be negotiated.

2.7 Bridging the Stakes with the Stakeholders

A stake is something that a party desires. It can be symbolic. It can be tangible (a decision to buy one product rather than another or to give one salary level rather than another) or intangible (positive or negative regard). It must be transferable, something that can be given or withheld.

A stakeholder is a person (or group) who can exercise (give or withhold) stakes (rewards and costs) in another person's or group's interest. Stakeholders hold stakes that are valued and sought by others. According to Freeman (1984), stakeholders are "groups and individuals who can affect, or are affected by, the achievement of an organization's mission"

Although it is easy to think of one party as stakeholder and other as stake seeker, each party is likely to hold stakes sought by the other. As both parties may be stakeholder, they also may be stake dependent, meaning that each party relies on the other to grant a stake.

A boss holds stakes such as promotions, salary levels, wages and amount of overtime, work assignments, praise or recognition, among others. One view of subordinates is that they are only

stake dependent and stake seekers. But that analysis is incorrect. An employee can decide to work for one company or boss, or another company or another boss.

Quality of work performance, such as accuracy, safety, or productivity, constitutes stakes that each employee holds that the supervisor wants. Likewise, regard, recognition, cooperation, or loyalty is stakes that subordinates can grant.

Setting the tenor for discussing stakeholder relationships, Roloff (1981) concluded: "Interpersonal communication is a symbolic process by which two people bound together in a relationship, provide each other with resources or negotiate the exchange of resources." Believing that stakes are a rational part of company life, Freeman (1984) observed that stakeholder analysis must consider:

- a. Who holds stakes and how they are perceived.
- b. How organizational processes are used to manage stakeholder relations and the extent that these relations "fit" with the rational "stakeholder map" of the organization.
- c. Whether transactions of stakeholder exchange correspond to "the stakeholder map and the organizational processes for stakeholder".

This framework makes it explicit that stakeholders and stake seekers negotiate their exchanges based on their interpretative schemata, cognitive abilities, and message design logics, as well as communication plans and skills.

These factors are sensitive to prevailing circumstances. Looking at stakes from the perspective of company interests, Mitroff (1983) concluded: "Stakeholders are all those interest groups, parties, actors, claimants, and institutions - both internal and external to the corporation - that exert a hold on to it. That is, stakeholders are all those parties who are affected by a corporation's actions, behavior and policies".

Viewed from outside companies, stakeholders are "those individual actors and parties, organized groups and professions, and institutions that have a bearing on the behavior of the organization as revealed in its policies and actions on the environment".

Although stakes and stakeholder analysis are vital to organizational strategic planning, they occur at all levels of organization: company, department, work group, and interpersonal.

The assumption of stakeholder analysis is that if one party does not receive a stake then another party will, or the stakeholder will keep the stake until an appropriate recipient comes along.

What are stakes, who holds them, why are they stakes, how important are they, how can they be used, how willing is a stakeholder to use them, what will happen if they are used, and what can be done to get the stakes played in the right way? These questions need to be asked as part of the analysis and management of stakeholder relations.

Social exchange operates out of rules such as, "if my relational partner does X, then doing Y constitutes a sufficient (or insufficient) exchange." If a co-worker does employee X a favor, what does X have to do (stake) to repay that favor?

Perhaps one person will exchange shifts with another. What is the exchange for this gesture? Does the person have to exchange shifts in return, is it sufficient to merely offer to exchange shifts, or is some other exchange required - such as performing a task the person does not like? For instance: "If you take shift on Thursday, I will do inventory for you, because I know you don't like to do inventory".

Fair exchange may be interpersonal. People might do a favor for one another merely because they like one another and want to be liked.

A direct stakeholder relationship is one in which stakeholders can exercise stakes directly on one another. An indirect relationship results when one or both stakeholders must rely on the other to represent the case for the distribution of stakes; stakes may have to be obtained from, or passed to, someone who is not directly involved.

Stakeholder relationships may be symmetrical or asymmetrical. A symmetrical relationship exists between stake seeker and stakeholder when stakes are perceived to be equal in worth and both parties are willing and able to exercise them. For example, two associates in a department of a company would have a symmetrical relationship when each is willing and able to "cover" for the other by performing work activities for one another.

Person A in this relationship might handle the work overload of person B one day knowing that person B will return the favor. Enactment of the relationship can transpire compatibly because both parties know the other will reciprocate - social exchange - in the proper amount, with the proper ability and willingness, and at the appropriate time. In this case, reciprocation of the favor is a stake; each party is a stakeholder to the extent each can choose to grant and reciprocate.

An asymmetrical relationship exists when stakeholders hold stakes of different value or participants are unequally able or willing to grant stakes. For example, a boss may have money for raises for six employees, each of whom could receive different amounts. What stakes do the employees hold that the boss values? Loyalty, performance, personal fondness, appreciation, and trust are obvious ones. Are they equal to the money involved in the raise? If not, the relationship is asymmetrical.

This analysis becomes even more complicated when it is recognized that the worth of any dollar in each raise can have unequal meaning for each employee; some may need or want the money more than others. Receiving any raise may satisfy some. For instance, a raise has symbolic value indicating that the boss recognizes the employee's contribution to the department.

Those who get the biggest raises may nevertheless be unhappy because they believe their contributions deserve even more reward. An asymmetrical relationship can exist between departments. One boss may be more willing than a counterpart in another department to give raises to employees rather than spend the money on something else. An experienced boss may be able (empowered) to give raises without guidance from a superior, whereas a more junior boss may not enjoy that freedom.

In that example, the experienced boss is more able to give the raise than is the less experienced colleague. The dynamics of these relationships follow those predicted in social exchange theory.

The worth, ability, and willingness of parties depend on prevailing meanings that surround these activities (attribution) as defined by the culture of the company.

How stakes are negotiated relates to managerial and subordinate style. If a boss attempts to deny stakes to subordinates, the managerial style is autocratic. A managerial style that allows for open negotiation of stakes is democratic, participative, and empowering.

A subordinate who plays out stakes secretly, selfishly, and in a distrusting manner is a saboteur, perhaps leading to lose-lose relationships. One who gives and seeks openly and fairly is a team player, probably leading to win-win relationships and empowerment.

Power and stakeholder analysis are intimately entwined. Stakes may be unequal in value. They may be negotiated with different amounts of skills and as a result of superior message design logics and communication plans.

Knowing that their lives are important "stake" to their parents, children might say: "I will hold my breath until I get my way." If a child could actually force suffocation, the strategy would have more value in negotiations with parents.

Because involuntary responses will make the child breathe again, the parent need only wait. Nevertheless, some parents are persuaded by this enactment and give in rather than wait for nature to come to their aid.

Interest in communication aspects of stakeholder analysis leads us to ask whether each enactment is strategically appropriate and is handled skillfully.

Perception of the reasons why stakeholders or stake seekers act as they do is sensitive to assumptions of attribution theory because people make attributions about whether the persons

involved deserve the rewards or constraints received. Such attributions may be based on situational or dispositional explanations.

2.8 Managing Stakeholder Relations

The basis of emphasizing management of stakeholder relations is a recognition that what a stake means to one person may, and often does, differ to what it means to another stakeholder.

A glaring example is whether a promotion may be good for all employees. Indeed, aren't there some people who loath the responsibilities and accompanying challenges that comes with it.

Stakeholder relationships are fraught with meaning that is by its nature subjective. That meaning governs the interpretation of the value of stakes, relationships between stakeholders, and negotiation and exchange processes. Stakeholder relations, in this regard, involve rhetoric, or persuasive influence.

What each person does to exert self-interest and obtain stakes has informational value. Performance of person A becomes information, for instance, that the boss can use to calculate (reduce uncertainty) the value of that performance to the organization. The perceived value of this performance depends on the interpretative schemata than the employee.

The boss could think the quality of performance is lower than the employee does. The employee may rhetorically seek to influence the interpretative schemata the boss uses during the appraisal process. The boss may rhetorically seek to shape the subordinates and insert meaning into the evaluative process.

The meaning hinged to the edifice affects how each stakeholder or a group of stakeholders are related to one another. As Befu (1980) concluded, "The norm of reciprocity, rules and strategy of exchange, and cultural frame of reference are all intricately interrelated and organized into a system," (p.213).

The basic part of this system is universal norms of reciprocity, which assumes that people are obliged to reciprocate exchanges with one another. Rules of exchange are affected by culture.

To the extent that these rules allow certain latitudes of interpretation by individual actors, actors are free to apply to them in ways which they consider most advantageous. These rules and strategies, however, do not make much sense unless they are seen against the background of the cultural frame of reference.

Organizational culture is narrative. Activities transpire over time, through interaction between characters and according to principles that guide individual enactments. People who are familiar with those plots exchange stakes accordingly.

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This narrative model captures the longitudinal nature of corporate and enactment of stakeholder relations. Culture consists of narratives replete with characters, plots, and themes.

Organizational rhetoric influences how persons involved in episodes vie to see which narrative interpretation will be given to the processes of stakeholder negotiation. A narrative may justify some actions and deny others - feature some principles and make other irrelevant.

If one person gets the other to accept a particular narrative interpretation of a situation, that person has exerted power by determining which facts; principles, roles and exchanges are appropriate. The other person in the episode enacts responses based on that scenic definition.

If culture consists of beliefs and values that help employees make sense of a company, that alone does not give a sense of the structure and principles of the organization, or the negotiation of stakes that is performed by each employee.

Consistent with this point of view, Wilkins and Dyer (1988) defined organizational culture as "socially acquired and shared knowledge that is embodied in specific and general organizational frames of reference" (p. 523).

Culture is the product of symbolic action through which people create and share frames of reference and make sense. In negotiating stakeholder relationships, members of a company are required that "they develop general and specific frames of references - culture maps - that enable them to define a situation they encounter and develop an appropriate response" (p. 523).

Not only does culture guide the enactment of stakeholder negotiations, but it also is product of those negotiations, as is organizational climate. If stakeholders negotiate in a deceitful and distrusting way, that becomes part of the con culture and climate.

Through enactments, four kinds of organizational change can occur thus:

- (a) The general frame is replaced by another.
- (b) An existing specific frame becomes the pattern for a new general frame. (c) Old specific frames are replaced with new ones.
- (d) New specific frames are learned without replacing old one.

Frame switching, the movement in and out of different specific frames which are expected part of culture, is not culture, change. Rather, changes in specific frame affect "the general frame" (Wilkins & Dyer, p. 524).

Many different frames exist in a company. Some of them guide negotiations of stakes. Frames correspond to zones of meanings. Each zone has its own set of assumptions and definitions regarding the value of stakes, processes by which they are exchanged, and effect on relationship if they are played one way as opposed to another.

Frame change will be influenced by the amount of contact people have with alternative frames, as well as the success and stability of the prevailing narratives.

Stability is more likely "if the history has been codified in organizational stories through which members are told how the organization has survived past challenges by using the general frame, even when it seemed difficult to do so" (Wilkins and Dyer, 1988, pp.525-526).

Management, circumstances, or subordinates can change frames. When alternative frames exist, the current frame is likely to be fluid. The degree of fluidity is likely to reflect the extent to which stakeholder exchanges produce satisfying outcome for both parties. For this reason, the longevity of negotiation frames in a company or a relationship is determined by self-monitoring of the parties involved and their belief that their interests are served by the self-monitoring of the parties involved and their belief that their interests are served by their protocols of exchange.

Some individuals are more adaptive than others and can switch frames that guide negotiations of stakes within a relationship or across relationships. For this reason, "participants who are comfortable with switching specific frames may learn to value adaptation, and this may increase their willingness to adapt the general frame in new situations. Moreover, this also may indirectly lead to lower commitment to the general frame" (Wilkins & Dyer, 1988, p. 528).

Cultures are control systems that provide norms for stakeholder negotiation. For this reason, "culture in the form of shared expectations may be thought of as a social control system" (O'Reilly, 1989, p.12). Culture consists of norms of appropriate attitudes and behaviour. In this way, culture, consists of "socially created standards that help us interpret and evaluate events" (p. 12).

Grouses and misunderstanding in a company, between companies, and between individuals may result when different frames define norms of exchange.

In this way, "there is an important difference between the guiding beliefs or visions held by top management and the daily beliefs or norms held by those at lower levels in the unit of organization. The former reflect top management's beliefs about how things ought to be. The latter define how things actually are" (O'Reilly, 1989, p. 13).

It is no surprise that "failure to share the central norms or to consistently reinforce them may lead to vacuous norms, conflicting interpretations, and to micro-cultures that exist only within subunits.

A strong culture exists when all parties share frames that guide the exchange of stakes. "Organizational members must come to know and share a common set of expectations. These must, in turn, be consistently valued and reinforced across divisions and management levels" (O'Reilly, 1989).

People expect narrative to be accurate (or at least credible) in their details regarding the negotiations and value of stakes. An explanation of an exchange might lack credibility because the facts presented do not support that particular story. People expect the narratives to be coherent and sequential over time as well as factual.

2.9 Theoretical Framework of the Study

This study is embedded in a number of communication theories and models.

2.9.1 Cultivation Theory of Mass Media formulated by George Gerbner at the University of Pennsylvania specifies that repeated and intense exposure to distinctive, deviant definitions of "reality" in other mass media messages lead to the perception of that "reality" as normal. The result depicted in the mass media and which can affect the audience's attitude and behaviour towards an object.

In relation to this study, this theory is quite appropriate and relevant in that CSR activities are functions that relate to corporate image and which require a lot of scrutiny from the media. The media reports can ruin reputations that have taken decades to build.

2.9.2 Diffusion of Innovation Theory pioneered by Bryce Ryan and Neil Gross of Iowa State University traces the process by which a new idea is communicated through certain channels over time among members of a certain social system. This mode describes the factors that influence peoples' thoughts and actions and the process of adopting a new technology or idea. In this study the local communities in the area that KenGen operates are seen as a social system that benefits from new ideas that

come along with KenGen's CSR programme (education, economic activities, health funding among others).

- 2.9.3 Social Influence, Social Comparison and Convergence Theories** proposed by several social scientists specify that one's perception and behaviour expressed by members of groups to which one belongs and by members of one's network. People rely on the opinions of others especially in the attainment of collective attitude and behaviour. These theories are quite apt when one considers that this study will focus on opinion leaders who are quite critical in conservative local communities.
- 2.9.4 The Two-Step Theory** that supposes that opinion leaders are key components of communicating important messages due to their authority and credibility.
- 2.9.5 System Theory:** This theory was formulated by William Ross Ashby and Margaret Mead in 1950. The theory focuses on organization and its interdependence of relationships. The basis of this theory is the recognition that the structure of any system is often just as important in determining its behaviour as the individual components themselves. KenGen should be seen as a system with sub-structures being employees, local communities and shareholders.

CHAPTER THREE

METHODOLOGY

3.1 Chapter overview

This chapter presents the methodology of the study. First, it gives a description of the research site, sampling design and sample procedures, data source and collection methods, data analysis, interpretation and presentation and finally the problems, constraints and limitation of the study.

This research was conducted using both the primary as well as the secondary data. The study design used both quantitative and qualitative research approaches. The research approach was instrumental in establishment of the perception of key indicators in assessing the impact of CSR activities. This approach by its very objective and nature enabled the researcher to provide proof that is definitive and measure the level of action, trend set.

The research deployed the use of face interviews and structured questionnaire to elicit responses from the respondents. Qualitative research which is formative in nature was used specialized techniques e.g. Focus group discussion and key informant to obtain in-depth responses about what people think and how they felt.

The research enabled the study to gain insight attitude, believes, motive and behavior of the respondents. The approach is important in helping the researcher answer the WHY questions. The interactive discussions are instrumental in eliciting information on the unquantified data on

the CSR implementation. The collected data was analyzed to provide the information that was used to describe and interpret the interplay between CSR activities, understanding, and image.

3.2 Research site and description

This study was conducted at the KenGen operation site purposely identified for the study.

The separation of KenGen from KPLC in 1997 gave the company full autonomy to manage the power generation aspect. This brought with it challenges among them management of both internal and external stakeholders.

KenGen's core business is to develop, manage and operate power generation plants to supply electric power to the Kenyan market and east African region. KenGen is currently the leading electric power generating company in Kenya producing about 80 per cent of electricity consumed in Kenya. As of 30th June 2005, the company had an installed capacity of approximately 945MW. It sells the power in bulk to KPLC, the country's sole power transmission and Distribution Company.

Electricity sale in the country have grown at an annual rate of about 6.6% for the past three years- and KenGen anticipates that demand will grow at even faster annual rates over the next few years as the economy grows and even more Kenyans are connected to electricity power. Planned development regulatory structure of the industry should result in more opportunity for KenGen to maintain and grow its market.

KenGen plan to increase its capacity by about a third through a mix of investments in new plants and efficiency improvements at existing plants; a stable financial performance – with prospects for improve returns to shareholders. KenGen offers the lowest cost –preferred supply of electric energy to the Kenya Power and Lighting Company Limited (KPLC), the country's sole electricity transmission and distribution company.

As Kenya Power connects more new customers, the onus is on Kengen to expand its generation capacity. During the 2006/2007 financial year, KPLC increased its customer numbers by 121,191, a marginal increase above its target for the period, which had been set at 120,000. The fast tracking of connections to the power grid comes at a time when increased demand for power is putting a strain on the country's generation capacity. The power reserve limit – the difference between demand and supply has sunk to a record level of 11% against 15% set by the electricity regulator, Energy Regulation Commission (ERC).

The country's current effective capacity stands at 1,143 megawatts compared to peak demand of 1,010 megawatts leaving a reserve of 133 megawatts, which is below the required reserve of 172 megawatts.

In response to this growing power demand, KenGen has embarked on a Five- Year capacity Expansion Plan that envisions new power plants as indicated below:

The population of the study comprised of four clusters namely;

- (i) The Senior Management of KenGen,
- (ii) KenGen's Non-Management employees,
- (iii) The local residents/communities
- (iv) Local leaders/opinion leaders

KenGen's Senior Management staff were a critical component of the study because they are the ones who implement the company's policies, implement CSR activities as well as policing routine administration issues. From a policy point of view the researcher will establish elements that could be hindering the success of the company's CSR programme.

KenGen's non-management employees formed the second tier of the respondents. This group is also critical in this study because this cadre of staff has direct interaction with the local communities. It is the group that executes the company's process and operations. This group included the technical staff who run the machines, control the fleet of company vehicles and

even has social interactions with the local communities in social places like the markets and other social places.

The local residents are the key elements of this study. They are the main focus for this study. They contributed the required outcomes in terms of their attitude, perception and behaviour towards KenGen and its operations. Local leaders were also a critical group in this study. In the two-stop theory these are the gatekeepers to the local communities. Such leaders included religious, traditional and provincial administration. They hold important information regarding the community's perceptions, aspirations and behaviour towards KenGen's operations. They are also key to any initiatives tailored towards changing the attitude and behaviour of the community.

3.3 Sample Design and Sampling Procedure

KenGen operates 58 well maintained power generating units located across the country with an increasing balanced mix of hydro, geothermal, thermal and using wind energy sources with the commissioning of major geothermal stations in the last three years. The plants or the area of study was selected to reflect a cross section of the hydro, geothermal, thermal and wind energy sources and a range of understanding and implementation of CSR practices. For each category of case study, initial research was conducted on the station, which was followed by interviews with key managers, as well as external stakeholders. The information gathered was written up in case study format and reviewed for accuracy.

The degree of accuracy and confidence depended on the sample size. To attain a comfortable rate of recall of the questionnaires, an appropriate sample was considered. The latest statistics of KenGen's employees stands at 1503 (2007). Due to large number of staff to be administered to this study coupled with limited budgetary and timeliness it is impracticable to subject the study such a number.

A representative sample for staff was reasonable and was calculated thus;

$$N = \frac{pq}{\sigma^2}$$

N = the sample size

pq = a measure of the sample dispersion (0.35 and 0.65 was used to reflect senior management and other employees)

σ = Standard error of the estimate indicating the desired level of accuracy (confidence of 95% the standard error is multiplied by 1.96 to get the sampling error.

i.e. $1.96\sigma = 95\%$ confidence level of population.

$$\text{Thus } \sigma = \frac{0.10}{1.96} \quad \text{or } 0.051$$

The sample size is therefore

$$N = \frac{(0.35)(0.65)}{(0.051)^2} = 87.5 \cong 90$$

Therefore the study considered interviewing and sending questionnaires to about 90 employees in the selected stations. The distribution of the 90 employees then was as follows;

Table 3. 1: KenGen expansion plan

	Project	Expected capacity	Commissioning Date
1	Sondu Miriu	60	November 2007
2	Kipevu Combined Cycle	80	June 2008
3	Upgrading of Kiambere	20	July 2008
4	Re-development of Tana power Station	20	March 2009
5	Eburru Power Station	2.5	July 20009
6	Gong Wind	6	April 2009
7	Chemilil – KenGen Co-generation	20	December 2009

The development of these stations will mean a lot of interactions with various stakeholders viz a vis local communities on issues like land compensation, environment, employment and infrastructural development among others. As a result the new stations will demand inclusiveness of the host communities in the CSR programme.

Table 3.2: Station and sample staff

NO.	STATION	NO. OF EMPLOYEES	SENIOR MANAGEMENT	NON-MGT
1	Sondu Miriu Project	30	3	27
2	Olkaria Geothermal Project	30	5	25
3	Turkwel Power Project	30	3	27

As for the local communities the researcher has come up with an arbitrary figure of 150 respondents in the three selected stations. Each will have about 50 respondents and shall include at least 3 opinion/local leaders for each station. So in total the sample size for the entire study is estimated at 240 respondents.

Random sampling technique was used to identify the specific company employees to be studied. A computer-generated sampling using the staff numbers was applied to identify the respondents either for the interviewing or for filling in the questionnaire.

A random systematic sampling technique was used to segregate the target population. The sampling frame was developed from the list of employees that details the employees and their respective departments. Once this has been done systematic random selection of respondents was done in order to ensure representation proportional to sample size. This was important to ensure that the data obtained is a true reflection of a cross section of the employees thereby eliminating bias by over sampling.

Quota sampling was used to reach out to the large and scattered groups that constitute the local community. These groups are scattered and have no common point of assembly. In this method each interviewer/research assistant was given a certain quota of the above groups to interview. Examples of the characteristics to be used for a given quota were age, sex, place of work, level of education e.t.c. The selected respondents identified through this method will be approached through semi-structured interviews and focus group discussions.

Chain sampling technique was used to reach out the hard-to-reach groups such as senior managers. In such a situation appointments were sought.

Table 3.3: Sample coverage of semi-structured interviews, by type and number of interviewees.

Item	Power project plant	Number of interviewees		Total
		Host community	Senior staff	
1	Turkwel	50	3	53
2	Sondu Miriu	50	5	55
3	Olkaria	50	3	53
4	Total	150	11	161

3.4 Data source and collection methods

The study applied a mixture of data collection methods. Primary and secondary data were used. Primary was collected using a structured questionnaire (Appendix). The questionnaires focused on the large groups, that is, the company employees and the local community members. Where

possible, questionnaire was circulated through e-mail services. The advantage of the use of questionnaire is that it is faster and can cover a wide geographical area. The research assistants sought out some interpretation of some problems by the respondents.

Secondary data was obtained from documentary sources such as area reports, CSR Reports, complaints and complimentary registers, security reports among others.

The quality of data was ensured through careful training of the research assistant, making sure that the research assistants have the right education and skills to match the challenges of this research and finally ensuring that data are obtained from credible sources.

Researchers must be trained if objective and reliable information is to be maintained. The training included familiarizing the research assistants with the various skills, which include reflective questioning, summarizing and controlling an interview.

The researcher carried out the training of research assistants, who were also interviewed. The researcher and assistants went through all questions in the interview/questionnaire guide in detail, the objectives and assumptions. They familiarized themselves with interview procedures, logistics control, safeguards and variables being studied. This was followed by a short pilot exercise to test the instruments and the assistant's capability to carry out the research.

Detailed critical evaluation of interview procedure and discussion of each interview or a series of interviews to identify gaps in the instrument or interviewer capability followed this. This was a crucial stage of the study which greatly determined the outcome of the data collection exercise. The researcher himself gave the briefing.

This research sought to improve the integrity and validity of findings by adhering to strict research ethics, triangulation of data collection tools (questionnaires, focus groups and in-depth interviews). Additionally, the respondents were asked to review and comment on the findings of the research to ensure it is congruent to the views they had expressed during the actual interview.

Quality of the data was ensured by carefully training the enumerators and thorough supervision during the survey. Consistency, completeness and clarity were checked daily.

Once the data was collected, it was organized in a systematic manner to facilitate analysis. The quantitative data was analyzed using statistical packages Excel and SPSS where appropriate. The results obtained were analyzed through tabulation, on scores as a percentage basis. Besides the researcher has presented this information through simple graphs to show indication of the extent to which the respondents are aware of the CSR communications and/or activities and their perception of the activities carried out. Also for one to be in a position to evaluate the respondents views of KenGen CSR activities in order to ascertain whether this concept plays a role towards creating understanding, enhancement and creation of a positive image of the organization.

3.5 Data analysis, interpretation and presentation

When all the data collection instruments had been applied, the researcher organized these data in a usable form to facilitate analysis.

The quantitative data was analyzed using statistical packages like Excel and SPSS where appropriate. The results obtained was analyzed and presented through tabulation

For one to be in a position to evaluate the respondents' views on KenGen's CSR activities a deliberate attempt was made to have a discussion on the implications of the findings on the research.

CHAPTER FOUR

DISCUSSION OF THE FINDINGS

4.1 Chapter overview

In the previous chapter, the methodology for this research study was presented. In this chapter the collected data is presented. The company's stations collected data from senior KenGen staff and the host community members at the sites of operation.

The data was collected through a questionnaire and an interview guide that was given and administered respectively to the identified respondents readily specified by the sampling process.

The empirical data is presented in the order it was obtained additionally direct observation is given in form of the researcher's analysis of the findings from the data presented. The researcher's observation is included throughout the discussion and should be noted clearly to avoid confusing the researcher's thoughts and opinion with the actual finding tabulated there in. The questionnaire was in two parts; the socio-demography data of respondents and the awareness of KenGen CSR activities

The main areas of inquiry were on the profile of the individual community member in question and this gives the background information of the host community. In the other part, the line of inquiry was about awareness of KenGen CSR activities in the area.

4.2: Socio-demographic data of respondents

Table 4.2.1: Age and gender of community respondents

Age/Sex	Male		Female	
	Score	%	Score	%
Below 20	17	21.0	19	25.7
20-35	24	29.6	22	29.7
36-51	31	38.3	24	32.4
Above 51	19	23.5	11	14.9
Total	81	52.3	74	47.7

In reference to table 4.2.1, majority of those interviewed fall in age group 36-51 who had a representation of 38.3% males and 32.4% female respectively. This was followed by the age group category 20-35 who had a representation of 29.6% males and 29.7% female respectively. Generally the overall majority respondents were males at 52.3% of the population interviewee

Table 4.2.2: Respondents level of education

Status	Male		Female	
	Score	%	Score	%
No formal education	6	7.4	8	10.8
Primary	19	23.5	15	20.3
Secondary	38	46.9	27	36.5
Tertiary	18	22.2	24	32.4
Total	81	52.3	74	47.7

In reference to table 4.2.2, a minimal sample of respondents, represented by 7.4% males and 10.8% females had no formal education as compared to 46.9% males and 36.5% female who had obtained up to secondary level education. At the tertiary level we had a representation of up to 22.2% males and 32.4% females respectively.

Table 4.2.3: Respondents number of children

Status	Male		Female	
	Score	%	Score	%
No children	13	16.0	9	12.2
1-5	41	50.6	46	62.2
Above 5	27	33.3	19	25.7
Total	81	52.3	74	47.7

In reference to table 4.2.3, more than half of the population interview, that is 50.6% males and 62.2% females, had a family with more than 1 child and up to 5 children in their household. Only 16% of the males interviewed and 12.2% of the females had no children as compared to up to 33.3% males and 25.7% females who had more than 55 children respectively.

Table 4.2.4: Occupation of respondents

Status	Male		Female	
	Score	%	Score	%
None	7	8.6	13	17.6
Student	18	22.2	9	12.2
Farmer	41	50.6	49	66.1
Civil servant	19	23.5	12	16.2
Total	81	52.3	74	47.7

In reference to table 4.2.4, majority of the respondents are farmers, represented by up to 50.6% males and 66.7% females respectively those with no occupation represented 8.6% male and 17.6% females. A good proportion of students represented by 22.2% males and 16.2% females were also interviewed.

Table 4.2.5: Income level of respondents

Kshs.	Male		Female	
	Score	%	Score	%
0-500	0	0	0	0
5,001-10,000	43	53.1	47	63.5
10,001-20,000	29	35.8	17	23.0
21,000-60,000	6	7.4	8	10.8
Above 60,000	3	2.7	2	2.7
Total	81	52.3	74	47.7

In reference to table 4.2.5, the findings indicate that majority of the respondents had an average monthly income of between 10,000 to 20,000. This represented 35.8% and 23.0 female respondents respectively. It was noted that non earn less than 500 per month. Those earning anything above 60,000 per a month represented only 2.7% males and female respectively.

Table 4.2.6: Period of residence in the area by respondents

Years	Male		Female	
	Score	%	Score	%
1-5	17	21.0	8	10.8
5-10	43	53.1	25	33.8
Over 10	21	25.9	37	50.0
Total	81	52.3	74	47.7

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In reference to table 4.2.6, most of the respondents had lived in those areas for between 5-10 year. 53.1% males and 33.8% females represented this. 25.9% males and 50.0% females interviewed had live in the area for more than 10 years. The length of time lived in the area is relevant due to the issue of familiarity to the events in question as regards this study

4.3: Corporate Social Responsibility

Table 4.3.1: Distribution of respondents by awareness of KenGen CSR activities

Status	Male		Female	
	Score	%	Score	%
Yes	79	97.5	67	90.5
No	2	2.5	7	9.5
Total	81	52.3	74	47.7

In reference to table 4.3.1, up to 97.5% males and 90.5% female respondents are aware of KenGen CSR activities, as compared to only 2.5% male and 9.5% female respondents who said that they were not aware of the activities.

Table 4.3.2: Distribution of respondents by knowledge of the CSR programmes

Status	Male		Female	
	Score	%	Score	%
Through local community	48	59.3	36	48.6
KenGen management	11	13.6	7	9.5
Through friends	14	17.3	21	28.4
Any other place	7	8.6	1	1.4
Total	81	52.3	74	47.7

In reference to table 4.3.2, the majority respondents agree to be aware of the CSR activities however few, only 13.6% males and 9.5% female, seem to had known the same from KenGen. Majority, 59.3% males and 48.6% had the knowledge through their local community, while 17.3% males and 28.4% females got the knowledge from friends about KenGen CSR activities.

Table 4.3.3: Distribution of respondents on whether KenGen involve the community in determining and implementing the community activities

Status	Male		Female	
	Score	%	Score	%
Yes	11	13.6	9	12.2
No	43	53.1	25	33.8
I don't know	37	45.7	40	54.1
Total	81	52.3	74	47.7

In reference to table 4.3.3, up to 53.1 % male respondents said that KenGen did not involve the community, as compared to 33.8% female respondents. Similarly a big proportion of the respondents, 45.7% males and 54.1% female respondent denied having any idea to whether the community was being involved or not.

It is only 13.6% males and 12.3% females respectively, who observed that the company involved the community in determining and implementing the community activities.

Table 4.3.4: Distribution of respondents on whether KenGen involve the local community in determining and implementing the community activities

Status	Male		Female	
	Score	%	Score	%
Yes	55	67.9	51	68.9
No	26	32.1	23	31.1
Total	81	52.3	74	47.7

In reference to table 4.3.4, on the contrary as found on respondent knowledge to whether KenGen involve the community in determining and implementing community activities, up to 67.9% males and 68.9% female respondents agreed that their local community had been involved by KenGen in determining and implementing their local community activities.

On the other hand a proportion of the respondents, 32.1% males and 31.1% females still denied their local community having been involved in determining and implementing of community activities by KenGen.

Table 4.3.5: Distribution of respondents on whether the assistance or sponsorship brought by KenGen has led to some improvement in the standard of living in the community

Status	Male		Female	
	Score	%	Score	%
Yes	70	86.4	57	77.0
No	11	13.6	17	33.0
Total	81	52.3	74	47.7

In reference to table 4.3.5, 86.4 % males and 77.0% female respondents agreed that the assistance or the sponsorship by KenGen has led to some improvement of living in the community and only 13.3% males as compared to, 33.0% females thought otherwise.

Table 4.3.6: Distribution of respondents by whether KenGen communicate it corporate Social Responsibility programmes to the local community

Status	Male		Female	
	Score	%	Score	%
Yes	44	54.3	39	52.7
No	39	45.7	45	47.3
Total	81	52.3	74	47.7

In reference to table 4.3.6, up to 54.3% males and 52.7% female respondents agreed that KenGen communicated their CSR activities to the community, while significantly up to 45.7% males and 47.3% females said that KenGen did not communicate its CSR activities.

Table 4.3.7 Distribution of respondents on the mode of communication used

Status	Male		Female	
	Score	%	Score	%
Public baraza	24	29.6	21	28.4
Media	4	4.9	2	2.7
Community Leaders	38	46.9	50	67.6
Correspondence	17	21.0	1	1.4
Total	81	52.3	74	47.7

In reference to table 4.3.7, majority of the respondents, 46.9% males and 67.6% females got communication through the community leaders, 29.6% males and 28.4% females got the communication from the public baraza. Comparatively up to 21.0% males received communication from correspondence than only 1.4% females.

Table 4.3.8: Distribution of respondents on whether the mode chosen is considered effective

Status	Male		Female	
	Score	%	Score	%
Yes	28	34.6	29	39.3
No	53	65.4	45	60.7
Total	81	52.3	74	47.7

In reference to table 4.3.8, majority of the respondents interviewed, that is a 65.4% male and 60.7% females said that the mode of communication adopted by KenGen was not effective, as compared to 34.6% male and 39.3% females who said that the mode adopted was effective.

Table 4.3.9: Whether the assistance provided has improved the relationship between KenGen and the local communities

Status	Male		Female	
	Score	%	Score	%
Yes	56	69.1	61	82.4
No	22	30.9	13	17.6
Total	81	52.3	74	47.7

In reference to table 4.3.9, quite a number of the respondents, that is, 69.1% males and 82.4% females believed that the assistance provided by KenGen had at least improved the relation to the local community. However, still up to 30.9% males and 17.6% females respectively believed that the assistance had not helped improve the relationship between KenGen and the local community

4.3.10 Suggested assistance that KenGen should provide to the local community

Up to 75% of the respondents suggested that KenGen should provide for more employment opportunity to the local people. The company should at least give them up to 90% vacancy for casual and manual jobs. The respondents said that this could only be possible if the company communicated about such vacant positions to the local people directly.

Some respondents suggested that the company should increase the amount of bursary and extend the coverage to cater for many needy pupils in the area.

Some respondents suggested total electrification of the area due to the fact that the company stations were located in their area of residence as a compensation for the use of local resources, for instance the hydro plant or the thermal steam to generate power.

4.3.11 Recommendations made on how to ensure there is effective and sustainable

Corporate Social Responsibility programmes between KenGen and the local community

Up to 78.2% respondents suggested that the best way for ensuring that the CSR activities and programmes are effective and sustainable among them is to include the local people in the planning and implementation of the programmes

The final point, which was observed by the analysis of the data, does appear to provide specific pointer, as a common frame of reference to KenGen CSR activities. First, the criteria by which many respondents appeared to judge KenGen Corporate Social Responsibility in general were perceived to include the extent to which the company has provided employment, social facilities to the local community. Others included the worthwhile services to the business community and other none staff public such as premises, medical services, water, schools and transportation system by road.

Responses to the questions that sought about the respondents awareness, identification, understanding and advantages of specific individual event initiated by the company and those that are beneficial to each respondents life; gave an insight on what perception the respondent had of the company.

On the employees, KenGen should provide economic, social and psychological satisfaction in the place of its operation.

Through an interview with the company executives, the study found out that the company meets its CSR Policy responsibilities by adherence to the letter and intent to policy requirements.

However, it was also observed that, to the general public, the company should participate in and contribute to society as a whole, through creative communications between local groups such as women, youths and local leaders units' designed for reciprocal understanding.

The main impression from this study research is that, communication and understanding each other is both more important and more complex than is believed. Understanding involves the level of awareness, attitude and perception which are not easy to equate; because it is dependent on different approaches adopted by the firm that gives reflection in its competitive position, industry, and country, environmental and ecological pressure.

The issue according to this study research appears to be numerous and contingent to specific situations; and KenGen must decide how to meet its perceived social responsibility.

Based on the findings of this study, the CSR activities could be identified clearly with specific attributes identified by the respondents. It is realistic to compare the mentioned values and attributes to understanding of those who responded. An attempt to equate effective communication activities and the perceived impact of the company effectiveness in meeting its CSR obligation is blurred according to quite a number of respondents while for some it prevails.

One key informant suggested the need for a social reporting committee primarily for ensuring successful implementation of the social reporting process and to act as a focal point for planning stakeholders dialogue sessions and developing appropriate responses. The members should be drawn from the KenGen and the local community.

He said that the Social Reporting Process should communicate, listen and respond to stakeholders to allow KenGen social performance to be objectively audited and independently verified, locally.

Its objectives should include; allowing the company to engage with, listen and respond in a constructive and transparent manner, to the local community on issue that surround the company operations and allowing the company to demonstrate that it is meeting CSR objectives in a manner consistent with reasonable local community expectations.

4.4 Discussion with Senior KenGen Management Staff

According to one CSR manager, the Company has an extensively planned community engagement process that should allow it to embrace the priorities of the local community and build them in to a Corporate Social Responsibility program that is an integral part of the Company's business planning process as par it CSR policy paper. With a strong focus on sustainability, the program should involve and engage the community and focus on capacity building and empowerment

According to this respondent, the CSR Policy requires frequent open communication and consultation so that proposed projects have wide community ownership and the Company's business practices take full account of the social environment. However, we note from the findings of this study that only a small number of those interviewed do receive communication directly from the company.

A sustainability report and a stakeholder communication plan has been developed in line to undertake month review and evaluation of its community social responsibility through a community development plan. (See the policy in appendix) This plan evaluated implemented projects, involved other partners, and measured the impact of funded projects as well as developing a forward sustainability plan, the monitoring and evaluation of which is now part of the community development plan.

The Key informant further said that,

“This approach should help sharpen the needs identification process of the community and lead to many successful initiatives”.

According to the discussion with another manager at one KenGen station/plant, at various plants, so far, the relationship is improving from the time the management initiated the CSR programmes to try and assist the host communities. However according to one respondent there is still much to be done as regard total engagement of the local communities in determining and implementing the projects.

KenGen has a team committed to Corporate Social Responsibility (CSR) as one of the main priorities of the company business strategies, which is made up of well seasoned professionals in different fields tasked with a myriads of responsibilities, central to these, is the duty to drive CSR across the company and its subsidiaries plants and stations.

According to this respondent, the key objectives of the CSR committee include defining and reviewing the company's management of CSR and monitor the alignment with the statement of business principles; it's associated local communities.

The CSR committee members are vested with the responsibility of the monitoring the key objectives over the company CSR programme.

The social reporting committee has the primary responsibility of ensuring successful implementation of the social reporting process and to act as a focal point for planning stakeholders dialogue sessions and developing appropriate responses. The members are senior managers drawn from the main departments of the company.

Social Reporting Process for listening and responding to stakeholders practice is adopted, which allows its social performance to be objectively audited and independently verified, both locally and globally. Its objectives includes allowing the company to engage with, listen and respond in a constructive and transparent manner, to the company's stakeholders on issue that surround the business, allowing the company to engage with, listen and respond to stakeholders who have direct and indirect influence over how the company operates and allowing the companies to

demonstrate that it is meeting commercial objectives in a manner consistent with reasonable public expectations of a responsible company.

Though not mentioned explicitly in the company CSR policy one respondent observed that direct community involvement should be in place. Through this, the objective is to find long term and sustainable solutions to community need, initiate and co-ordinate development activities. However at Sondu Miriu there are still problems and complaints of inadequate compensation by a section of the local communities. A similar situation has been noted in the areas around Turkwel. There is also the issue of school bursary and scholarship. These are never adequate as such as far as the community is concerned.

During the interview and discussion, various CSR activities were mentioned by the respondents, these included;

4.4.1 Water

Around Turkwel and Olkaria, whose local community are mainly pastoralists along side some farmer, gravity fed pipeline flows into a water in more that ten water distribution points to local community for both domestic and livestock use. Water is provided to schools and a pipeline extends from plant to, residential units to one of the outlying villages

4.4.2 Education

The respondents generally identified an number of CSR activities readily initiated, this including Schools both primary and secondary .For instance at Sondu Miriu they have acquired the former secondary school and local primary, renovated it and turned the facilities into a complex of

boarding school. This case is similar for Olkaria, which is managing Mvuke primary and secondary school.

The company has supported construction of classes, provision of learning and teaching materials, solar to schools among others. It has donated iron sheets to establish pre-schools in each location.

The company runs a bursary scheme for local students where it provides six scholarships for tertiary/university education on an annual basis for the wider local community, secondary school bursaries annually and vocational courses support to students. It offers attachments thrice in a year to sizeable number of local attaches. It supports teachers in the outlying schools through facilitation of training, provides transport services for food and learning materials, among others.

4.4.3 Health

At Olkaria .the hospital at housing, a residential site is open to both employees and the local community. A majority of both outpatient and inpatient attendees are local community members. The company has subsidies at the health center to cater for local community. The company has also undertaken Health Awareness campaigns/vaccinations, mobile clinics as well as HIV/AIDS Prevention and care initiatives for local the community.

4.4.4 Micro Business And Employment

Currently the company is working with the local community to support ecotourism and bee keeping opportunities in order to enhance the local community's economic base in the Ebuuru Mountain and the Hell's Gate national park that covers majority of the area in East Naivasha.

The company has a policy whereby majority of casual jobs in plant are reserved for local community. At Olkaria the majority of business premises are allocated to local community members.

Geothermal power station has in collaboration with other donors initiated building of the road linking Naivasha town to the plant site and further extended the same as far interior as Maela to open the town to the local resident in Ebuuru Mountains. It continues to assist the Community in maintaining rural roads.

This similar case was noted at the Sondu Miriu site, where by the corporation has open up feeder roads and assist in the repair of Ahero Kendu-Bay Road

4.4.5 Environment

The Company initiated a very successful annual tree planting exercise that has established the parks that adorn the faces of station, including rehabilitation of readily waste lands around the station.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This study sought to establish and analyse the dynamics that adversely affect the success of KenGen's CSR programme. Despite the massive funds KenGen has invested in scholarships, infrastructural development in its areas of operations, critical services like provision of electricity, water and company transport where possible, no tangible harmonious relationship and understanding between KenGen and the host communities have been fully achieved.

The study found out that, according to the respondent, KenGen did not incorporate the host communities in its formulation and implementation of the CSR programmes. According to this findings, majority of those interviewed do not get direct communication from KenGen to determine and implement local activities.. Majorities rely on their local community leaders and some friends.

This communication breakdown between KenGen and the host communities thus is bringing misunderstanding of the CSR programmes objectives

According to the management of KenGen, there is a policy in place to guide the company's CSR activities, while on the other hand, the local community interviewed, majority disapproved the company' mode of communicating to them as ineffective. It may therefore be concluded that,

KenGen did not, if in any case, take stakeholders' analysis to realize the needs, expectations and aspirations of the host communities, or if they did, then it must have been on the periphery.

However it , may conceded that the programmes could be in line with the needs of the local, because in the study findings most of those interviewed volunteered the observation that the living standards in the community have at least improved in the light of the presence of the CSR activities by the company. Seemingly, the content of CSR programme is in line with the social, cultural and economic orientation of the local communities. In reference to one manager, and by the virtue that there is a policy in the line of CSR, then it may be concluded that KenGen must have the human capacity to effectively run the CSR Programme. This is also supported by the fact that most of the respondents acknowledged their present to improve life in their local community.

5.2 Conclusion

The study therefore established the dynamics that inhibit the attainment of sustainable harmonious relationship between KenGen and the communities that reside within its areas of operations, to be ineffective mode of communication employed by KenGen. This particularly focus on how effectively the CSR programme is executed and whether the programme content is aligned to the social, cultural and economic aspirations of the host communities.

According to the study findings, majority of the respondents are aware of the CSR activities, but shockingly majority do not know about the programmes themselves, and therefore the CSR programme has not improved the attitude and behaviour of the local communities towards

KenGen's operations. The CSR programmes are not recognized by the host communities for them to identify with KenGen and therefore ownership.

However, it may be concluded that CSR activities demonstrate the company's commitment to communicate with the communities, a fact that is also appreciated with most of the respondents who acknowledged the improved living standards in the local community. Probably ineffective mode of communication by KenGen has failed to address the needs, expectations, and aspirations of the host communities. This fact also denies KenGen CSR programme content orientation to the local communities in line with the social, cultural, and economic objectives.

5.3 Recommendations

According to this study finding, KenGen needs to redefine how effectively it is going to communicate its CSR activities and programmes to the host community.

It is vital for KenGen to incorporate the interests of these groups into its mission statement through:

- i. Identification of the stakeholders
- ii. Understanding the local community specific needs.
- iii. Reconciliation of these needs and assignments of priorities to them
- iv. Coordination of the needs with other elements of the company mission.
- v. Entrenching the role of the local communities' representative into the CSR committees

The emerging issues out of this study can be summed up as here under: -

That KenGen ineffective mode of communication is a potentially costly reputation risk to be associated with sustainable social, environmental and economic practices.

The starting point is the identification of stakeholders local groups on whom KenGen CSR activities may have an impact or whose activities could impact upon the Company.

KenGen then should engage the stakeholders in dialogue to address issues of mutual interest and seek agreement on the actions to be taken to address these issues.

Social Reporting is an incremental process, one of continuous improvement to achieve a high level social performance over time.

A view that Social Reporting should be adopted may help embed principles of corporate Social Responsibility in KenGen.

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The principle of Mutual Benefit is the basis on which KenGen should build its own relationship with its host community. The company is primarily in business to build long-term local community value and the best way to do this is to seek to understand and take account of the needs of all its stakeholders through effective communication.

There is growing expectation from the local community for the company to further undertake social investment activities. The need to add value to the communities from its sites of operation can not be over emphasized in recognition that as a responsible corporate citizen, it has a role in investing in local economic and social development.

KenGen should partner with the local communities to implement policies that are focused on communities' needs and aspirations, for instance, providing them with practical assistance, such as public healthcare delivery, scholarship program should be evenly spread across the country.

Increasingly, the local communities are requesting for more frequent and closer engagement with KenGen.

Findings solutions to issues require constructive dialogue involving a wider section of the society. It has an important role in making communication effective. Besides KenGen should recognize that the quality of dialogue and solutions depends on the willingness of local communities to engage and contribute.

Periodical dialogue with host communities engenders good community relationships. For example, giving adequate publicity to activities designed to enhance its corporate citizenship, it helps to establish a strong working relationship with the adequate information to stakeholders about the company initiatives and activities.

Employment generation is an issue of concern among the community members across the board. Poverty reduction and wealth creation are the obvious benefits. According to these study findings, the respondents commented on being given more employment opportunities and skills development for its employees in communities it operates in. especially for indigenous areas where the company operates. They urged the company to prepare standard conditions, particularly on casual employment.

All the employees on joining the company are issued with an offer letter, which is accompanied by standard terms and conditions of employment document.

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ANNEXURE
ANNEX I: STAFF QUESTIONNAIRE

PART I: Personal Data

1. Please tick the most appropriate parameter applicable to your response.

i) Power Project/Plant

Turkwel Sondu Miriu Olkaria

ii) Terms of Service

Permanent Temporary

iii) Designation _____

iv) Department _____

v) Number of years in service _____

PART II: Corporate Social Responsibility Programme

1.i) Are you aware of KenGen's Corporate Responsibility programme?

Yes No

ii) If Yes what are the main activities in this programme?

iii) How did you come to know about this programme?

Internal communication Community leaders Media Others specify

Part II: Corporate Social Responsibility Programme

1. i) Are aware of KenGen's Corporate Social Responsibility Programme that involves providing sponsorships and collaborative activities with the local community?

Yes No

ii) If YES, how did you come to know of the above programme?

- Through local community leaders
- KenGen Management
- Through friends

Any other. Please specify

iii) What kind of activities are involved in this programme?

2. i) Does KenGen involve the community in determining and implementing the community activities?

- Yes No I don't know

ii) If Yes, Is the local community represented in the KenGen's Committee that is implementing these activities?

- Yes No

iii) In your opinion do you think KenGen adequately addresses the community's needs in terms of providing relevant assistance?

- Yes No

iv) If No, what kind of assistance/activities should KenGen provide to your community?

v) Do you think the assistance or sponsorship provided by KenGen has led to some improvement in the standard of living in the community?

- Yes No

vi) If Yes, please identify keys areas that the community has benefited from KenGen's assistance.

vi) If No, please explain

3. i) Does KenGen effectively communicate its corporate social responsibility programmes to the local community?

ii) If Yes what mode of communication does it use?

- Public baraza Community Leaders Correspondences
 Media Any other please specify
-

iii) Do you consider the mode(s) of communication identified in (ii) effective?

- Yes No

iv) If No please explain

4) How would you describe the relationship between the community and KenGen **before** it introduced collaborative activities with the community?

- Strained relationship
 Cordial relationship

vi) If *strained relationship* what reasons would you give?

5) Do you think the assistance provided by KenGen to the community has led to improved relationship between the two parties?

- Yes No

vii) If No please specify

6) What recommendations would you make to ensure an effective and sustainable corporate social responsibility programme between KenGen and the local community?

Thank you

ANNEX II: QUESTIONNAIRE 1: HOST COMMUNITY

Part I: Personal Data

2) Please tick the most appropriate parameter applicable to your response.

i) Power Project/Plant

Turkwel Sondu Miriu Olkaria

ii) Age

Below 20 yrs 20 – 35 yrs 36 –51 yrs Above 51 yrs

ii) Sex

Male Female

iii) Level of Education

No formal education Primary Secondary Tertiary

iv) Number of Children

No children 1-5 above 5

v) Occupation

None Student farmer Civil Servant Any other, please specify

vi) Income per month (KShs)

0 - 500 5,001 –10,000 10,001-20,000 21,001- 60,000 above 60,000

vii) Number of years you have lived in the area

1- 5 yrs 5- 10 yrs Over 10 yrs

Part II: Corporate Social Responsibility Programme

1. i) Are aware of KenGen's Corporate Social Responsibility Programme that involves providing sponsorships and collaborative activities with the local community?

Yes No

ii) If YES, how did you come to know of the above programme?

Through local community leaders

KenGen Management

Through friends

Any other. Please specify

iii) What kind of activities are involved in this programme?

2. i) Does KenGen involve your community in determining and implementing the community activities?

Yes No I don't know

ii) If Yes, Is your community represented in the KenGen's Committee implementing these activities?

Yes No

iii) In your opinion do you think KenGen adequately addresses the community's needs in terms of providing relevant assistance?

Yes No

iv) If No, what kind of assistance/activities should KenGen provide to your community?

v) Do think the assistance or sponsorships provided by KenGen has led to some improvement in the standard of living in the community?

Yes No

vi) If Yes, please identify keys areas that your community has benefited from KenGen's assistance.

vi) If No, please explain

3. i) Does KenGen communicate its corporate social responsibility programmes to the community?

ii) If Yes what mode of communication does it use?

Public baraza Community Leaders Correspondences
 Media Any other please specify

iii) Do you consider the mode(s) of communication identified in (ii) is effective?

Yes No

iv) If No please explain

4) How would you describe the relationship between your community and KenGen before it introduced collaborative activities with your community?

Strained relationship

Cordial relationship

viii) If *strained relationship* what reasons would you give?

7) Do you think the assistance provided by KenGen to your community has led to improved relationship between the two parties?

Yes No

ix) If No please specify

8) What recommendations would you make to ensure an effective and sustainable corporate social responsibility programme between KenGen and your community?

THANK YOU

ANNEX III - INTERVIEW GUIDE: SENIOR KENGEN'S CSR IMPLEMENTERS

1. a) How would you describe the relationship between KenGen and the local communities around the following areas:- Sondu, Olkaria, Turkwel?
b) What kind of conflicts have you observed in these areas?
2. How effectively is the CSR communicated and understood by:
 - a) The Employees
 - b) The local communities residing within areas of KenGen's Operations?
3. To what extent have you integrated local leadership in terms defining the content for CSR programme? Please explain.
4. Is the assistance you offer the local communities consistent with the social, cultural and economic aspiration? Please explain
5. How do you communicate CSR issues to the local communities?
6. To what extent can you say you have built partnerships with these communities to ensure you attain sustainable cordial relationships with them?
7. What specific CSR activities do you think have had some positive impact on these communities?
8. Do you think KenGen CSR activities have improved the communities' attitude and behaviour towards KenGen and its operations?
9. In an ideal situation the CSR programme should include a stakeholders representative. Are local communities represented in the area CSR committees?
10. Do you have adequate funding for your CSR activities? How do you establish your CSR budget?
11. Does KenGen have adequate qualified human capacity to carry out CSR activities in all its operational areas?
12. Does KenGen carry out evaluation exercise to establish existing gaps for purpose of improving the programme.
13. What initiatives do you have in place to ensure that your CSR programme achieves the objectives of a long term and sustainable relationship with the local communities.

ANNEX IV: CORPORATE RESPONSIBILITY POLICY

The Kenya Electricity generating Company (Kengen) is committed to collaborating with communities within the areas of its operation to improve the quality of life, particularly through promotion of education and enhancement of good environment.

Towards this KenGen will endeavor to create harmonious relationship and partnership with hosts communities and other stake holders for their mutual benefit.

The company shall:

- i. Contribute towards improvement of schools in the proximity of its installations and offer scholarship opportunities to excelling students
- ii. Open up company sponsored schools to children from host's communities.
- iii. Protect and enhance the environment through social reforestation activities,
- iv. Conduct business in a responsible and ethical manner and in respect to the culture of diverse communities around its operating areas.
- v. Encourage and support staff to carry out voluntary charitable services to assist the disadvantaged members of the society

CRS PROGRAMMES AND GUIDELINES

PART A

1. INTRODUCTION

As a responsible corporate citizen, KenGen believes in adding value to the lives of the communities living around areas of its operation. The company recognizes that it is part of its responsibility to build and nurture relationships with these communities and all stake holders. The company , through a social responsibility Programme (CSR), will therefore set aside some resources to support various programmes to promote quality of life and good neighborliness in order to enhance cordial relations

2. OBJECTIVES

2.1 Overall objectives of CSR

- i) To develop and sustain cordial relationship with host communities and collaborate in addressing issues which affects them
- ii) To demonstrate the company's commitment to carry out business as a responsible corporate citizen
- iii) To encourage support for company's business activities.
- iv) - To cultivate more understanding of the company, its plans, achievements and policies
- v) To enhance visibility and positive image of the company.

2.2 Focus

Due to the nature of its occupation and areas of operation, the company will focus on the following two areas for its core CRS programme:-

- i. Education
- ii. Environment

2.3 Other activities

The company will also consider and assist in partnering with the communities in the following areas: -

- i. Water supply
- ii. Health
- iii. Sports
- iv. Peace building
- v. Arts and culture

- vi. Safety
- vii. HIV/ AIDS
- viii. Infrastructure

3. OPERATION OF CSR

To ensure maximum effectiveness of the programme, CSR activities will be carried out in two levels:-

3.1 CSR Management Committee

The CSR management committee will consists of members appointed by management and will meet at the central office to handle policy and fund disbursements. It will also have the overall supervision for all SCR programme.

3.2 Operational areas

The operational areas will have some autonomy to utilize a percentage of the CSR budget. The CSR management committee will oversee the entire programmes. The areas will be expected to take returns on the utilization of the funds to the committee

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

4.1 Role

- i. The key role of CSR committee is:-
- ii. To define and review the company's management of CSR in line with the policy and business strategy
- iii. To recommend CSR programmes and activities
- iv. To monitor and evaluate the impact and suitability of programme sand activities
- v. To guide area committees and ensure overall success of the CSR programme.

4.2 Composition of the committee

Members of the CSR committee will be executives and seniors officers appointed by the managing Director and will be drawn from Central Office and areas.

4.3 CSR Management

PR and Communications Division will coordinate activities of the CSR programmes under the direction of central CSR Committee and the managing Director.

5. CSR POLICY AND GUIDELINES

The CSR policy and guidelines will provide guiding principles to enable the Company approach and address social issue in a consistent and focused manner. These will also help the company run the CSR programme transparently and with integrity.

6. OPERATIONAL AREAS

For purpose of CSR programmes, the following will be considered operational areas: -

- i. Olkaria
- ii. Seven Forks
- iii. Mini Hydros
- iv. Kipevu
- v. Turkwel incorporating Sosiani
- vi. Sondu Miriu & Gogo
- vii. Nairobi (incorporating Garissa & Lamu)

7. AREA

Operational areas may, under the direction of the Area/ operational manager, form area committees whose role will be:-

- i. To identify and purpose CSR activities in the areas.

- ii. To coordinate implementation of local activities
- iii. To act as a liaison point for addressing community / stakeholder issue
- iv. Propose to CSR management committee activities that are beyond the area level

PART B

CORE CSR PROGRAMMES

This section outlines the core CSR activities to be undertaken by the company.

8. EDUCATION SCHOLARSHIP

One of KenGen's key social responsibility initiatives is helping to improve the quality and standard of education in primary and secondary schools near its facilities countrywide. This will be done through a scholarship scheme to be administered by the company. The programme is also in recognition of the fact that the company is a major beneficiary of the education system which it draws its manpower.

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8.1 Objective of scholarships

- i. To assist in developing future human resources capital for the country and the company
- ii. To integrate the local community with the company through the scholarships
- iii. To enable exceptional and needy students access secondary and university education
- iv. To encourage hard work and good performance by students
- v. To invest in individuals who positively affect their communities in the future

8.2 Secondary Education scholarship

a) Primary schools

The company will award 18 secondary school scholarships each year to the company and government - sponsored primary schools near ken Gen Facilities. The scholarship be distributed as follows:-

Seven Forks -	5
Sondu -	2
Turkwel -	2
Gogo -	1
Kipevu -	2
Mini Hydros -	1
Olkaria -	3
Lamu -	1
Garissa -	1

8.3 school that will be considered to participate in the scholarship programmes in various areas as follows:

Seven Forks

1. 7 Forks Primary School
2. Kivaa Primary
3. Machang'a Primary
4. Ngiiri Primary
5. Ngetani Primary
6. Kiamberae Complex School
7. Riachina Primary
8. Kiroriri Primary
9. Kithuia Primary
10. Rurii Primary

Turkwel and Gogo

1. Turkwell Gorge Primary School
2. Lorogon Primary school

3. Orango Primary school
4. Midida Primary school
5. Marich Mixed Primary school
6. Gogo Primary School
7. Masolot Primary School

Olkaria

1. Mvuke Primary school
2. Mirera Primary School
3. DEB Primary Cshool
4. Lngonot Township Primary Cshool
5. Maiela Primary School
6. Moi Ndabi Primary School
7. Suswa Primary School
8. Iseneto Primary school
9. Eburu Primary school

Kipevu

1. Kipevu Primary School
2. Migadidni primary School
3. Gome Prprimary School
4. Changamwe Primary School

5. Sondu

6. Aomo Primary school
7. Apondo Kasaye Primary school

8. Rachier Primary school
9. Sangoro Primary School
10. Nadero Primary school
11. Thurdibuoro Primary School

Mini Hydros

1. Muruguru Primary school
2. Kiambaa Primary school
3. Kongoini Primary school
4. Gitungano Primary school
5. Merila Primary School
6. Kianjahi Primary school
7. Ndula Primary School
8. Kianjogu Primary School

Garissa

1. Kyuga Girls Primary school

Lamu

2. Mukomani Primary school
3. Lamu Boys Primary School

a) Selection Criteria

The best KCPE candidate scoring 400 marks and above will be awarded a four year scholarship for secondary studies. 50 % of the entitlement in each area must go to girls so long as they meet the minimum 400marks scholarship will however be subjects to:

1. Administration to a public secondary school.
2. Satisfactory school reference and discipline

Schools that do not have a candidate meeting the minimum of 400 marks will miss their chance for the year

In case of tie, the area committee will asses the family background and use its discretion to award.

8.4 University Education scholarships

The company will award 12 University scholarship each year to students in secondary schools near KenGen facilities. The scholarships will be distributed as follows:-

Seven Forks	3	
Sondu	1	
Trkwel	1	
Gogo	1	
Kipevu		1
Mini Hydros	1	
Olkaria		2
Lamu	1	
Garissa		1

8.4 The schools which will be considered for this programmes in each area are as follows:-

Seven Forks

1. Kivaa secondary School
2. Masinga Boys High school
3. Masinaga Girls High school

4. Machang'a Mixed Secondary school
5. Igumori secondary school
6. Kiambere Complex School

Turkwel

1. Katilu Boys Secondary school
2. Ortum Boys High school
3. Mary Rosary Girls Secondary school
4. Bishop Linus Okok Secondary school
5. Moi Nyatike Secondary school

Kipevu

1. Changamwe secondary school
2. Mirera Secondary school
3. Eburru secondary School
4. Longonot Township Secondary school

Sondu

1. Thurdibuoro secondary
2. Sang'oro Secondary school
3. Mbugra Secondary school
4. Andingo Opanag Secondary school

Mini Hydros

1. Murang'a High school
2. Mumbi Girls
3. Wachoro Boys secondary school
4. Muruguru Girls
5. Kambirwa Mized
6. Merila Mixed
7. Magogoni Mixed
8. St. Paul Mixed
9. Kianjogu Mixed

Gogo

1. Moi Nyatike secondary School

Garissa

2. Absalaam Girls Secondary school

b) Selection Criteria

University scholarship will be awarded to:-

- i. The best student in the above schools scoring A
- ii. On admission to Kenyan Public University fro degree course (regular studies)
- iii. Satisfactory performance and reports from the University.

Schools that do not have a candidate meeting the minimum grade A will forfeit their chance for the year.

8.4.1 Administration of the scholarships

All tuition and boarding fees to secondary schools and Universities will be paid in full at the beginning of the academic year as per the fees guidelines submitted by the school or University. There will no sponsorship for candidates in parallel programmes.

8.4.2 students Assessment

All students under sponsorship will be expected to attain good grades throughout the sponsorship period and to have no disciplinary issues in their institutions.

ENVIRONMENT PROTECTION AND IMPROVEMENT

The company recognizes that protecting the environment is a major part of its social responsibility an strategy to build a sustainable business in power generation.

9.1 Objectives

The main objectives of the company's commitment to environment protection and improvement are:-

- i. To protect water catchments and water resources for sustainable hydro and geothermal power generation
- ii. To reduce emissions of pollution emanating from power generation.
- iii. To recycle, reuse and management by – Products and waste
- iv. To improve environmental awareness
- v. To maintain natural biodiversity for economic, cultural and social well being of present and future generation

- vi. To encourage local communities to improve on their environment for healthy living

9.2 Focus

The company will focus on environmental activities in all operational and catchments areas. Olkaria , seven Forks and Mini Hydros, Kipevu , Turkwel and Sondu Miriu. However, environmental initiatives will also be undertaken in others parts of the country.

9.3 Activities

Ken Gen will work towards combating deforestation and degradation of the environment through: -

i) Tree planting campaigns

The company will engage in tree planting exercise and provide tree seedlings to individual and institutions from its nurseries. Technical assistance for tree planting and establishment of tree nurseries will be provided when required

ii) Tree nurseries

The company will maintain existing tree nurseries and establish new ones to provide tree seedlings to staff institutions and the general public

iii) Collaboration

The company will partner with government agencies, NGOs, companies and institutions in environmental conservation and protection efforts.

PART C

Subsidiary CSR activities that the company will undertake.

10. WATER SUPPLY

Safe drinking water is scarce in many parts of the country. Water fetching in power dams may be dangerous, for instance in the Seven Forks where cases of crocodile attacks have been reported. Unsafe drinking water may cause water - borne diseases and other health related problems besides affecting the socio - economic well of communities. To contribute towards alleviation of water related problems, the company will partner with host communities to access clean water supply.

10.1 Objectives

Through provision of clean water for host communities, the company aims to:-

- i. Safeguard populations from water borne diseases
- ii. Support efforts by local communities to provide long - term access to clean water
- iii. Improve the socio economic status of communities
- iv. Ensure safe sources of water especially where dams are infested with crocodiles.

10.2 Focus

The programmes will focus on communities near Olkaria , the Seven Forks, Turkwel and other adjacent communities.

10.3 Activities

The company will in partnership with communities undertake the following activities to secure clean water for host communities:-

- i. Provision of clean water through establishment of collection points
- ii. Provision / funding of supply pipes
- iii. Creating awareness on efficient use of water
- iv. Assisting in treatment of polluted water
- v. Assist in drilling water boreholes

11. INFORMATION TECHNOLOGY

The company will encourage use of information technology in benefiting educational institutions by donating basic computers with the intention of interesting school management and parent – teachers association to invest in information technology.

The company will also donate computer to enhance operational efficiency in company sponsored and other needy schools

12. HEALTH CARE PROVISION

Host communities including police officers attached to facilities may be given treatment at company clinics at subsidized costs. The company may support select medical camps and awareness drives. These include Operation Smile, Dettol Heart Run, Diabetes management ect.

13. SPORT AND RECREATION

The company will collaborate with the administration and NGO's to enhance social cohesion and harmony among communities in West Pokot, Turkana and Marakwet

district. The company will also support and implement such other initiatives to develop social dialogue and harmony between communities in areas of operation.

14. PEACE INITIATIVES

The company will collaborate with the administration and NGO's enhance social cohesion and harmony among communities in west Pokot, Turkana and Marakwet district. The company will also support and compliment such other initiatives to develop social and harmony between communities in areas of operation.

15. DISASTER AND EMERGENCY SITUATIONS

In unexpected disaster situations and national calamities, the company will offer possible assistance and support.

16. FACILITY TOURS

The company will facilitate familiarization tours of electricity generating facilities around the country as part of CSR

17. ART & CULTURE

The company will support art and cultural activities of special interests such as the Lamu Cultural Festival

18. SAFETY

- i) Electricity: The nature of the product that the company deals with can be dangerous if not handled carefully. The company will raise awareness on safe use or electricity.
- ii) Road safety: The company will contribute towards road safety in the country by mounting " drive Safety" messages on select roads
- iii) Bus stage shades painted with Ken Gen corporate colors shall be built in certain identified areas.

iv) The company will also raise safety awareness for wells and dams

19. HIV / AIDS

The company will raise awareness on HIV / AIDS among host communities through seminars and creation of VCT centers in our dispensaries

20. MEDIA DEVELOPMENT

Press awards: The company will contribute towards raising journalism standards by sponsoring a journalism awards for the best energy writer (s) in Kenya. This will be done in collaboration with the Kenya Union of Journalists (KUJ), Editors Guild or other relevant journalism organization

Media Improvement: Ken Gen will support seminars and consultations to improve competence and comprehension of journalism and editors on energy and other issues of interest

21. STAFF INVOLVEMENT

Ken Gen employees are the strongest link with local communities. The company will encourage and support their voluntary efforts to improve communities they live and work with

22. SPECIAL DELIVERY CONSIDERATIONS AND FLEXIBILITY

The company will retain the flexibility or identify and respond to the most pressing local social needs interest and the Chief Executive, at the recommendation of the CSR Committee may give special consideration for CSR activities not covered within this framework.

PART D

23. FUNDING

CSR programmes and activities will be funded from an approved budget of 1 % of the pervious year's profits after tax. The funds will be allocated as follows.

- i) 70 % - For all major programmes including education, water supply , sports, emergencies etc.
- ii) 30% percent - To be disbursed proportionately to operational areas to cater for local social responsibility requirements. CSR Committee will guide the allocation.

24. PROCEDURE

- i. The following sis the procedure for assessing CSR requirements:-
- ii. The areas chairman/ persons will receive request for donations in areas. These that can be handled at area level will be dealt there. Others will be recommended and forward to PR & communication Officer for presentation to the central CSR Committee
- iii. PR & Communication will evaluate the request as per the policy and guidelines and make recommendations to the CSR Committee
- iv. The CSR committee will recommend and seek final approval from the managing director who may approval, decline or amend the recommendation (s).
- v. Application shall be informed of the outcome of their request as soon as the approvals are granted.

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