

**STAKEHOLDER ENGAGEMENT AND SUSTAINABLE PERFORMANCE
OF SUGAR MILLS IN WESTERN REGION, KENYA**

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DECLARATION

I declare that this project is my own original work and has not been presented or submitted to any learning institution for any award.

Signature.....Date.....

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I confirm that the work here in this research project was done by the candidate under my supervision as the university supervisor.

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DEDICATION

I dedicate this project to my spouse Carolyn Wetsakhulia, and children Hidayah Vanessa and Phinny Joses for their unending support.

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ABBREVIATIONS AND ACRONYMS

AFA:	Agriculture and Food Authority
ANOVA:	Analysis of Variance
BSC:	Balanced Scorecard Model
COMESA:	Common Market for Eastern and Southern Africa
CSR:	Corporate Social Responsibility
DT-SACCOs:	Deposit-Taking Savings and Credit Cooperative Societies
GDP:	Gross Domestic Product
KALRO:	Kenya Agricultural and Livestock Research Organization
KEBS:	Kenya Bureau of Standards
KPLC:	Kenya Power and Lighting Company
KSA:	Kenya Sugar Authority
M&E:	Monitoring and Evaluation
SACCOs:	Savings and Credit Cooperative Societies
SPSS:	Statistical Package for Social Sciences
TVETs:	Technical and Vocational Education and Trainings
WSPs:	Water Safety Plans

OPERATIONAL DEFINITION OF TERMS

- Capacity Building:** It is the improvement of staff competencies through training and performance reviews. Enhancing cane productivity can be through training farmers, providing farm inputs and agricultural extension services that will uplift the sugar industry.
- Sustainable Performance:** It is the cane production levels, the sales made, profit margins and earnings for continual activities in the sugar industry. The performance is also about employee satisfaction rates and market share that the mill commands
- Stakeholder Communication Management:** Structure and systems put in place to allow free flow of information and conveying messages including instructions, guidelines and feedback. It also covers the methods, channels, and systems of passing instructions and giving feedback.
- Stakeholder Control Process:** They are measures to prevent harm to the mills by evaluating and identifying stakeholders who add value to the mills. It also involves setting monitoring, evaluation, and control processes to

review functions of stakeholders, align interests and minimize conflicts for high productivity.

Stakeholder Engagement:

Proactively, implementing activities with different stakeholders of the sugar mills. The stakeholders are involved in all organizational activities for improved performance.

Stakeholder Relationship Management: Involves putting systems and integrated

strategies in place to cultivate and maintain a good-working relationship with all stakeholders. Proper handling of all stakeholders will increase their commitment levels and support the sugar mills by making stakeholders to understand their roles, responsibilities and recognition for their value.

ABSTRACT

Sugar industry in Kenya suffers from poor performance linked to corruption, mismanagement, reduced cane production, overreliance on imports and growing long maturing cane variety. The industry has been unable to meet market demands linked to overreliance to imports, there are questions on quality of sugar products, and low production levels have a negative impact on earnings, sales volume and market share leading to inability to sustain high-performance outcomes. These problems can be resolved by engagement of different stakeholders, thus, this study sought to establish the influence of stakeholder engagement on sustainable performance in the sugar mills in western region, Kenya. The study specific objectives included stakeholder communication management, capacity building of stakeholders, stakeholder relationship management and control processes and the effect on sustainable performance of sugar mills in western region, Kenya. The research study was anchored on balance scorecard model and supported by the stakeholder theory and the human relations theory. Descriptive research design was used and targeted all the 8 sugar mills in western region, Kenya. The respondents included managers in the sugar mills, the permanently employed staff, government officials handling the industry in the region and representatives of cane farmers from the farmer blocs. Targeted population was 3,349 and through adoption of the Yamane formula 357 were selected to form the sample size and 259 participated in the study making the response rate of 72.55%. Both simple and stratified sampling technique were used in selecting respondents. Structured questionnaires were used to collect primary data producing quantitative data type. The questionnaire was pilot tested using 17 staff of Kibos sugar mill and found the instrument to be valid and reliable since the aggregate Cronbach Alpha was high at 0.746. Two research assistants helped in self-administering the questionnaires. The data was then entered into Statistical Package for Social Sciences and Ms. Excel where analysis was done with the findings revealing that 70.9% of change in sustainable performance in the sugar mills was influenced by stakeholder management. Further results also established that stakeholder communication had the largest influence followed by stakeholder relationship management, stakeholder control processes and lastly capacity building on sustainable performance. Therefore, conclusions drawn show that to improve and sustain performance in terms of high-quality of products, profit margin, sales volume and increased market share was influenced by the deployed stakeholder management aspects. It was recommended that the sugar mills through its corporate affairs and human resources department to focus on trainings for capacity building and the finance department to allocate a budget for the same as authorized by the chief operating officer. The government through ministry of agriculture and parliament to set policy framework to guide when, how and volume of sugar imports, and banning duty-free importation of sugar to protect the sector. There is also need for research with bodies such as Kenya Agricultural and Livestock Research Organization to get the best cane variety to be grown in the farms. The involvement of all stakeholders will reduce cases of mismanagement of resources and stabilize operations in the sugar mills; which will impact on high performance outcomes. A stable and profitable sugar industry reflects positively on economic growth and development, poverty reduction and socio-economic wellbeing of stakeholders in the sugar sector.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizations adopt several strategies to attain their goals, survive and thrive in their respective sectors. Some of the strategies are used singularly while many are combined to have a bigger effect on organizational outcomes. To attain performance in organizations, Aké and Boiral (2023) noted that it needed the inclusion of all stakeholders since each party played a different role. Therefore, in the recent past, stakeholder engagement has been frequently adopted as the main driver of productivity, survival, and sustainability of operations. Improving organizational performance is unattainable without effective engagement with stakeholders (Kimutai & Kwambai, 2018). All the stakeholders need to come on board, get a central position on the decision-making table and share their views. The stakeholders, both internal and external, are pertinent in achievement of organizational goals and mandate. Some play a complementary role or supplementary one or the engagement can be minimalist or encompassing (Gupta, Crilly & Greckhamer, 2020).

External stakeholders include the government that is charged with making policies and laws that elevate and protect the workings of organizations in different sectors. Other stakeholders include suppliers who are charged with delivery of raw materials for firms; the creditors that finance programs and projects of the firm, customers and local society and community. By contrast the internal stakeholders cover the employees, the owners and shareholders and management of the organization (Suriyapongprapai, Chatjuthamard, Leemakdej & Treepongkaruna, 2022). These stakeholders play an

integral role in organizations as they help the firm attain its objectives by giving their efforts, perspectives, finances and other resources and materials. Kumar, Batra and Boesso (2021) cautioned that unless the organizations find a way to build healthy and balanced relationship with all its stakeholders, they can be a stumbling to the attainment of the firm's objective. Active engagement of stakeholders is vital for organizations to determine needs and demands and set means of meeting them. At the same time, engaging stakeholders makes it possible to convert challenges into drivers for improved productivity.

When organizations face challenges with their performance, stemming from turbulent business environment, unproductive units, high competitiveness, availability of similar products in the markets and knowledgeable customers that have many choices, the management in the organizations must therefore step up to distinguish themselves from other players in the same sector. On using stakeholder engagement, Adigbo (2020) shares a five-stage process to get the most out of the engagement. The process covers identifying the stakeholders, policies, and practices to govern the relationship, prioritizing stakeholders who have competencies that are valuable to the organization, the fourth aspect is on getting the scope and recommendations of all stakeholders included in the organizational strategic plan and lastly on review of the process and assessment that links strategy and outputs. Parhi, Joshi and Akarte (2023) noted that engaging stakeholders improves performance outcomes in terms of higher profitability, earnings and returns.

In the global scene, Pucheta-Martínez, Bel-Oms and Rodrigues (2020) assessed Spanish firm performance mediating stakeholder engagement for environmental reporting. The researchers reported that policies on stakeholder engagement enhance

commitment levels and set a structure for meeting needs and demands of stakeholders. Committed stakeholders positively improve organizational performance. Lopatta, Jaeschke and Chen (2017) revealed that controlling the shareholders by the German government improved engagement and implementation of CSR programs. Furthermore, stakeholder engagement works when there is proper communication system and channel between the government agencies and the firms. Open communication is an effective tool in drawing all stakeholders to the decision-making table and yields better outcomes. The focus was on stakeholder engagement and effect on CSR, whereby performance was not assessed.

In Greece, Dimitropoulos, Koronios, Thrassou and Vrontis (2019) argue that during times of financial turmoil, the stakeholder relationship management aspect dictates the cash holding threshold. To survive the turmoil, the Greek businesses have often deferred to its stakeholders for guidance on lending, credit, and effective cash management. The firms rely on the attitudes, decisions and actions that are mutually benefiting. Lavery (2018) posits that stakeholder engagement covers the wider range of communities and the firms handling the scientific projects to resolve social issues. Cooperation and coordination of Arizonians in the US was imperative in translating the research findings to policy and practice in social enterprises, but performance outcomes were not assessed, hence the need for further research.

Regionally, Adigbo (2020) noted that some of the Ghanaian government construction projects resulted in time and cost overruns, abandonment, and litigation. To resolve this challenge, the research advocated for adoption of stakeholder engagement approach that had aspects of stakeholder type, engagement approach and level of engagement. Using appropriate stakeholders, encouraging stronger participation level, and using

different stakeholder engagement approaches improved construction project outcomes. The difference was in context since it was in government construction projects and there is need to expand research by considering the sugar mills. Furthermore, conceptualization of stakeholder engagement was different to the present study.

Tengan and Aigbavboa (2017) argue that complexity and capital intensity of construction projects demand stakeholder engagement in all phases and more specifically in M&E. Transparency, accountability and responsiveness to project scope and the control measures were low on government projects in Ghana. Alternatively, the stakeholders were strongly involved in assessing project delivery, but the overall outcome was low linked to procurement lapse, scheduling and compliance with safety standards. In Ethiopia, Woldesenbet (2021) stated that stakeholder participation improved accountability and responsible handling of waste. Stakeholders have the potential to push any agenda to reach its fruition and hence play an important role in tackling socio-economic, environmental, health and commercial projects. The focus was on projects which have a different structure to organizations; as such the solution was to expand research by considering how stakeholders impact performance in the sugar mills.

In Kenya, Kimutai and Kwambai (2018) advocate for stakeholder engagement during the formulation of key decisions as a way of enhancing service delivery. Stakeholder engagement also improves aspects of inclusivity and ownership of decisions and projects. With the focus on major decisions, what happens to minor decisions, what role do stakeholders play? Nzinga, Jones, Gathara and English (2021) stated that tackling health service delivery problems is anchored on the value of embeddedness, strengthening collaborative research by different stakeholders and open communication

that allow sharing of information. The stakeholders can help identify projects, share their experiences and work in co-producing health solutions. Omondi and Kimutai (2018) noted that during the implementation of large projects, there were challenges in meeting project goals and satisfying the expectations of all stakeholders. The solution was based on engaging all stakeholders in all the project phases. Stakeholder participation can help in managing the diverse and conflicting interests of people associated with the project and in that reduce conflicts.

Karimi, Mulwa and Kyalo (2020) revealed that the only way to improve performance outcomes in the education sector is for stakeholders to be involved in the M&E process. The stakeholder can monitor the programs and give feedback on areas that need improvement and ultimately yield higher outcomes. Similarly, Lemuna and Muathe (2021) shared that in strategic planning; the stakeholders are an integral part in contributing to firm performance. In addition, while Wanjiru (2016) was reviewing street children rehabilitation program, discovering that stakeholders help in planning and executing the programs and help in rehabilitating more children. Better results are found when stakeholders take part in planning, resource mobilization and budgeting for its consumption, reviewing processes to enhance innovations and change management. The reviewed studies have shown aspects of stakeholder engagement in enhancing CSR programs, educational programmes, rehabilitation programs and construction sectors. In all environments, participation of stakeholders has helped to bring better results, but would the same findings be realized in sugar mills? The study considered how to improve performance in the sugar industries through employment of stakeholder engagement practices.

1.1.1 Sustainable Performance

Every organization takes time to assess their productivity level by comparing consumed inputs and the outputs generated. In organizations, there is a specific individual tasked with comparing the actual outputs versus the intended or projected outputs and create a report on the same to inform decision making process. Bandiera, Prat, Hansen and Sadun (2020) noted that performance is about fulfilling the goals set out in the strategic plan and accounting for resource utilization. There must be value for money or else the organizational activities will be unsustainable in the long run, causing the firm to close operations. Sustainable performance measurement is done after a specified period to assess individual units' productivity and inform what functional areas should be discontinued and what resources are put to good use and other control measures. Kovilage (2021) defined sustainable performance as capacity to meet organizational objectives in an economic, social and environment manner. The focus is on meeting stakeholders' expectations from organizational outcomes. According to Kori, Muathe and Maina (2020) performance can cover financial elements like profit margins, sales volumes and returns and earnings or using non-financial elements like satisfaction of employees, customers and the market, effective use of resources, tools, systems and machinery, quality of products and cycle time.

Sustainable performance outcome was measured using indicators such as cane production informed by the farming processes, transport to the mill and milling speed to get the final product –sugar and molasses. Efficiency in the production process by using modern equipment and technologies will ease the process and yield higher returns for the milling company and even the cane farmers in terms of earnings. Ongombe and Mungai (2018) share that the number of tons of cane crushed per day in any mill can

attest to the performance rating of the mill. It is also a measure of the quality of products like sugar for both industrial and commercial consumption purposes, molasses, and brewing alcohol. It was also measured by satisfaction levels of both employees and customers and sales volume attained each financial year and market share command for specific brand. Sustainable performance is a critical element in the sugar milling companies as it dictates whether it continues operations or collapses (Mbithi, 2017).

Sustainable performance in this study adopted the use of financial/monetary and non-financial or non-monetary constructs. The first covered the sales volume based on number of tons of production units for sugar and other products sold to different consumers. The sales volume is based on number of units offset and earnings generated from the sale. It is also about the market share that each sugar mill commands and profit margins based on the differences between earnings and expenses. For the non-financial metrics, performance it entailed quality of the products made in the sugar mills and satisfaction rates of employees working at the sugar mills. Parhi, Joshi and Akarte (2023) performance measurement is done after specified timeframe to inform decision making process on sustainability of operations and value gained. It shows the difference between the input and output, hence important for the sugar mills to set aside time to assess its performance outcomes based by specific identified indicators.

1.1.2 Stakeholder Engagement

Stakeholder engagement entail actions undertaken by the organization to learn about the needs of different stakeholders and setting measures to meet the needs. It is also collaborating efforts with the key stakeholders with the aim of attaining the different goals, agenda, and mandates of the organization (Kujala, Sachs, Leinonen, Heikkinen & Laude, 2022). The cooperation between the firm and stakeholders and between other

stakeholders help in achieving long-term visions and meeting and satisfying all parties (Yildiz & Sezen, 2019). Stakeholder engagement describes structure and processes adopted by the firm management in identifying the ideal stakeholders, setting means of interaction and relating to all stakeholders. The management also does assessment to align the needs of the stakeholders and organization and find a means of meeting their interests. Engagement dictates the extent of participation in different activities and programs and shows the role of each person while focusing on attainment of firm's agenda. Some of the stakeholders take part in organizational activities to implement the firm's agenda and communicate their role as main beneficiaries and ownership status (Omondi & Kimutai, 2018).

Stakeholder engagement is about bringing different people either as individuals or a group together and their resources to work as a team and deliver on the organizational goal. According to Dzomonda (2020) stakeholder engagement aspect revolves around the concepts of who, why, where and when activities will be undertaken and how they are done by arranging all stakeholders in their respective grouping or teams. Stakeholder engagement covers dimensions of understanding the needs and expectations of all stakeholders and involving them in decision making. Such dimensions include understanding needs, mapping the expectations and processes, communication, collaborations, resolution of conflicts and partnerships (Kujala *et al.*, 2022). In this study, stakeholder engagement is broadly describing initiatives and programs to improve sustaining performance through elements of communication management, capacity building, managing relations and control processes. Covering these aspects ensured that the milling companies can get maximum productivity from each stakeholder that yields higher outcomes.

On stakeholder communication management, Merrilees, Miller and Yakimova (2021) share that proper management of stakeholders is pegged on communication. Regular exchange of information between the stakeholders and the company will reduce conflicts, align interests, and get the most value from the relationship. The management must consider the communication channels ideal to reach out to different stakeholders, such as telephone, emails, direct communication, video conferencing, live chats, and text messaging. It is also about the method of communication covering aspects such as verbal, non-verbal, written, and visual communication. Stakeholder communication management also considers communication systems that allow the flow of information in any direction. The instructions, guidelines, recommendations, and feedback are shared between the firm and internal and external stakeholders.

The second variable is on capacity building that covers enhancing staff competencies through regular trainings, benchmarking, apprenticeship programs and performance reviews (Khayinga & Muathe, 2018). Alternatively, capacity building on farmers through presence of agricultural extension workers who teach and train on modern cane farming processes that will improve yield and quality of the product. Wanyonyi (2016) revealed that training and education programs given to cane farmers and education sponsorship and bursaries to their children, motivate them to work hard and delivery quality products to the mills. The farmers are charged with producing the main raw materials for sugar mills and hence their capacity must be enhanced to upscale the entire sector. The sugar mills and government agencies can improve farmers' output through provision of farm inputs including sugarcane cutters, fertilizers, tillage, harvesting and transportation of the produce.

On stakeholder relationship management, it is the structure, systems and processes that are strategic, operational, or tactical in maintaining the relationship. Firm success relies on the input, the commitment and support of all stakeholders and hence the need for proper handling of these relations (Suriyapongprapai, *et al.*, 2022). In addition, the researchers Kanini and Muathe (2019) noted that social capital, investing in social activities and networking improves firm performance outcomes. The relationship is based on the role and responsibility of the stakeholder and effective management of the relationship is best described in a contract. The sugar mill sets a contract agreement with the workers on their roles, the farmers on payment and growing of sugarcane, financiers on payment of advanced credits and government on keeping with regulations and policies. The relationship must be symbiotic where both parties benefit from working together and creating value for the mill and the stakeholder. Ferro-Soto et al. (2018) argue that the best way of managing the stakeholders is through building integrated strategies and personally aligning individual interests with that of the organization. The integrated strategies allow for joint decision making, collaboration when conducting research and information sharing.

On control processes, Boaz et al. (2018) noted that as much as stakeholders can benefit the organization if not properly managed, they can hamper organizational progress and productivity through conflicts stemming from differences in interests and perspectives. Controlling the process, involves stakeholder identification through assessing and aligning interests, attitudes, and opinions, clearly communicating expectations and needs and roles that each stakeholder will handle and resulted in improved outcomes of the firm. The control process also covers the evaluation process of all stakeholders,

monitoring progress and functions handled by each stakeholder and reviewing the relationships.

This study considered the different stakeholder types for the sugar mills that included government agencies that influence the sector through tariffs and quotas, bailouts for companies that have had financial challenges, regulations, and monitoring progress of the sector. The other stakeholders include the management of the sugar mills that run the operations of the company and pay suppliers and staff. The staffs implement policies and operation, and the local communities and farmers support the functions of the sugar mills. Other stakeholders are the customers across different markets who consume the product and thus indirectly finance the sector and keep it operational. All these stakeholders must play their role and handle their responsibilities for the success of the sugar industry. Nzinga, *et al.* (2021) posited that acknowledging and listening to all stakeholders shows the firms' appreciation and enhances their commitment to the firm and improves its performance.

1.1.3 Sugar Mills in Western Region, Kenya

Sugar growing was first done in Kenya by Indian settlers in Kibos and milled in Miwani – Kisumu in 1922 and Ramisi in Kwale 1927. The sugar industry in Kenya was initially dominated by private operators but through the Kenya Sugar Authority (KSA) under Agriculture Act (318) of 1973, the government invested in the sector by establishing 5 sugar mills. The KSA also established the sugar development fund to finance cane production, research and infrastructure development and the Kenya Sugar Board founded in 2001 was to regulate and promote the industry. Growth of the sugar industry saw the enactment of Agriculture and Food Authority (AFA) Act of 2013 and formation of the Sugar Directorate to uplift the sector that was on its deathbed. Kenya has sugar

mills that are government owned and run like Muhoroni, Chemelil, Mumias, Nzoia and South Nyanza and privately owned sugar mills like West Kenya, Soin, Kibos, Butali, Transmara, Sukari industries, Kwale International sugar and Busia Sugar. The country has 15 sugar factories and combined processing capacity of 44, 450 tons of cane per day but sugar self-sufficiency has remained an elusive agenda since the supply is less than what is demanded. Of the 15 sugar factories, 8 are in the Western Kenya region and they are of interest to the research in the current study (<https://sugar.agricultureauthority.go.ke/>).

The sugar industry supports 8 million people directly and indirectly and the mills employ approximately 0.5 million people as well as contribute to development and provision of social amenities like schools and health facilities. The industry is also a source of raw materials for other sectors of the economy, for instance bagasse -power generation firms and molasses that makes ethanol an ingredient needed for making alcoholic beverages and manure (Mati & Thomas, 2019). The value of the industry cannot be overemphasized but production trends are still low, 2016 had the highest production with 639,741,000 metric tons against demand of 978,746,000 tons and 2017 showed the biggest decline at 376,111,000 metric tons while demand was 997,944,000. In 2020, there was a 37% increment in sugar production to a high of 603,788, 000 metric tons compared to the 440,935,000 metric tons in 2019 which was less than half of the demanded quantities of 1,038,717,000 metric tons. The deficit in supplies is met through importation from COMESA countries such as Egypt, Malawi, Zambia, and Uganda. The private mills have expanded cane operations into new zones such that there is an increase of 25% from 71,935 to 89,803 ha.

The private mills account for 74% of sugar production and due to steady and regular payment to its farmers, the mills have been able to attract many farmers. But government owned mills face several problems like delayed payments to cane farmers, low production of cane and few zones to collect cane from and high production costs. Kombo and Ndiema (2022) noted that the imbalance between supply and demand has made Kenya a net sugar importer and focus has been on sugar importation that is cheaper than locally produced one. For instance, the average cost of ex-milled sugar prices is ksh.84 per kilogram while the average price of sugar at the port of Mombasa is ksh.60 per kilogram. The government commitment to write-off debts and tax liabilities owed has in the past did not revitalize the sugar industry of which 80% is in Western Kenya (Mati & Thomas, 2019). This study sought to assess if effective stakeholder engagement can solve the problems facing the Kenyan sugar industry and improve its performance.

1.2 Statement of the Problem

The Kenyan sugar industry employs millions of people and supports many smallholder farming households including 170,000 families in western Kenya which is also the largest sugar production region in the country. In the recent years, production has decreased due to redistribution and fragmentation of land in Western Kenya. According to Mati and Thomas (2019) the main problem facing the sector is increases cases of corruption and mismanaged use of resources leading to inefficient state-owned mills falling into debt and operating below its capacity. Low sugar production has seen overreliance to sugar importation due to high production costs compared to other producers such as Malawi that spends \$350 per ton, Zambia spends \$400 while Kenya is at \$1007 per ton. There are questions on quality of products and satisfaction of the

markets and consumers due to dependence on sugar imports. The imports deny the sugar mills earnings from sales that negatively impact on sales volume, earnings and profitability that suffers (Kombo & Ndiema, 2022). Another problem that sugar industry suffers from growing sugarcane variety that takes longer to mature (18-24 months) compared to varieties grown in Sudan that takes 14 months. Loss making is also experienced in mills like Mumias and poorly maintained machines that break down often while the cost of farm inputs like fertilizers are high that farmers are shifting to other crops. This raises questions on what should be done to improve and sustain high-performance and thus, focusing on engagement of stakeholders.

Some of the possible solutions include revamping of extension services, growing better cane varieties, educating the farmers, use of modern equipment and timely payments. The mills should be run in a professional, accountable, and transparent manner to reduce inefficiencies at crushing phase. The government should privatize some of the mills to improve productivity and seek better tariffs from COMESA countries (Waswa, Mukras & Oima, 2018). The suggested solutions are based on involvement of the government, employees, agricultural extension officers, markets and farmers, as stakeholders. Therefore, there is need for full participation of all stakeholders including the farmers through the farming blocs, the government, employees, local communities, and management of the sugar mills. Karimi, *et al.* (2020) revealed that committed stakeholders at organization level, practices and values have the capacity to enhance production and performance levels.

There are some studies done on stakeholder engagement and performance such as Gupta, *et al.* (2020) assessed stakeholder engagement strategies such as prioritization, differentiation and conformity and firm performance for national institutions. The

results show that stakeholder engagement was linked to high firm performance, but research gaps were based on use of secondary data for 2011-2015 period and contextual gaps were based on the study done in UK. In another study Mambwe, Mwanaumo, Nsefu and Sakala (2020) assessed performance of construction projects in Lusaka – Zambia as impacted by stakeholder engagement and revealed stakeholders were ineffective in managing project costs but still improved project schedule and specifications. The gaps were on context as it was done in Lusaka - Zambia and covered construction projects.

Dzomonda (2020) linked financial performance to stakeholder engagement and found stakeholders can help improve performance and sustain enterprises. The study was done in South Africa, creating contextual gaps while conceptually it assessed only financial performance and left other measurement parameters for performance of organizations. Kimanzi (2020) study was on stakeholder engagement and its influence on successfully completed house projects -case of Ngara housing project in Nairobi. The stakeholders were engaged in project designing, executing its activities, and M&E resulting in improved completion rates. Methodological gaps were created as it was a case study and focusing on completion of housing projects creates contextual gaps.

The identified problems in performance of the sugar industry and the contextual, conceptual and methodological gaps in reviewed research; created a need for more research This study sought to fill the gaps and find solutions to performance problems by assessing how stakeholder engagement influences the sustainable performance of sugar mills in Western Kenya.

1.3 Research Objectives

1.3.1 General Objective

This study sought to establish the effect of stakeholder engagement on sustainable performance of sugar mills in western region, Kenya.

1.3.2 Specific Objectives

The study was guided by these specific objectives:

- i. To determine how stakeholder communication management affects sustainable performance of sugar mills in Western Region, Kenya.
- ii. To assess how capacity building of stakeholders affects sustainable performance of sugar mills in Western Region, Kenya.
- iii. To evaluate stakeholder relationship management effect on the sustainable performance of sugar mills in Western Region, Kenya.
- iv. To determine how control processes affects the sustainable performance of sugar mills in Western Region, Kenya.

1.4 Research Questions

- i. How does stakeholder communication management affect the sustainable performance of sugar mills in Western Region, Kenya?
- ii. What effect does capacity building of stakeholders have on the sustainable performance of sugar mills in Western Region, Kenya?
- iii. How does stakeholder relationship management affect the sustainable performance of sugar mills in Western Region, Kenya?
- iv. What effect do control processes have on the sustainable performance of sugar mills in Western Region, Kenya?

1.5 Significance of the Study

This research will be of significance to different stakeholders such as management team of the sugar mills and agricultural sector in the country. The managers can gain in-depth knowledge on how best to engage the different stakeholders in a manner to improve performance outcomes of the sugar mills. This study can be useful in formulating policies that will engage stakeholders, clearly indicate their roles and responsibilities and how the execution will be done. The agricultural sector can learn on ways of engaging stakeholders both internal and external and uplift the performance of the sector. This will improve contribution to the GDP of the country and improve livelihood of the sugar farmers and factory workers.

The study will benefit the academic fraternity, by sharing information on stakeholder engagement and performance. Future researchers can use the current study as part of their literature review material and for referencing research studies and articles. This study will give suggestions on topics and areas where research can be done to expand knowledge in the subject area.

1.6 Scope of the Study

The focus was on sustainable performance of the sugar mills as influenced by different stakeholders. Specifically, the study covered stakeholder communication, capacity building of stakeholders, stakeholder relationship management and stakeholder control processes. The variables were explained by three theories, the stakeholder theory, human relations theory, and balanced scorecard model. The study was done in the Western Region in Kenya and covered the 8 sugar mills located in the region, as shown in appendix IV. The sugar mills are government-owned like Mumias Sugar Company or Privately-owned such as West-Kenya sugar mill. The study respondents were drawn

from managers in the sugar mills, agricultural officials, farmers, and employees who took part in the study. The respondents filled the structured questionnaire as a research tool as the researcher sought to assess the sustainable performance of the sugar mills.

1.7 Limitations of the Study

The study faced some challenges including unwillingness of some respondents to take part in the research, and reluctance of sharing information that respondents deemed sensitive and confidential. Discussing the performance of the firms and giving their perspective was in the initial stages difficult. To overcome these challenges, the researcher emphasized that the information sought will be used for academic purposes and permission was sought from the management of the sugar mills. The respondents were also not identified and hence encouraging them to freely express their views and opinion on the subject matter.

Some of the respondents, especially the farmers were illiterate and could not read and write the answers to the questions. Another challenge was language barrier where some respondents were not conversant in English and Kiswahili languages. To curb these two challenges, the researcher engaged research assistants who reside in the local communities and understood the local dialect. The research assistants would read and interpret the questionnaire which allowed the illiterate respondents to take part in the study. Another aspect is such that participation was on willing basis and large population were included to carter for those who refused to take part in the study and still attained a high response rate.

1.8 Organization of the Study

The project is divided into five chapters. The first chapter discusses background, the research problem and study objectives. It also shares the significance, scope, and limitations of the research. The second chapter presents study review of literature both empirical and theoretical and has a conceptual framework that presents linkage of variables in a pictorial form. The third chapter is the adopted research methodologies. It has sections including the adopted research design, targeted population, sampling techniques and the study's sample size. The other sections highlight the data type, the research tool, procedure for collecting, analyzing and presenting findings. Chapter four presented findings and discussions and chapter five discussed the summary of findings, the drawn conclusions, recommendations and also suggested areas in which future researchers can carry out new studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter highlighted and reviewed literature from reviewed theoretical and empirical literature. The theoretical literature review discussed the grounding and supporting theories and the empirical literature reviewed of past studies. The chapter also identified and discussed the gaps shown in a table and the last part is on conceptual framework that shows measurement indicators for linking the study objectives.

2.2 Theoretical Literature Review

Theoretical review assesses relevant theories that can underpin the study. The study is grounded on the balanced scorecard model and supported by the stakeholder theory and the human relations theory. These theories are explained and linked to the different study objectives and they are discussed in detail in the next section.

2.2.1 Balanced Scorecard Model

The model was developed by Kaplan and Norton (1992) as a tool to measure four key aspects of any enterprise or business unit. The four elements include learning and growth, the business processes, customers and finances and their findings are compiled into one report to inform the management on improving its efficiency. The BSC model covers aspects of performance including financial and non-financial metrics that inform organizational strategy formulation and implementation. The model helps organizations translate their visions and goals in action plans and operational strategic planning for improvement of performance. Kori, *et al.* (2020) shared that to realize the goal of the organization, the management team is tasked with converting the goal to

strategic plans and executing them to gain high performance. Furthermore, as a performance measurement system and tool, it informs the management in the organizations on the progress and deliverables at each phase and life cycle (Pramod & Banwet, 2011). The sugar mills can improve their performance, by translating their visions and goals into strategic plans and measuring their implementation.

The model is divided into four perspectives; the first is the financial perspective is an important element to all stakeholders by looking at returns made, profit margins and benefits to shared out to the stakeholders. The attractiveness of an organization is based on operational management and sustainability aspects, hence the need for value addition, increase profits and earnings. The sugar mills must consider their financials to attract more investors, pay farmers on time and efficiently run their operations. The second is on customer perspective through niche marketing, targeting specific segments, quality of products to attract and retain loyal customers and meeting customer's expectations. Karisa and Wainaina (2020) noted that making products that nobody is willing to purchase leads to collapse of the business. Therefore, the management of sugar mills should assess customer needs and find means of meeting their expectations since its sustainability is based on its customer base.

The third aspect of the BSC model is on internal business process by considering the value of each process and individual productivity. This informs the decisions made at firm level on the process, the activities, and outcomes and thus, organizations seek to do activities that can satisfy the customers, staff, markets, shareholders, and financiers (Tibbs & Langat, 2016). On learning and growth aspect, organizations can only enhance their competencies and innovative capacities through information sharing and acquiring new knowledge. For the sugar mills to experience continuous improvement, then

learning and growth must be part of its culture and structure. Since the operating environment is dynamic, then to be able to handle the changes, the mills must keep learning and growing their operations.

The model, according to Kumar and Kesava Rao (2020) can only be effective if it is tailor-made to a specific organization, which is taxing and demands a lot of data and time. The model is also criticized as being complex and complicated and hence needs buy-in by the leaders. Without the support of the organizational leaders and managers, the BSC will not be functional and useful to the organization. Success of the balanced score model demands participation and involvement of all stakeholders, access to accurate data and adjusting it to fit the needs and expectations of an organization. But still through assessing the four aspects of the balance scorecard model, the sugar mills can enhance their sustainability. The model will help in formulating better decisions on the growth of the firms and constantly measure performance.

This study used the BSC model to assess performance of the sugar mills which was influenced by stakeholder engagement aspects such as capacity building that aligns to growth and learning and control processes that align to internal business processes. Performance measurement is in terms of financial elements of profit margins, sales volume and command of market share and non-financial metrics based on quality of products and satisfaction levels of employees and customers. The balanced scorecard is aligned with the dependent variable on performance of the sugar mills.

2.2.2 Stakeholder Theory

The theory development is credited to Freeman (1984) and its main concept is based on firms not operating as an island. The success of these firms largely depends on different

stakeholders and each stakeholder has interests and demands in working with the firm. The concept thus implies that firms must identify the stakeholders and their needs and create strategies that align stakeholder's needs, interests and wants with that of the firm. The stakeholders are identified as individuals or groups of people that can be affected by firm activities and operations or affect the firm (Freeman, 2015). Gaining success at firm level is based on effective management of the stakeholders by formulating strategies to meet the interests of the stakeholders and incorporate their viewpoints in plans for the entire organization. Thus, the organizations must identify the stakeholders that match with their values, practices, and culture such that they work together to meet the interests of each other.

The organizations must be able to differentiate between internal and external stakeholders and craft strategies that can attend to their needs and meet the planned goals and objectives. In the case of sugar mills, the management must develop strategies that fit the needs of internal stakeholders including employees and supervisors and the external stakeholders such as cane farmers, government officials, distribution lines, markets, and customers. The strategies will also improve stakeholder relations through employing clear communication lines to learn of stakeholders' needs and interests and inform them on the expectations of the sugar mill for its success. Jones and Wicks (1999) shared that to effectively manage stakeholders there is need for open channels, systems and modes of communication for free flow of information amongst all the stakeholders. Communication helps in forming collaborative and convergence points and hence working together to attain the individual or group interests and that of the organization.

The theory is criticized for assuming that stakeholders can shelve their interests in favor of others but, each stakeholder joins an organization with the aim of meeting the identified needs (Mainardes, Alves & Raposo, 2011). In addition, many organizations have a difficult time in managing stakeholder needs and interests and a lot of the conflicts stem from multiple stakeholders that the firm engages in. For instance, Mumias sugar collapse was linked to financier demands and inability of the managers to handle the operations and thus farmers' payments were delayed, and they refused to grow cane. Thus, management in the sugar mills must create strategies like communication systems that allow participation of all stakeholders; relationship management practices and control systems to guide the interaction between firm-stakeholders and between stakeholders and other stakeholders.

The theory has been adopted in research such as Okwaro (2022) where stakeholders took part in M&E and improved performance outcomes in government entities and Miles (2017) share that the stakeholder role is integral in improving and attaining organizational objectives. The theory is relevant in the study by exposing how organizations can identify, inform the stakeholders of their roles and responsibilities and craft strategies and schemes that will benefit both stakeholders and organization. The theory exposes the variables on stakeholder communication management, stakeholder relations and enacting control processes for integration and working together to meet organizational needs. Effective stakeholder engagement allows effective and practical ways of managing organizations that have complex and dynamic activities and results in improved productivity. The stakeholder theory is linked to the first, third and fourth study variables on stakeholder communication, stakeholder

relationship management and stakeholder control processes as utilized in the sugar mills to improve performance outcomes.

2.2.3 Human Relations Theory of Management

The theory originates from the Hawthorne plant experiments done in a span of 8 years (1924-1932) in the Western Electric Company by Elton Mayo and his associates. It is a premise of organization psychology that works for employee productivity and their motivation. The social interactions at the workplace, the working conditions and opportunities for growth and advancement lead to increased production. Omodan, Tsotetsi and Dube (2020) noted that empowerment, participation, and good treatment at the workplace are elements that improve the performance of the firm, starting at individual and group level and covering the entire organization. Human relations contradict the scientific organizational management model that focused on production rates, division of labor and viewed employees as a part of machineries at the workplace. The feelings, interests, and aspirations of then employees were handled as non-necessities (Kidombo, K'obonyo & Gakuu, 2012).

The Hawthorne experiments showed that even though the firm was progressive by giving the workers benefits, pensions, and allowances, production was still poor. But when considering the working conditions Mayo and his research assistant Fritz Roetlishberger revealed that work breaks, lightning and work hours and attention to details increased labor productivity (Warner & Busse, 2017). In the same manner, the management in the sugar mills can assess the working conditions and adjust to improve productivity. The declining productivity and imbalance between sugar supply and demand can be erased by productivity of the milling workers and attending to the needs of the cane farmers. Sugar mills through farmer blocs, extension services and meetings

can learn issues affecting the farmers and the workers are key stakeholders; handle the issues and improve performance outcomes.

Just as Mayo and Fritz Roetlishberger discovered, the need for collaboration, recognition and participation led to improved productivity, then sugar mills should seek means of engaging their stakeholders for improved performance. Interests and needs of all parties must be aligned to avoid conflicts when the managers mostly concentrate on efficiency and cost reduction measures. Rose (2005) noted that to improve production, organizations must provide a conducive working environment, tools, systems and materials and competent workforce. One of the ways of having competency is through capacity building that covers training, experiments and information sharing with the employees and involvement of other stakeholders. The human relations approach is ideal in enhancing communication amongst all stakeholders and further improving capacities and competencies of the stakeholders. Khayinga and Muathe (2018) mentioned that proper relations with firm's human relations is by allowing information, views, and opinions to come from all staff and incorporated in the strategic plans. Nicotera (2019) noted that the theory is viewed as idealistic in expecting perfect relationships between staffs in an organization. Different personalities of employees make relating difficult and challenging and for the relationships to work, each party must play its role.

The human relations theory works to improve individual performance as informed by the efforts of the management. Through training, job rotations and information sharing, the theory exposes how sugar mills can improve their overall performance through exploiting its workers. The theory exposes the second variable on capacity building of the stakeholders and concentration is on employees of the sugar mills. Capacity

building enhances employees' competencies, and a good working condition and environment elevates the performance outcome rates. Thus, the theory is associated with the second variable on capacity building of stakeholders as a means of enhancing performance of the sugar mills in western Kenya.

2.3 Empirical Literature Review

2.3.1 Stakeholder Communication Management and Performance

Rajhans (2018) conducted a study on communication management that was effective in maintaining stakeholder relations in organizations. Communication management involves monitoring and controlling all communication channels, adoption of corporate communication strategies, planning and designing the internal and external communication systems and managing information flow. The researcher collected data using questionnaires and interviews with stakeholders in different project-based organizations. The results indicated that communication is a useful tool to manage stakeholder relations, avoid information distortion and miscommunication and build trust. The study created conceptual gaps since the perspective of communication management was not assessed on effect on sustainable performance and there are also methodological gaps because the study did not disclose who were the respondents and the data type and how it was collected and treated.

Atambo and Momanyi (2016) research was on internal communication and its effect on employee performance, case of KPLC in South Nyanza Region. The study noted that ineffective communication can be detrimental in the organization and handing of management and administration functions resulting in poor performance, strained relationships, bad service quality and unsatisfied employees and customers. Thus focus was on downward, upward, and horizontal communication elements as they affect

performance outcomes. The research collected data from KPLC staff in the South-Nyanza region by filling the questionnaire. The findings show that downward communication ensured timely information flow; upward communication allowed the managers to get feedback, suggestions, and complaints and horizontal/lateral communication enabled interactions and working in teams through coordination of tasks that improved outcomes. Conclusions showed that improved performance was due to effective management of communication, hence the need to strengthen the communication systems at KPLC. The research created gaps in concept by assessing performance at employee level and not overall organizational level and methodological gaps were created since it was a case study of KPLC in South Nyanza region.

Haroon and Malik (2018) conducted research on how organizational communication impacts the performance of organizations in the universities in Islamabad. The researchers collected data that was quantitative in nature and descriptive from both public and private universities. The study respondents were 600 students and 120 teachers and faculty members who filled the research tool and later analyzed using SPSS system software. The findings from linear regression analysis showed that organizational communication had great influence on organizational performance and in this case, it was the public and privately-owned universities. Conclusions made noted that to improve performance, the universities need to adopt effective organizational communication. It was thus recommended that universities facing problems like poor performance in academic and non-academic aspects should employ effective communication means. The study created contextual gaps as it was done in universities and in Islamabad.

Mugo, Muathe and Waithaka (2018) study was on mobile communication services and its effect on performance of Savings and Credit Cooperative Societies (SACCOs) in Kenya. To improve performance, the SACCOs have adopted the use of mobile communication services such as mobile texting, calls, emails, chatting and conferencing. Previous studies have shown mixed findings with some showing positive effect to performance and others showing no effect and hence the need to clear these contradictions. The study surveyed 86 Deposit-Taking SACCOs and respondents who filled the structured questionnaires. The data was inferentially analyzed and revealed that mobile communication services had significant and positive effects to performance of the DT-SACCOs. The mobile communication allowed for information flow to anyone across any geographical location thus saving time and costs and maintaining a good relationship. Customer loyalty improved through efficient communication hence recommendations to the SACCOS to invest more in mobile communication services. The study created contextual gaps by considering DT-SACCOs only and conceptually its focus was on mobile communication services and not managing the communication.

Luhombo, Mukanzi and Senaji (2019) research was on stakeholder communication and how it influences sustainability of TVETS in Western region in Kenya. The researchers noted that communication was a lubricant that ensures proper functioning and working of singular parts of an organization. The study targeted population was the 63 accredited TVETS and 12,585 stakeholders and only 375 respondents were sampled and participated in the study. The study results indicated that stakeholder communication significantly affected the sustainability of SCPs in the TVETs in Western-Kenya. Communication enhanced teamwork and participation of all stakeholders through sharing of knowledge and information. All stakeholders can understand their assigned

responsibilities and tasks and the TVETS embraced monitoring of progress. Communication that was open, regular, and accurate allowed smooth functioning of operations through flow of instructions to the implementers. The study created contextual gaps since it was done in TVETs in Western Kenya that is in the education sector while the current sector will be in agricultural sector.

2.3.2 Capacity Building of Stakeholders and Performance

Karimi, Mulwa and Kyalo (2021) study was on capacity building of stakeholders in M&E and performance in schools. Focus was on literacy and numeracy education programs in Nairobi City County. The researchers shared that to get changes in literacy and numeracy levels, there was need of investing in stakeholder capacity building for effective M&E. This study assessed the extent of stakeholder influence on performance of the education program since previous literacy and numeracy programs have not achieved their goal. The researchers conducted interviews and used questionnaires that were self-administered, and analysis showed a positive link. Capacity building of the stakeholders and their involvement in monitoring and evaluation activities led to improved performance in literacy and numeracy education programs. Results also show that participatory M&E had a greater effect in outcomes for the literacy and numeracy education programs. The study created contextual gaps since it focuses was literacy and numeracy education programs and it was within the education sector and public primary schools in Nairobi, Kenya.

Nwankwo, Olabisi and Onwuchekwa (2017) research was on capacity building's effect on firm performance outcomes in co-op societies in Osun State -Nigeria. Cooperatives are in the forefront in generating employment opportunities, reducing poverty, rural growth, and development, and improving GDP, but effective results is associated with

capacity building. The research used 529 committee members of these cooperatives and found that capacity building activities such as training, benchmarking, mentorship, coaching, and apprenticeships helped in improving performance of the cooperatives. The conclusions noted that capacity building strongly influenced performance in terms of number of members, market share command, variety of products and volume of sales. Enhancing knowledge of employees of the cooperative societies improves outcomes and the recommendation is such that government to offer cooperative extension services. The study background was in Nigeria and in cooperative societies, which creates contextual gaps as the current study background is in Kenya and the sugar industry in the agriculture sector.

Ferrero, Setty, Rickert, George, Rinehold, DeFrance and Bartram (2019) conducted a study on capacity building and training approaches used for water safety plans (WSPs) based on recommendations by World Health Organization (WHO). Focus was on delivery of safe-clean drinking water to all people and especially those in the low-income countries. The researchers noted that to implement these guidelines on WSPs, there is need for capacity building of stakeholders including local communities and regular training. The study was done by reviewing past literature, revealing that many regions lacked training resources, legal requirements, and capacities to implement WSPs. The study provided recommendations for various stakeholder groups including national governments and encouraged training on WSP. The trainings context covers the WSP requirements, policy, and strategies to scale up on WSPs by involving stakeholders in monitoring and surveillance of water quality and sharing information with others. Recommendations show the need for customized training programs for each target group. The study created gaps in methodology through using secondary data

and its context was cross-sectional of low-middle and high countries and it was on water safety plans.

Lucrezi, Esfehiani, Ferretti and Cerrano (2019) research study was on stakeholder education and capacity building and effect on protection of marine areas, case of Southern Mozambique. The study focus was on marine education, ocean literacy and environmental monitoring initiatives based on the perspectives of the stakeholders in the community. Primary data was collected from discussions done with stakeholders that include the government agents, tourism and education officials and local community members. The first discussion was done before the initiative and the second discussion was after the initiative. The findings show that the initiatives and training had a positive effect on conservation efforts and the livelihoods of the communities. The study showed the bilateral nature of capacity building through empowerment and steering management strategies through stakeholder engagement. Methodological gaps were created as it was a case study and its context was in Mozambique and marine protection areas while this study will cover sugar sector in the western region in Kenya.

2.3.3 Stakeholder Relationship Management and Performance

Belyaeva, Shams, Santoro and Grandhi (2020) conducted a study on unpacking stakeholder relationship management in both private and public sectors. The focus is on present knowledge from wide streams on stakeholder relationship management and available opportunities for growth and expansion. The researchers collected data from reviewing past literature from vast research streams. Results indicated that stakeholder relationship management covers aspects of effective corporate governance, participation in corporate social responsibilities and expanding entrepreneurial elements and innovations. Both public and private sector can gain from unpacking the

concept of stakeholder relationship management and use it to elevate their operations to the next levels. The study created conceptual gaps since stakeholder relationship management was not linked to performance and research gaps were based on the methodology on use of secondary data.

Meyer and Barker (2020) research were on how to manage stakeholder relationships for non-profit making organizations and the use of meta-modern model. The study is ideal in strategic communication and managing tensions between modernist and post-modernist aspects of how organizations can manage stakeholder relations. This study links these two perspectives when considering stakeholder relationship management in non-profit organizations in South Africa. The researchers collected data by interviewing senior managers of the non-profit organizations and revealed that the meta-modern model demands constant negotiations with the two perspectives. Further findings show the need for formal trainings on stakeholder relationship management by identifying present issues, mapping all stakeholders involved and designing a training manual and communicating the same to help improve and manage the relationship among stakeholders. The study created contextual gaps since it was done in non-profit organizations in South Africa and conceptually, there was no assessment of performance as influenced by stakeholder relationship management.

Ontita and Kinyua (2020) conducted research on stakeholder management and its role in firm performance of commercial banks in Nairobi. The success and survival of organizations is largely dependent on stakeholders, and they play an integral role in highly volatile sectors like banking. The changes recorded in the banking sector have led to fluctuations in performance and hence the need to consider the role of stakeholders and how to manage them. The respondents included 89 staff who worked

in the commercial banks and filled the structured questionnaires. Descriptive and inferential statistics was conducted, and findings revealed that stakeholder management led to improved bank performance. It was recommended that the banks' management have policies and structures on handling of stakeholders and involvement of all stakeholders. The study created contextual gaps since it assessed the performance of commercial banks.

Burgoyne and Mearns (2017) study was on how to manage stakeholder relations in the natural resource and tourism sector by studying the case of Ololosokwan community conservancy in Tanzania. The study focus was on the challenges and complexities of managing the conservancy that has many Maasai pastoralists. The area witnesses a lot of conflicts on land use between the communities and maintaining sustainable community conservation efforts together with private tourism operators. The study found that benefit-sharing, active participation by all stakeholders and money sharing led to better stakeholder engagement and better outcomes in conservation efforts. Further results showed that mistrust among the different stakeholders hampers the efforts of working together and sharing common interests. The study concluded that collaboration between the local communities and conservation actors is important for long-term survival of the ecosystem. The study created contextual gaps since it was done in Tanzania and on conservation and conceptual gaps are based on lack of assessment of performance of organizations.

Mbelwa (2018) did an investigation on stakeholder management in the Tanzanian oil and gas sector. The study's aim was advancing knowledge on how to identify stakeholders, salience of stakeholders and management strategies for companies in the oil and gas sector. The research data was obtained from the website of two companies

and after content analysis was done it was found that there were nine main stakeholders and the highest was the local community. The stakeholders' role was to report on good governance and sustainability measures, risk management and involvement in CSR. Stakeholder saliences range from definitive to expectant and latency since the sector is highly regulated and allows it to run for many years. The companies have adopted strategies and practices like CSR to engage stakeholders and gain their support that can sustain the sectors' operations. The study concluded that through effective communication and management of stakeholders, the oil and gas companies remain operational. The study created contextual gaps by covering oil and gas companies and its background was in Tanzania. Conceptual gaps are such that the performance of the firms was not linked to stakeholder management.

2.3.4. Stakeholder Control Processes and Performance

Akisik and Gal (2017) research was on internal controls and corporate social responsibility based on stakeholder's view of the organization and its financial performance. The study focus was assessing financial performance as influenced by internal controls and CSR activities as viewed by organization's stakeholders –the customers and employees. Used data was collected from records in the 2006 to 2012 period revealing that financial performance was affected by internal controls and CSR report. When the customers and employees constantly review the CSR report and implement internal control measures, then financial performance will be achieved in the long run. The study's implication is on the value of customers and employees on influencing the financial performance of organizations. There were methodological gaps through usage of secondary data and conceptual gaps since performance was measured by one aspect only –the financial elements and contextual, the study reviewed

the perspective of only two stakeholders (customers and employees) and other stakeholders were ignored.

Abiodun (2020) conducted a study on internal control procedures and its influence on performance of firms in the South-West region in Nigeria. The study was anchored on stakeholder theory and review of past literature. The internal control procedures involved internal audit measures and controls, risk management, environmental controls, control practices and monitoring, reviews, and evaluation practices. Results showed positive association between internal control elements of internal audit controls, management of risks, monitoring practices and the success of the organization. Further results indicate that control practices and controlled environment have significant but negative impact to performance at firm level. The study made these recommendations that to improve success of the firms and high performance; there is need for regular monitoring, conducting internal audits, initiative internal control measures and practices and continually assess the risks at firm level. The study setting was in Nigeria, creating gaps in context and gaps in methodology are associated with use of secondary data by reviewing literature.

Yu, Man, Wang, Shen, Hong, Zhang and Zhong (2019) conducted a study on evaluation done on different stakeholders as they impact the occurrence of defects in off-site construction projects. Offsite construction enhances the sustainability of construction industries but attracts high defects due to fragmentation of the production process hence the need for quality defect control measures. The offsite construction also involves multiple stakeholders that must work together and collaborate when handling different work tasks. The Bayesian network model was developed, examined, and tested on offsite construction projects and real project in Shenzhen, China. The model helped in

evaluating the critical stakeholders, identifying their roles and responsibilities, and setting control measures that would improve quality defect controls. The study findings showed that the major factors that affect quality defect controls are pre-casts components with defects, mis-operations, poor inspections, stakeholders with no or little value and poor testing of quality during assembly and construction. The gap in context is because it was done in the construction industry and in Shenzhen, China; conceptual gaps were linked to evaluation of stakeholders through the Bayesian model and methodological gaps were created since source of data were undisclosed.

Annosi, Foss, Brunetta and Magnusson (2017) research was control systems and their interaction of stakeholder networks that shape identity for the self-managed teams. Many firms have institutionalized the concept of team-based working and hence the need to manage the identities of the teams. The researchers noted that managers and other stakeholders take an active role and intervene in shaping the self-construction of teams and commitment of the team to handling its role. The internal control system leads to isomorphic conditions as the identity of the team as linked to pressures of dense network of the managers and stakeholders; team routines and feedback loops to align with the identity of the organization; and use of convergence method to promote, ratify, reinforce the identities of the team. Findings show that enacted control systems show that managers and stakeholders intervene and impact team identities. The study concludes that organizations must control the stakeholders at micro, meso and macro levels to improve commitment levels and shape the identity of the teams. Methodological gaps are created since the data sources are undisclosed and conceptually internal control systems were not linked to performance of the firms.

2.4 Summary of Literature Review and Research Gaps

Table 2.1: Summary of Literature Review and Research Gaps

Author & Year	Topic	Findings	Research Gaps	Filling the Gaps
Karimi, <i>et al.</i> (2021)	Stakeholder capacity building for monitoring and evaluation (M&E) and performance in schools	Capacity building of the stakeholders and their involvement in monitoring and evaluation activities led to improved performance in literacy and numeracy education programs	Conceptual gaps were based on focusing on literacy and numeracy education programs and in education sector	Assessed capacity building affects sustainable performance of sugar mills
Belyaeva, <i>et al.</i> (2020)	Unpacking stakeholder relationship management in both private and public sectors	Results show stakeholder relationship management covers aspects of effective corporate governance, participation in corporate social responsibilities and expanding entrepreneurial	Conceptual gaps are created since stakeholder relationship management was not linked to performance. Methodological gaps are associated with	Assess how stakeholder relationship management affected sustainable performance of the sugar mills

		elements and innovations	the use of secondary data	
Meyer and Barker (2020)	How to manage stakeholder relationships for non-profit making organizations and the use of meta-modern model	The meta-modern model demands for constant negotiations, formal trainings and communicating the same to help improve and manage the relationship among stakeholders.	The contextual gaps as the study was done in South Africa. Conceptually, performance was not assessed	The study focused on linking stakeholder relationships to sustainable performance
Ontita and Kinyua (2020)	The stakeholder management and its role in firm performance of commercial banks in Nairobi City County, Kenya	The stakeholder management led to improved performance of the commercial banks in Kenya.	The gaps were in context by considering the commercial banks in Kenya	Linked stakeholder relationships management to sustainable performance of the sugar mills
Lucrezi, <i>et al.</i> (2019)	Stakeholder education and capacity building and effect on	Marine protected areas initiatives were achieved through education and	Methodological since it was a case study. Contextual gaps were based on background	Linked stakeholder capacity to sustainable performance

	protection of marine areas	capacity building and empowerment of stakeholders	being Mozambique	
Yu, <i>et al.</i> (2019)	Evaluation done on different stakeholders as they impact the occurrence of defects in off-site construction projects	The contractors were the stakeholders with the highest impact on occurrence of quality defects and thus the need for effective evaluation and selection of different stakeholders.	Contextual gaps as the study was done in Shenzhen, China The conceptual gap created as performance was not assessed. Methodological gaps as data sources were undisclosed	Assessed how control processes affected sustainable performance of the sugar mills
Rajhans (2018)	The communication management that was effective in maintaining stakeholder relations in organizations	The results show that communication is a useful tool to managing stakeholder relations and in engagement of all types of stakeholders in project-based organizations.	Conceptual gaps since communication was not linked to performance	Assessed how communication management influenced sustainable performance

Haroon and Malik (2018)	Organizational communication impacts the performance of organization in the universities in Islamabad	The organizational communication had significant impact on performance of the organizations and in this case, it was the public and private universities	The contextual gaps since focus was on public and private universities in Islamabad	Localize the study to Kenya and the sugar industry as influenced by communication management
Mugo, <i>et al.</i> (2018)	The mobile communication services and its effect on performance of SACCOs in Kenya.	The mobile communication allowed for information flow to anyone across any geographical location thus saving time and costs and maintaining a good relationship	The study created contextual gaps since it was done in DT-SACCOs	Linked communication management to sustainable performance of sugar mills in the agricultural sector
Nwankwo, <i>et al.</i> (2017)	Capacity building and its effect on organizational performance for cooperative societies based	Capacity building activities such as trainings, benchmarking, mentorship, coaching, and	The contextual gaps were created since the study was done in Nigeria	The study linked capacity building to the sustainable performance of sugar mills in

	in Osun State in Nigeria	apprenticeships helped in improving performance of the cooperatives		the agriculture sector.
Akisik and Gal (2017)	Internal controls and corporate social responsibility based on stakeholder's view of the organization and its financial performance	Main stakeholders of customers and employees affect financial performance as influenced by the CSR report and effectiveness of internal control.	Methodological gaps –use of secondary data Conceptual gaps since financial performance was assessed. Context was on two stakeholders only – customers and employees	Assessed how control processes affected sustainable performance of sugar mills in western region in Kenya
Annosi, <i>et al.</i> (2017)	Control systems and its interaction of stakeholder networks that shape identity for the self-managed teams	The enacted control systems show that managers and stakeholders intervene and impact team identities.	Conceptual gaps based on internal control systems not linked to performance. Methodological gaps since sources of data are undisclosed	Assessed stakeholder control process to sustainable performance of the sugar mills in Western Kenya.

Source: Researcher (2023)

2.5 Conceptual Framework

The conceptual framework is a pictorial representation of the relationship between the variables in the study. The diagram shows the link between stakeholder engagement and performance and each variable is inclusive of its measurement indicators. Figure 2.1 highlights the variables, measurement indicators and its relationship.

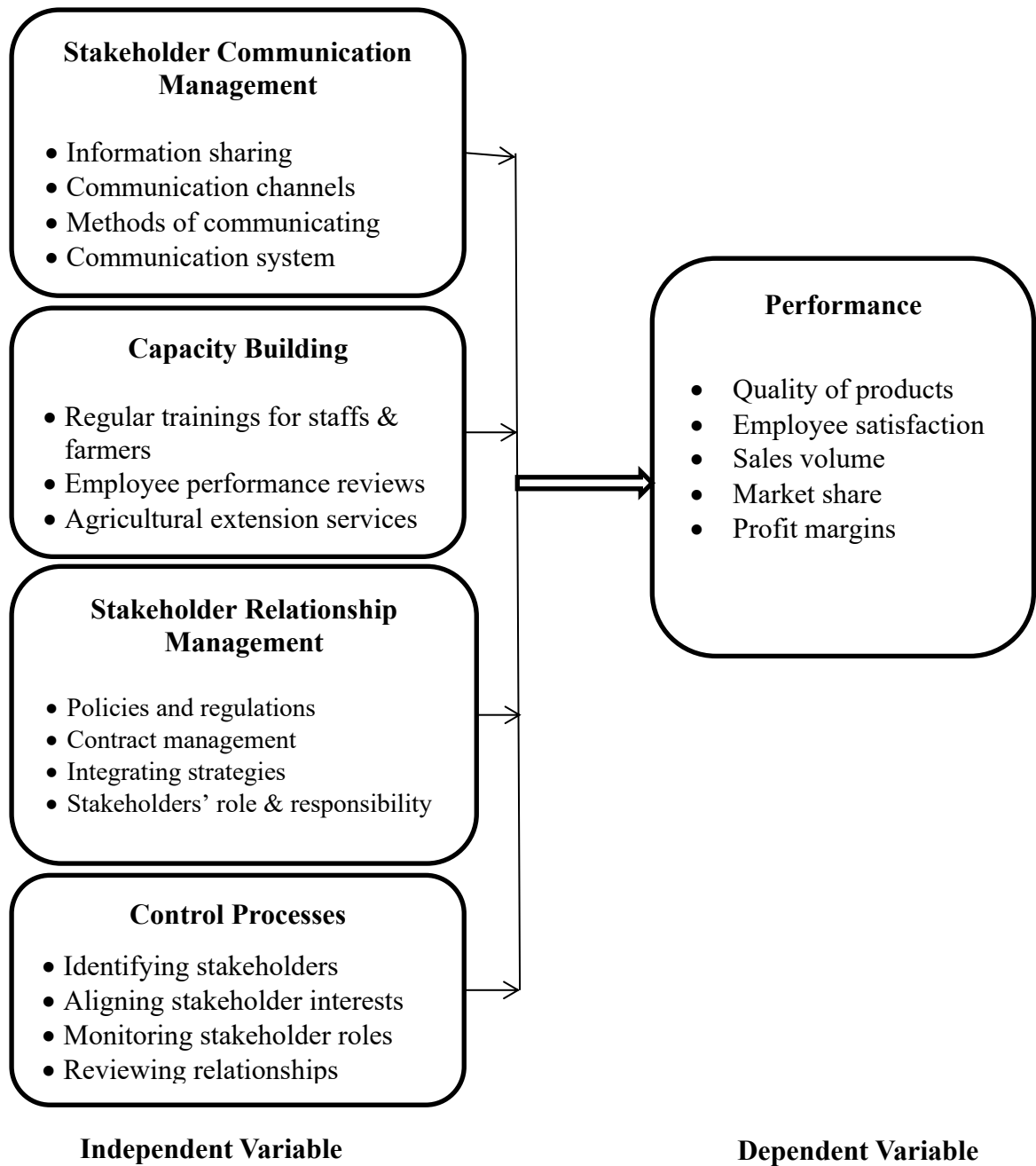


Figure 2.1: Conceptual Framework

Source: Researcher (2023).

Stakeholder engagement in this study considered four key aspects namely stakeholder communication management that was measured in terms of sharing of information, communication channels, systems and methods. It will also entail capacity building that involves regular training programs for both the staff in the sugar mills and the cane farmers, conducting of performance reviews and provision of farm inputs and extension services as a means of improving performance of the sugar mills in western region in Kenya.

Stakeholder engagement will also include managing of the stakeholder relationship through enacting policies and regulations, clearly outlining the roles and responsibilities of different stakeholders in the contract and integrating strategies that would work towards attaining of objectives for all parties. It is also about control processes that go into identifying stakeholders, aligning the interests of the stakeholder and that of the sugar mill, monitoring and reviewing the roles and relationship between the mill and the stakeholders.

The stakeholders are engaged as a means of improving performance of the sugar mills. The performance will be measured in terms of quality of the products that lead to high satisfaction rates. It also entails high sales volume that lead to increased market share that allow the sugar mills to improve earnings through high profit margins.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter discusses the methodologies that were adopted in seeking data that provided answers for the research questions. It is divided into sections covering the research design, population and sampling techniques that were adopted to get the study's sample size. The chapter also discusses the research tools were used, then collection and analysis of data and ethical considerations that were adhered to.

3.2 Research Design

The research design is overall blueprint that describes all activities undertaken to collect data and analysis to answer the research questions. According to Creswell and Creswell (2017) descriptive research design focus on answering questions on the what, when where and how of element and freely describe the situation. This study used descriptive research design by allowing the respondents drawn from the 8 sugar mills in western Kenya to clearly describe their participation in the companies. The design was also adopted by Moga and Muathe (2020) as ideal in divulging information on the study subject. Musau, Muathe and Mwangi (2018) further noted that the design is suitable in giving features of elements and gives the research a chance to get the characteristics of the study element and test it. The design describes the phenomenon and findings are presented as they are without any manipulation. This enabled the respondents to share how the different stakeholders of the sugar mills influence performance.

3.3 Target Population

The population covers the entire group of the elements that have similar traits and concerns for the study (Elfil & Negida, 2017). The population included all the stakeholders such as managers, employees, cane farmers, government officials and customers of the sugar mill products. The target population covered the 8 sugar mills located in western region in Kenya (*Appendix IV*) whose records show that the combined management team in the sugar mills is 416 people, and 6,227 employees but the focus was on 2,199 permanent employees. There are 42 government officials and 172, 000 registered cane farmers who are in 692 farmer blocs and the target was the head of the farmer blocs. The study sought the participation of these groups of people to take part in the study and shared their opinion and perspective on all stakeholders' engagement and performance. Table 3.1 shows the distribution of the target population.

Table 3.1: Target Population

No.	Description	Target Population	Percent
1.	Management team	416	12.4%
2.	Employees (PP status)	2,199	65.6%
3.	Government officials	42	1.3%
4.	Leaders of farmer blocs	692	20.7%
Total		3,349	100%

Source: Sugar-Agriculture Authority (2022).

3.4 Sampling Technique and Sample Size

Sampling is about getting a small portion of the total population to participate in a study and its findings generalized to cover the entire population. It should be representative and well-informed to give information and the findings and conclusions will be drawn from it (Elfil & Negida, 2017). This study used a two-stage sampling technique with the first being the stratified sampling technique by grouping the respondents as per role and function they handle. This ensured diversity of information as it is sourced from respondents handling different roles. Proportionate sampling was adopted in getting an equal number of respondents from each stratum, such that respondents are evenly distributed across the different respondent group. And secondly, the simple random sampling was also used in selecting the people who took part in the study based on applying the Yamane (1967) formula which obtained the sample size of 357 people. The Yamane (1967) formula assumed the 95% confidence level and 5% precision.

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size,

N = population size,

e = error rate at 95% confidence level

$$\begin{aligned} & \frac{3349}{1 + 3349(0.05)^2} \\ & \frac{3349}{9.3725} \\ & = 357 \text{ Respondents} \end{aligned}$$

Table 3.2: Sample Size

No.	Description	Target Population	Sample Size	Percent
1.	Management team	416	44	12.3%
2.	Employees on (PP status)	2,199	234	65.6%
3.	Government officials	42	6	1.7%
4.	Leaders of farmer blocs	692	73	20.4%
Total		3,349	357	100%

Source: Researcher (2022).

3.5 Data Collection Instrument

The questionnaire was used to collect primary data from the study respondents. It was well-designed and structured thus having closed ended questions that used the five-point Likert scale. The scale ranges from 1-5 where 1= no effect at all, while 5 = very large effect and thus collected quantitative data. Thomas, Oenning and Goulart (2018) stated that questionnaires are an ideal tool in collected large volumes of data as they are cheap, easy to use and can keep confidence and identities of respondents' sector. These were the reasons for use of questionnaires in collecting data from the different categories of respondents in this study.

The researcher designed the questionnaire to have different sections including demographic information of the respondents on items such as gender, position and how long the respondent has been holding that position. The other section had statements on the four independent objectives about stakeholder engagement including stakeholder communication, capacity building, relationship management and control processes.

The last section had statements on the dependent variable of sustainable performance of the sugar mills in western region of Kenya.

3.6 Pilot Study

It was done to check that the research instrument is free of errors and fit for use. The pilot study was done in Kibos Sugar Company using 17 respondents who were used in checking that the instrument is valid and reliable and its fitness for use in the present study. Those respondents who took part in the pilot were excluded from participating in the final research study. According to Mugenda (2008) sentiments, a pilot study group should be 1-10% of the sample size and hence the 17 respondents account for 5% of the sample size. The pilot study guided the researcher on the values and gains from the instrument by identifying errors and delivering accurate data.

3.6.1 Validity of the Instrument

It measures the accuracy of a research tool in its capacity to measure what it is expected to measure (Mohajan, 2017). There are several tests that can be adopted to check the validity of the instrument that can be done through content and face validity. The researcher employed content validity by assessing if the questions cover the aspects of the study and involvement of research experts and supervisor to deliver a good instrument. The views from research experts and supervisors helped in adjusting the tool to deliver a fit instrument.

3.6.2 Reliability of the Instrument

The capacity of any research instrument to deliver the same results every time it is used is referred to as reliability of the tool. Testing of reliability can be done using the internal consistency or test re-tests method. Internal consistency method was applied

by comparing the questionnaire elements and content in the study. The respondents filled the questionnaire and then results input on the Cronbach's alpha coefficient and index of 0.7 and above meant the instrument is fit for use and 0.7 and less needed the researcher to correct the tool. Chan and Idris (2017) state that a research instrument deemed as fit is one that has Cronbach's alpha coefficient index at 0.7 and above.

Table 3.3: Reliability Results

Variable	No. of Items	Cronbach Alpha
Stakeholder Communication	7	0.711
Capacity Building	6	0.743
Stakeholder Relationship Management	7	0.725
Stakeholder Control Processes	6	0.761
Sustainable Performance	5	0.788
Aggregate	31	0.746

Pilot Data Results (2023)

The aggregate score of the Alpha results is at 0.746 and individual variables have scores of 0.7 and above an indication that the research instrument is fit and ideal to use in this study. This abides by stimulation made by Chan and Idris (2017) than Alpha of 0.7 and above is a sign of fitness of the instrument.

3.7 Data Collection Procedure

Upon getting approval letter from the university and research permit from national commission for science, technology, and innovation (NACOSTI); the researcher sought permission from the management of the 8 sugar mills in western Kenya. Two research assistants were trained and used to help with data collection in the sugar mills. The researcher and research assistants distributed the questionnaires to the respondents at

their work stations, or where it is convenient for them. Most of the respondents were reached through face-to-face interaction or through telephone calls or receive a soft copy of the questionnaire in their emails. Using all these methods in data collection, the researcher aimed at increasing the response rate.

3.8 Data Analysis and Presentation

The collected data was cleaned and entered into Statistical Package for Social Sciences (SPSS v.25.0) and Ms. Excel for further analysis. Descriptive analysis was done to obtain means, percentages, frequencies and standard deviation and inferential statistics covering regression analysis. The correlation and multiple regression analysis assessed the strength of the relationship between the variables and show how each variable influences the dependent variable of performance. These findings were then presented in tables, figures, and discussions.

The regression model followed this format:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Y = Sustainable performance of sugar mills

β_0 = Constant value

β_1 to β_4 = Coefficients for determination for aspects of stakeholder engagement

X_1 = Stakeholder Communication Management

X_2 = Capacity Building of Stakeholder

X_3 = Stakeholder Relationship Management

X_4 = Stakeholder Control Processes

ε = Error term

3.9 Ethical Consideration

The researcher applied for a research permit from NACOSTI and sought permission from the management in the sugar mills in western region in Kenya. The researcher also behaved in accordance with the research ethics such as ensuring freedom to attend or decline participation in the study. The researcher did not use coercion or bribery to get respondents for the study and participation was on voluntary basis. The identities of the respondents were kept secret and confidential and there was no asking questions that might harm the respondents' well-being. All the data was used for academic purposes only and the sources were acknowledged to avoid cases of plagiarized research works.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presented the findings from the analyzed data that sought to answer the research questions. The researcher conducted descriptive, correlation and multiple regression analysis and findings are presented in tables, charts and discussion.

4.2 Response Rate

From the 357 distributed questionnaires, 259 were filled and returned, making the response rate of 72.55% as shown in this Table 4.1

Table 4.1: Response Rate

Variable	Frequency (F)	Percent (%)
Response	259	72.55%
Non-response	98	27.45%
Total	357	100%

Source: Survey Data (2024)

4.3 Bio-Data of Respondents

All respondents were asked to share the bio-data and this section presents results on their gender, the sugar mill they are attached to, the position they hold and how long they have been holding that position.

4.3.1 Gender

The respondents indicated their gender and figure 4.1 presents the findings.

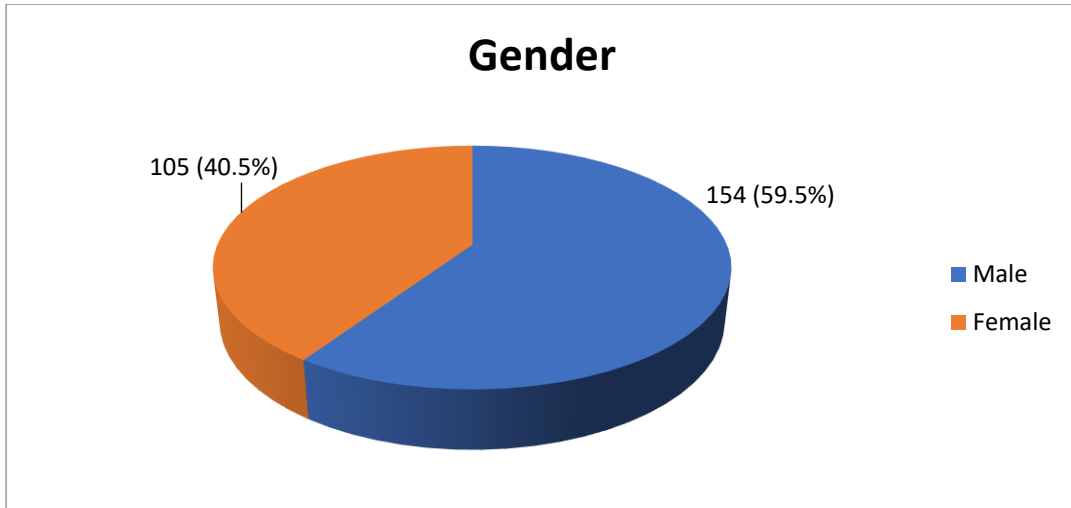


Figure 4.1: Gender

Source: Survey Data (2024)

Results indicate that there were male respondents were the majority of the respondents at 59.5% as compared to female who accounted for 40.5% of all the respondents. The disparity in gender for the respondents could be due to the sugar companies having a lot of manual and heavy-lifting duties suited for males. But either way, there was no gender bias as both genders were included in the study to get variety of responses, which Fernandez et al (2016) argues for the need in inclusion of both genders to avoid bias and misconceptions made on the subject matter.

On the sugar mill they worked in; Table 4.2 indicates their responses given:

Table 4.2: Sugar Mills Observed in this Study

Sugar Mill	Frequency	Percent
Mumias Sugar Company	38	14.7%
Nzoia Sugar Factory	36	13.8%
South Nyanza –Sony Sugar	28	10.8%
Muhoroni Sugar Company	32	12.3%
Chemelil Sugar Company	30	11.6%
West Kenya Sugar Company	31	11.9%
Kibos Sugar Limited	35	13.5%
Butali Sugar Mills	29	11.2%
Total	259	100%

Source: Survey Data (2024)

The findings show that respondents were drawn from all the sugar mills located in Western Kenya Region and hence results and conclusions can be representative of the entire region in informing policy and practice. Just as Umar and Usman (2015) shared that using all elements forming the population defies the generalization of findings because the voice of each element is included leading to an accurate representation of all elements.

4.3.2 Position

The study sought to know the position that each respondent held in the sugar mills. The results are as highlighted in Figure 4.2

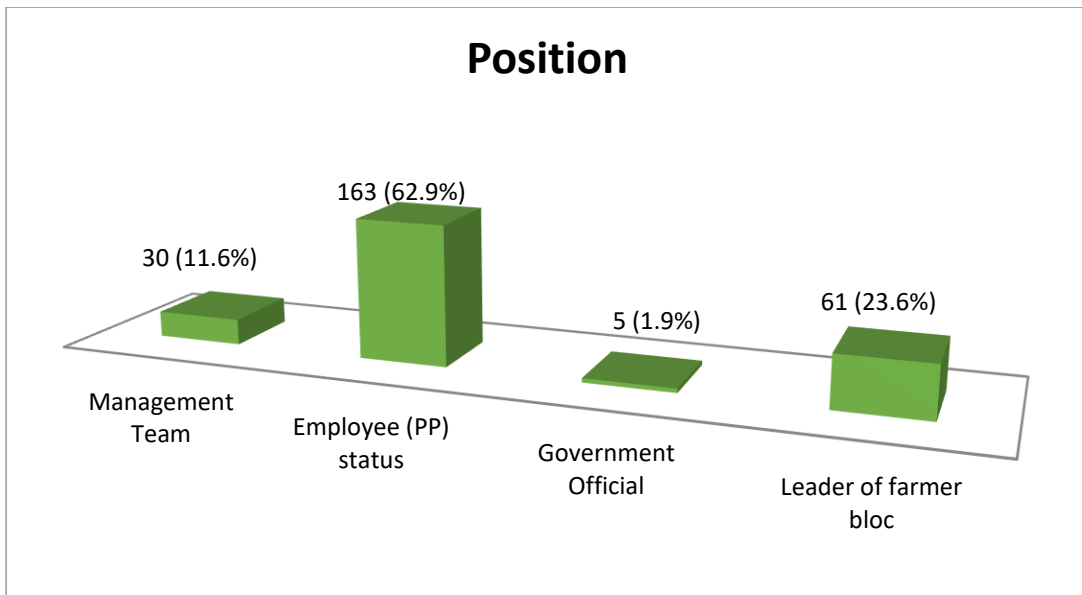


Figure 4.2: Position of Respondents

Source: Survey Data (2024)

Results noted that most of the 62.9% were employees of the sugar mills and worked on permanent and pension work status. Some 23.6% of the respondents were leaders of farmer blocs and represented the sugar cane farmers, while 11.6% of the respondents held managerial position in the sugar mills and 1.9% of the respondents were government officials handling the sugar industry. The respondents held different positions and represented a group of stakeholders involved in the sugar industry, attesting to the variability of study findings.

4.3.3 Length holding the Position

The respondents indicated the length in which they have been holding the stated position. The findings are as shown in Figure 4.3

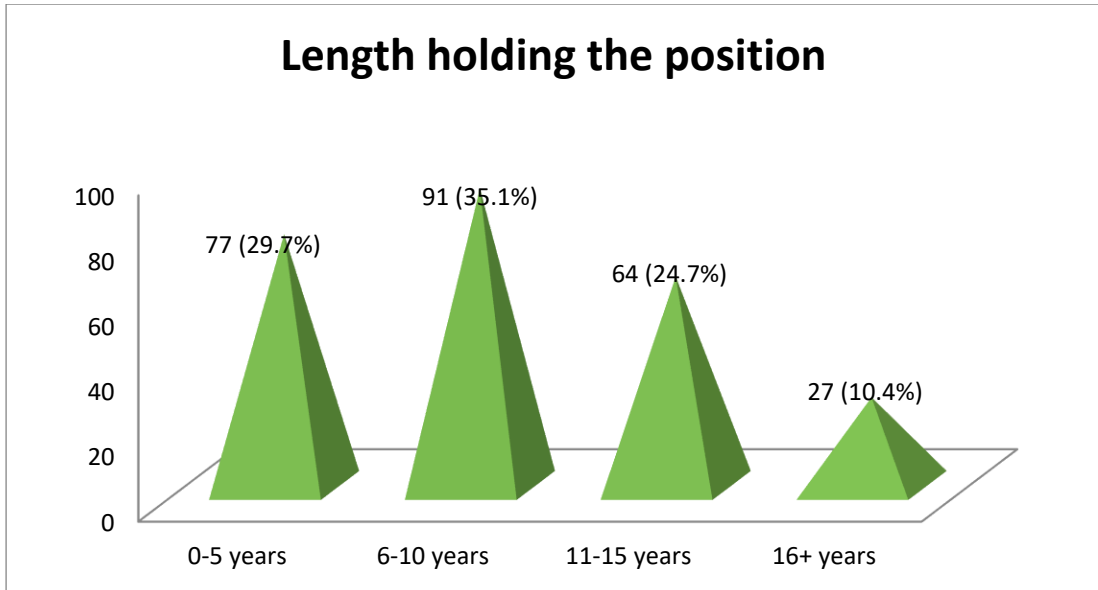


Figure 4.3: Length Holding the Position

Source: Survey Data (2024)

The findings indicate that most of the respondents at 35.1% had held the position for 6 to 10 years, while 29.7% of the respondents had held the same position for a 0-5 years period, 24.7% had held the same position for 11-15 years and only 10.4% had had the same position for more than 16 years. This is an indication that those who took part in this research had been in the sugar industry in western Kenya for quite some time and therefore had insight and understanding of the role handled by the various stakeholders and its impact on sustainable performance of the sugar mills. These respondents were then able to share valuable insight of the sugar mills and their inherent knowledge of the sector enabled them to answer the research questions and enriched the study.

4.4 Descriptive Analysis

This analysis was done on the study variables; the analysis was done using a 5-point likert scale with ranges: where 1 =No effect, 2 = Little effect, 3 =Moderate effect, 4

=Large effect and 5 =Very large effect. The results for each objective and statement in presented in the upcoming sections:

4.3.1 Stakeholder Communication

Table 4.3: Stakeholder Communication

Statement	Mean	Std. Dev.
Information sharing is encouraged at the sugar mill	3.85	1.14
An efficient communication system improves management of stakeholders	2.74	1.02
The communication is both verbal and written adopted to convey messages to the stakeholders	3.67	1.12
The communication channel is open for allowing free flow of information to all parties	3.8	1.09
Managers give instructions on work guidelines to employees	3.97	1.07
Upward communication entails feedback from employees to managers on key aspects in the sugar mill.	3.77	1.03
Communication has improved performance in the sugar mills	3.52	1.07
Aggregate	3.76	1.08

Source: Survey Data (2024)

Table 4.3 indicates that in general the respondents agreed to high scores (M=3.76, SD=1.08) that stakeholder communication influenced sustainability performance of the sugar mills in western Kenya region. This indicates that the respondents agreed that stakeholder communication especially when sharing and giving instructions on work guidelines was imperative in improving sustainable performance for the sugar mills. Just as Rajhans (2018) found that communication is an effective tool in maintaining relationships between any two or more parties and results in improved performance outcomes. The highest scores were on managers giving guidelines with scores of

($M=3.97$, $SD=1.07$) and information sharing was encouraged at scores of ($M=3.85$, $SD=1.14$) and the communication channels in the sugar mills are open to allow free information flow at scores of ($M=3.8$, $SD=1.09$). These findings concurred with Atambo and Momanyi (2016) who revealed that communication can be downward (guidelines and work instructions from managers to employees) upwards (feedback and responses given to managers) and horizontal/lateral (enhancing interactions between work teams that deliver on mandate and objectives of the organization). Communication can improve performance through avoiding miscommunication and distorting information that may result in duplication and repeating tasks.

Further findings indicate that respondents agreed to the presence of upward communication inclusive of feedback from the managers ($M=3.77$, $SD=1.03$), communication system was efficient and improved management of all stakeholders ($M=2.74$, $SD = 1.02$), there was use of both verbal and written communication in the sugar mills, at scores of ($M=3.67$, $SD = 1.12$) and study participants were in agreement that communication improves performance in the sugar mills ($M=3.52$, $SD=1.07$). Just as Haroon and Malik (2018) found that communication that is effective improves performance of the organization. Allowing flow of information from one party to another helps to maintain good relationship and built the loyalty of customers leading to higher performance outcome (Mugo et al. 2018). Furthermore, stakeholder communication as noted by Luhombo, et al. (2019) improves participation of all stakeholders and builds on team work on the organization for higher performance.

4.3.2 Capacity Building

Table 4.4: Capacity Building

Statement	Mean	Std. Dev.
The sugar mill offers regular trainings to its staff for improved competencies	3.7	1.06
The sugar mills offer apprenticeship and internships programs to staff to gain skills	3.61	1.08
The sugar mills have engaged agricultural extension officers to monitor cane growing process	3.59	1.16
The sugar mills give farm inputs to farmers including fertilizer and seeds to improve yield	3.89	1.16
The managers undertake performance reviews for all employees underneath them	3.69	1.09
The mill plans for benchmarking to learn from the best performers in the industry	3.63	1.12
Aggregate Scores	3.68	1.02

Source: Survey Data (2024)

The findings shown in Table 4.4 note that capacity building at aggregate scores of (M=3.68, SD=1.02) improved sustainable performance in the sugar mills. The aggregate scores imply that respondents moderately agreed that capacity building especially through provision of farm inputs to farmers and trainings for the employees, resulting in improved performance of the sugar mills. Building capacity entailed giving farmers farm inputs such as fertilizers and seeds as agreed by the respondents on a score of (M=3.89, SD =1.16) and providing regular trainings for the staffs with scores of (M =2.7, SD =1.06). Similar to what Karimi, et al. (2021) noted that building the capacities of the stakeholders enhanced monitoring and evaluation competencies resulting in improved performance. The researchers Ferrero et al. (2019) and Lucrezi et al. (2019)

both confirmed that regular trainings enhanced competencies that had positive impact on performance of the organization.

The findings also showed that managers undertook performance reviews at scores of (M =3.69, SD =1.09), there was benchmarking with best performing mills in the industry (M=3.63, SD = 1.12). The respondents agreed that the sugar mills offered apprenticeship and internship programs with scores (M =3.61, SD =1.08) and the agricultural extension officers were engaged to monitoring cane farming at the lowest scores of (M =3.59, SD =1.16). Just as noted by Nwankwo et al. (2017) that some of the capacity building activities entailed participating in trainings, mentoring and coaching, benchmarking and apprenticeship enhanced capabilities of the employees and resulted in higher performance outcomes. As such a key means of enhancing and sustaining performance in the sugar mills is through focusing on capacity building approaches at individual company level, community level and generally across the industry. Wanyonyi (2016) noted that educational programs, sponsorships and bursaries given to children of employees of the sugar mills and cane farmers motivated the employees to deliver on their mandate which improved performance outcomes. Thus, improvement of performance in the sugar mills was informed by enhancing capacities of the farmers by provision of farm inputs and trainings on modern farming methods and increasing competencies of the employees through training programs and reviewing work processes.

4.3.3 Stakeholder Relationship Management

Table 4.5: Stakeholder Relationship Management

Statement	Mean	Std. Dev.
The sugar mills have different contracts with the various stakeholders (farmers, workers, financiers) dictating the interaction between the parties	3.67	1.09
The sugar mill has created integrated system to reach to all stakeholders	3.63	1.06
There policies guiding on joint decision-making process	3.76	.91
All stakeholders are involved when researches are conducted	3.68	1.10
Maintaining a good relationship with stakeholders involve sharing of pertinent information	3.81	1.00
There are regulations that dictate the terms of the relationship the mill has with different stakeholders	3.54	1.03
The sugar mill seeks to build a symbiotic relationship with gains to all stakeholders	3.42	1.02
Aggregate Scores	3.64	1.03

Source: Survey Data (2024)

The results shown in Table 4.5 highlight the aggregate scores of (M=3.64, SD =1.03) on stakeholder relationship management influencing sustainable performance in the sugar mills in western Kenya. These results imply that respondents agreed at a moderate level that relationship management including sharing of key information and maintaining a good relationship with all stakeholders contributed to improved performance outcomes in the sugar mills. Belyaeva et al. (2020) argues that private sector as well as the public sector can gain by unpacking the concept of stakeholder relationship management through effective governance, participation in social activities and innovation practices that improve performance outcomes. On maintaining a good

relationship based on information sharing, was agreed by the respondents at scores of (M =3.81, SD =1) and there were policies guiding the joint decision making process at score of (M =3.76, SD =.91). Ontita and Kinyua (2020) found that sharing of returns such as money, benefits and other resources enhanced engagement of stakeholders that improved the relationship. Long-term survival of ecosystems in conservancy is based on collaborative efforts and maintaining a good relationship with the local communities as part of the stakeholders. Communication is equally important in sharing information that improves the management of stakeholder relationships, reflecting positively on attaining goals and high performance.

The findings also noted that respondents agreed to involvement of all stakeholders at (M =3.68, SD =1.1) based on contracts drawn with the different stakeholders to dictate the interaction with high scores (M = 3.67, SD =1.09) and the mills had an integrated system to reach all stakeholders with scores of (M =3.63, SD =1.06). Just as Meyer and Barker (2020) revealed that mapping and designing the involvement of all stakeholders, formal training and identifying main issues enhancing the association between the two parties. Mbelwa (2018) noted that stakeholders are involved in monitoring, evaluating and reporting on various production units, as a means of enhancing performance outcomes in the organization. Further results indicate that the presence of regulations dictated the terms of the relationship with all the stakeholders, as agreed with scores of (M =3.54, SD =1.03) and the sugars sought to build symbiotic relationship with all stakeholders where each party enjoyed and made gains from the relationship, where the scores are at (M =3. 42, SD =1.02). Similarly, Ontita and Kinyua (2020) shared that managing stakeholders improved bank performance, and the same results can be found in other organizations through effective management of all stakeholders.

4.3.4 Stakeholder Control Processes

Table 4.6: Stakeholder Control Processes

Statement	Mean	Std. Dev.
The sugar mills avoid conflicts by aligning stakeholder interests with that of the firm	3.79	1.09
The mills frequently review the relationship with different stakeholders	3.77	1.07
All stakeholders are informed of their role to play in contributing to performance of the mill	3.95	.89
Managers communicate to the stakeholders on what is expected from them	3.82	1.05
There is regular monitoring of all stakeholder function to get value from them	3.86	1.01
The managers assess contribution of each stakeholder to overall performance of the sugar mill	3.69	1.08
Aggregate Scores	3.81	1.03

Source: Survey Data (2024)

Table 4.6 results show that the respondents had high aggregate scores at ($M = 3.81$, $SD = 1.03$) on stakeholder control processes causing improved and sustaining high performance in the sugar mills in western Kenyan region. The respondents strongly agreed that controlling all processes in the sugar mills especially in informing stakeholders of their functions and roles, regularly monitoring activities and sharing on the expectations from each stakeholder; which was important in improving performance outcomes of the sugar mills. Just as Abiodun (2020) mentioned that controls practices are linked to improve organizational success, an indication of the close association between the two concepts. Kanini and Muathe (2019) noted that networks created and sustained by effective management and control practices of

organizations improve firm performance. Without proper management of stakeholders, the organization does not gain anything from the stakeholders (Boaz, et al., 2018) hence the need for proper structures and practices geared towards managing and controlling stakeholder activities.

The findings with the highest means indicate that all stakeholders had been informed of what roles to play as a means of improving and sustaining performance with scores of ($M=3.95$, $SD=.89$). There was regular monitoring of all stakeholders such as to gain value from the roles they handle at scores of ($M=3.86$, $SD=1.01$) and the respondents agreed that managers communicated to stakeholders of expectations of each party at scores of ($M=3.82$, $SD=1.05$). These sentiments were shared in the research done Yu et al. (2019) noting that when stakeholders including managers played their role, and there was an effective communication system linked to the multiple stakeholders, there was reduction in defects in the finished products. This implies that when the sugar milling companies adopt control mechanisms, they can improve the quality of finished products, earning more profit from the sales. Annosi et al. (2017) noted that stakeholders taking an active role in monitoring, controlling and evaluations improve commitment levels and enhance productivity and outcomes.

Additionally, the results highlight that study respondents agreed at a score of ($M=3.79$, $SD=1.09$) that avoiding conflicts was done by aligning interests of the sugar mills and the stakeholders, there was frequent review of the relationship with scores of ($M=3.77$, $SD=1.07$) and respondents noted that the managers often took time in assessing each stakeholders' contribution to performance of the sugar mills, at scores of ($M=3.69$, $SD=1.08$). Akisik and Gal (2017) found that constant reviews and implementing internal control measures helped improve financial performance of the organization. Thus, the

reviews and control measures adopted in organizations can enhance performance and should be embraced in all companies. Abiodun (2020) also found that control, review and evaluation practices improved success chances of organizations.

4.3.5 Sustainable Performance

Table 4.7: Sustainable Performance

Statement	Mean	Std. Dev.
The sugar mills report increased market share of their products	3.54	1.27
There is improved quality of products	3.8	1.24
There is increased profit margin in sugar mills	3.68	1.13
The employee satisfaction rates are high	3.25	1.32
The sugar mills have realized high sales volume	3.66	1.11
Aggregate Scores	3.57	1.21

Source: Survey Data (2024)

The result shown on Table 4.7 is for indicators on sustainable performance of the sugar mills in western Kenyan region. Overall, the respondents noted a moderate improvement in sustainable performance as affected by components of stakeholder engagement, as based on obtained aggregate scores of (M =3.57, SD =1.21). This implies that respondents in this study noted an average improvement in sustainable performance in the assessed eight sugar mills in the western region in Kenya. Ongombe and Mungai (2018) noted that performance is based on higher yield and returns from efficient and effectiveness processes within the internal structure of the organization. Parhi et al. (2023) shared that performance is based on the differences between inputs and outputs and measured after some time period has elapsed.

There was improvement in quality of the products ($M = 3.8$, $SD = 1.24$), increment in the profit margins ($M = 3.68$, $SD = 1.13$), the sugars mills recorded high sales volume ($M = 3.66$, $SD = 1.11$), expansion of the market share ($M = 3.54$, $SD = 1.27$) but the respondents noted the satisfaction rates of employees was low at ($m = 3.25$, $SD = 1.32$). Mbithi (2017) argues that satisfaction level of employees is one measure of organizational performance. Additionally, it entails increased sales volume, market share of the different products and quality of the finished products. Kori et al (2020) mentioned that performance measure can use financial metrics such as sales volume and profit margins or non-financial metrics such as satisfaction rates of the customers and employees.

4.4 Correlation Analysis

The analysis was conducted to assess the relationship between the study variables. The findings are as indicated in Table 4.8

Table 4.8: Correlation Analysis

		Sustainable Performance	Stakeholder Communication	Capacity Building	Stakeholder Relationship Management	Stakeholder Control Processes
Sustainable Performance	Pearson Correlation Sig. (2- tailed) N	1 259				
Stakeholder Communication	Pearson Correlation Sig. (2- tailed) N	.852 .000 259	1 .000 259			
Capacity Building	Pearson Correlation Sig. (2- tailed) N	.551 .000 259	.278 .000 259	1 .000 259		
Stakeholder Relationship Management	Pearson Correlation Sig. (2- tailed) N	.742 .001 259	.414 .001 259	.174 .000 259	1 .000 259	
Stakeholder Control Processes	Pearson Correlation Sig. (2- tailed) N	.641 .000 259	.528 .000 259	.209 .000 259	.153 .000 259	1 259

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data (2024)

The results in Table 4.8 of the correlation analysis that was carried show there is association between indicators of stakeholder management and sustainable performance at the sugar mills in western Kenya. The findings show that stakeholder

communication at ($r = 0.852$ and $p\text{-value} = 0.000 < 0.5$) exhibited positive and strong association to sustainable performance. This is based on the standard measure where r -values of 0.5 and above imply a close association and influence to the dependent variable. Therefore, the obtained results abide by and also confirm what Lopatta et al (2017) noted that proper communication systems and channels allow information flow in terms of instructions, views, suggestions and feedback and draws all stakeholders together to coordinate activities and pull efforts for higher performance outcomes. Through open communication, the stakeholders form part of the decision-making organ and ultimately yield better performance. Thus, the stakeholders involved in the sugar industry can be more effective in contributing to success of the sugar players if they get all information and pertinent news about the sector.

Additionally, the findings revealed that capacity building also had a strong link to influence of sustainable performance and the relationship was equally possible. This is based on the reported values where ($r = 0.551$ and $p\text{-value} = 0.000 < 0.5$), aligning to the arguments raised by Woldesenbet (2021) on the fact that enhancing skills, experiences and know-how of stakeholders is a valuable asset that can help in pushing the agenda of either the community, government or market. As such, enhancing the capacity and competencies of stakeholders improves commitment and creates a sense of belonging that impact on operations and performance outcomes. Additionally, skilled and experienced stakeholders are able to make better decisions which is necessary in the quest of reviving the sugar industry in Kenya.

The results also showed that stakeholder relationship management at ($r = 0.742$ and $p\text{-value} = 0.000 < 0.5$) led to improved sustainable performance in the sugar mills. Since the values are closer to 1, then the relationship is both strong and positive, as such they

contributed to improved performance. Sentiments shared by Kimutai and Kwambai (2018) argue that with a proper structure of engaging and involving stakeholders, it is nearly impossible to attain high organizational performance. When an organization has an extensive list of stakeholders both internal and external and with a working structure, they it enables the organization to meet its target. The stakeholders especially financiers and employees who execute matters are important in attaining organizational goals.

The study findings also indicate that stakeholder control processes with values of ($r = 0.641$ and $p\text{-value} = 0.000 < 0.5$) had a positive and significant link to sustainable performance. This is echoed by Karimi et al (2020) whose research focused on the education sector and shared that success of the sector is linked to involved of stakeholders both during the implementation of programs as well as evaluating, monitoring and controlling the programs to meet the set objectives. The control processes ensure that resources are used properly and for what it was meant for according to the strategic plan. Hence, involvement of different stakeholders, reminding each person of their role and responsibility and frequently reviewing the work, contributes to organization's meeting their mandate and goals. There is need for control process when handing stakeholders for sustaining high performance of the sugar mills.

4.5 Multiple Regression Analysis

It was conducted through model of summary, ANOVA and regression beta coefficient tests to assess the strength of association between the four stakeholder management practices and influence on sustainable performance in the sugar mills located in western Kenyan region.

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.844a	.712	.709	.60379

Source: Survey Data (2024)

Findings in Table 4.9 show that there was a strong and positive association between stakeholder management practices and sustainable performance in the sugar mills based on correlation coefficient results where $R = 0.844$. The regression model was found to be fit based on coefficient of determination scores where $R^2 = 0.712$. The results found on the adjusted $R^2 = 0.709$ imply that 70.9% changes in sustainable performance of the sugar mills is due to stakeholder management practices. There is also a residual effect of 29.1% of other practices and factors that influenced in sustainable performance in the sugar mills that was excluded in this study and can be covered in future researches.

These findings are also shared by Ontita and Kinyua (2020) confirming that improved firm performance was informed by management of stakeholders and ensuring there is a structure and format in engaging all stakeholders. As such, there are better results in terms of increased sales volume, market share, effective and efficient production processes and high quality of products and services; when the stakeholders participate in planning firm activities, mobilize resources, execute plans and review the outcomes. This indicates that realization of improved firm performance among the assessed sugar milling companies, as based by aspects of stakeholder engagement. This is informed by stakeholders including the government officials from the ministry of agriculture, farmers and representatives of the farmer blocs, the local community and staffs of the

sugar mills participating in planning, resource budgeting and allocation, implementing the strategic plans and conducting reviews, appraisals and M&E.

Table 4.10: Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.019	4	3.755	2.729	.000 ^b
	Residual	349.602	254	1.376		
	Total	354.661	258			

a. Dependent Variable: Sustainable Performance

b. Predictors: (Constant), Stakeholder Communication, Capacity Building, Stakeholder Relationship Management, Stakeholder Control Processes

Source: Survey Data (2024)

The findings in Table 4.10 are based on the conducted ANOVA test done at significance level of 0.05. The F calculated is 2.729 while F critical is at 2.1318. This shows that F calculated at 2.729 is greater than F critical at 2.1318 an indication that the regression model is fit, ideal and good enough for use in this research. The p-value of 0.000 is less than the standard set 0.05 indicating that at least one stakeholder management practice (stakeholder communication, capacity building, stakeholder relationship management, and stakeholder control processes) influence sustainable performance of the sugar mills in western Kenya region.

Table 4.11: Coefficient of Beta

Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
	B	Std. Error	Beta			
1 (Constant)	11.023	2.927			3.766	.000
Stakeholder Communication	2.214	.684	1.175		3.236	.011
Capacity Building	.826	.629	.459		1.313	.000
Stakeholder Relationship Management	1.004	.507	.502		1.981	.002
Stakeholder Control Processes	1.92	1.486	.999		1.292	.043

a. Dependent Variable: Sustainable Performance

$$Y = 11.023 + 2.214X_1 + 0.826X_2 + 1.004X_3 + 1.92X_4$$

The results show that at constant performance of the sugar mills in western Kenya is at ($\beta_0 = 11.023$), indication that that is the sustainable performance when all other practices and factors are held constant. Further findings indicate that stakeholder communication positively and significantly affected sustainable performance of the sugar mills in western Kenya region. This is influence by the beta results where ($\beta = 2.214$, $p = 0.011 < 0.05$), which is echoed by findings by Haroon and Malik (2018) revealing that organizational communication significantly impacted the performance of organizations. In addition, Mugo et al. (2018) study findings showed the relationship of communication and performance of the DT-SACCOs was positive and significant. This is an indication that communication is essential when working with different stakeholders which helps reduce misunderstandings, conflicts and disagreements.

Engagement is possible whenever all the different parties are in the know on what is happening and what is expected of them.

Results also showed that there was a positive and significant effect between capacity building and sustainable performance due to ($\beta = .826, p = 0.000 < 0.05$). Just like in the study by Karimi et al. (2021) where it was revealed that capacity building of the stakeholders had positive influence on performance of education programs. Nwankwo et al. (2017) revealed that aspects of capacity building such as benchmarking, mentoring, coaching, trainings and apprenticeship improved the performance of the cooperatives. The capacity building strongly and positively influenced performance outcomes in terms of high market share, sales volume and quality of the varied products. While Lucrezi et al. (2019) results showed that training as an aspect of capacity building had positive effect on success of the conservation efforts. Improving skills, capacities and competencies leads to efficient execution of assignments resulting in high performance. This is essential when seeking to uplift performance outcomes of the sugar mills operating in western region in Kenya.

The study findings were such that stakeholder relationship management had positive and significant effect to performance of the sugar mills as based on the beta coefficient results of ($\beta = 1.004, p = 0.002 < 0.05$). The finding is similar to what Ontita and Kinyua (2020) found that management of stakeholders resulted in improved bank performance. Similarly, Burgoyne and Mearns (2017) found that managing the stakeholder relationships resulted in higher performance outcomes for communication conservation efforts. Proper management of all stakeholders implies that efforts are drawn together and there is sharing of information and interests resulting in better yields. Thus, managing the relationship of all organizational stakeholders ensures it is productive and

profitable to the organization. Additionally, the relationship is strengthened when both parties gain from each other, as such the organization gains from presence of the stakeholders and the stakeholders gain from their association with the firm.

On stakeholder control processes, the findings showed there was positive and significant association to sustainable performance for the sugar mills in western Kenya region. This is based on beta coefficient results of ($\beta = 1.92, p = 0.043 < 0.05$), showing that stakeholder control processes led to improved sustainable performance. Akisik and Gal (2017) found that implementing stakeholder control measures improved financial performance. According to Abiodun (2020) the study findings showed positive association between internal control elements including audits, monitoring and evaluating risks and success of organization. Annosi et al. (2017) shared that internal control systems impacted on team identities and performance of the organization. Control systems ensures effective use of resources, keeping to the timelines and mandate and reducing wastages and loss, as essential components for improving performance.

CHAPTER FIVE

SUMMARY CONCLUSIONS, RECOMMENDATIONS

5.1 Introduction

The chapter presents the study's key findings and summaries it in the upcoming sections. There is also a section on the drawn conclusions made from the findings and presents the recommendations needed in practice and policies. The last section gives suggestions to future researchers and authors on areas to conduct new researches to expand knowledge in the study area.

5.2 Summary of the Study

The Kenya sugar industry has experienced low sugar production, growing long-maturing cane variety and loss-making processes and break-down of machines in the sugar mills causing an overreliance to sugar importation. The farmers in the sugar belt -western region often complain of delays in harvesting of mature cane and payments are irregular and takes as long as three years to be paid, leaving the farmers in poverty. To revive the sector and convert it to become a success, needs the involvement of all parties. This study sought to assess the influence of stakeholder engagement on performance of sugar mills in western region in Kenya.

The study was anchored on balanced scorecard model and supported by stakeholder theory and human relations theory. It was done on basis of descriptive research design and primary data was collected from the filled structured questionnaires. Thereafter, descriptive, correlation and regression analytical methods were used to assess the collected data and obtain meanings and interpretations that was useful in the current

research. The analysis helped in determining how the four aspects of stakeholder engagement influenced firm performance outcomes.

The research results indicated that effective communication amongst all stakeholders improved the performance of the sugar mills. Effectiveness of communication systems and channels entailed sharing of information, free information flow, and giving either instructions or feedback on the work assignments. Communication allowed for better integration and collaborative efforts in handling work assignments that contributed to high performance outcomes in the sugar mills. From the conducted regression analysis, the results imply that the association between stakeholder communication and sustainable performance in the sugar mills was both positive and significant.

Further results showed that building the capacity of the different stakeholders including farmers, employees of the sugar mills, agricultural extension officers and other government officers contributed to high and sustainable performance of the sugar mills. Capacity building equally entailed getting farm inputs, accessing trainings, and internship and apprenticeships that enhance skills, competencies and capabilities which will positively reflect on execution of work tasks and attaining organizational goal. The beta coefficient results indicate the relationship between the variables was strong and positive and that capacity building contributed to the performance of the sugar mills in western Kenya.

The study also found that one the key aspects that contribute to sustainable and high performance of the analyzed sugar mills was effective management of the stakeholder relationship. This is based on high scores in the conducted regression analysis, showing that interaction of stakeholders in sharing pertinent information, joint decision-making

process and involvement in all firm activities resulted in better performance outcomes. The findings imply that effective stakeholder relationship management resulted in improved sustainable performance in the sugar mills located in western region in Kenya.

The study also found that when each stakeholder was informed of what is expected of them, their roles and responsibilities, it is what contributed to high performance outcomes. The control process also entailed regularly monitoring, reviewing and assessing all stakeholders' interests and aligning expectations as a way of reducing disagreements that cause disruption of work. Findings from multiple regression analysis noted the association was positive and significant to performance of the sugar mills. It indicated that stakeholder control processes adopted in the sugar mills resulted in improved performance outcomes.

5.3 Conclusions of the Study

Revival of the sugar sector and returning the sugar mills to profitability and sustaining high performance will need the contribution of all stakeholders. Poverty reduction and stopping the overreliance of sugar imports can only work when the concerted efforts by stakeholders to work towards the growth and establishment of the sector. Since the sector contributes to the country's economic growth, and creates direct and indirect employment opportunities, besides supporting over a hundred thousand households. The mechanisms including bailing out the sugar mills by government has not worked to stabilize the sector and sustain high performance outcomes. Thus, the interest in considering engagement of all stakeholders in the sugar sector.

The study recognizes that engagement of stakeholders is a daunting task and there is need to consider some of its aspects such as communication system, channels and information flow; the capacities and competencies of stakeholders and where there are gaps, the means to build it up, and the management of the relationship between different stakeholders and how best to control the link and process. These constructs are what informed the conceptualization of this research as communication management, capacity building, relationship management and control processes for all stakeholders of the sugar mills in a quest to improve and sustain high performance.

Therefore, as projected in this research, the study established that engagement of the different stakeholders resulted in improved performance across all the eight sugar mills located within the western region of Kenya. Sustaining high firm performance was largely influenced by stakeholder communication management that allowed flow of instructions, feedback and reviews which contributed to efficient production processes. Additionally, managing the relationship of all stakeholders ensured little or no conflicts by aligning each stakeholder's needs and interests to that of the sugar mill. Although, there are still challenges in involvement of small-scale farmers and local community members who feel left out in the decision-making process and may account for fluctuating performance of the sector. Stakeholders lacking a concrete agreement and contract with the sugar mills are often neglected and left out of the decision-making table, which impacts on sustaining performance outcomes.

There are equally gaps in capacities, skills and competencies of stakeholders of the sugar sector, which causes inefficiencies such as growing long-maturing cane variety as compared to neighboring sugarcane growing nations. With the high corruption incidences reported in government ministries and agencies, and cases of

mismanagement of resources, the need for control, evaluations and monitoring of activities in the sugar mills is important. The focus is in empowering stakeholders and encouraging their involvement in all activities that involve sugar production from growing of the cane to the last stage of consumption of sugar products. Based on the collected and analyzed data, it is clear that the stakeholders play an important role and are an asset in contributing to success and sustaining high performance outcomes in the sugar mills.

5.4 Recommendations for Policy and Practice

This study basically was seeking a means of improving and sustaining performance of the sugar sector that is largely done in the western Kenyan region. Although, the study findings indicated an improvement in performance of the eight sugar mills, the mills have been unable to sustain high for long period. All governments that have come into power have at one point or another bailed out the sugar manufacturing companies but with incidences of corruption and mismanagement of resources; the mills go back to the cycle of debt and unpaid dues to farmers and employees and seasons of downgrading and reduced/closure of cane crushing. Focusing on sustaining performance, the study makes these recommendations:

For policy implications; the ministry of agriculture which is now a devolved function through the department of crop development and agriculture research should seek out cane varieties that are fast-maturing and high yield to give to farmers for growing. The ministry should equally deploy agricultural extension officers across all the farming blocs to train farmers on modern agricultural practices. The agriculture ministry can also work with other research agencies including Kenya Agricultural and Livestock Research Organization (KALRO) in getting the best cane varieties suitable for western

region. This is because capacity building was found to significantly affect performance outcomes in the sugar mills. Therefore, by researching and delivering the best cane variety and provision of extension workers, there will be increased yield and better performance outcomes.

Internally, the human resource department working together with the training and development and finance departments should have programs such as internships, apprenticeships, benchmarking and workshops/seminars for the workers to empower and increase their skills. The HR and training teams actualize the trainings, while finance allocates a budget for the different programs with the authorization of either the managing director or CEO of the mill. This is based on capacity building contributing to better performance in the sugar mills.

To enhance and sustain better performance by the sugar mills, the government through the ministry of agriculture and working with the parliament needs to set policy on protecting the sugar industry. There should be a ban on sugar importation and in instances of shortages short-term measures should be taken. The parliament should develop working structure on what happens when the demand – supply is not matched in a manner to protect the sugar industry. This is due to control processes found to have contributed to performance of the sugar mills. The policy, ban and framework in handling importation and shortages will still protect the sector while making provision for supply of the product to the general public.

Additionally, to maintain high quality sugar products that do not harm consumers, there is need to engage regulatory bodies such as Kenya Bureau of Standards (KEBS) and the mills having frequent internal checks on its processes. The involvement of internal

assessors and external from the health department will ensure quality sugar products are released to the market for consumption.

The study also recommends that the human resource managers and public relations/corporate affairs officers to constantly inform the public including the surrounding community members, the cane farmers and local leaders on workings of the sugar mills. One of the ways of sustaining high performance is linked to good communication where there is flow of accurate and timely information. In addition, communication ensures the sugar mill can maintain good working relations with all its internal and external stakeholders. As such there will be integration, collaborative efforts and involvement of all stakeholders, which increases the chances of recording high performance scores and sustaining it.

Maintaining a good relationship with stakeholders is imperative and can involve; public forums arranged for cane farmers in the sugar belt, working with the local communities and leadership. The general public as customers of the sugar mills should equally be informed on the workings in the sugar mills. This can be done through nationwide distributed newspapers or public forums as indirect stakeholders in the sugar sector. Thus, the actions of the management team in the sugar mills directly affects formation and maintaining a good working relationship with all stakeholders. This is because stakeholder engagement in all phases and activities in the sugar mills is important in successful outcomes and sustaining high performance.

Finally, in order to attain and sustain high performance in the sugar mills, and get a permanent solution to perennial problems that have make the sector unstable; all stakeholders must be engaged in activities of the sugar mills. The sugar sector has

untamed capacities to contribute to GDP, economic empowerment of the people, poverty reduction and provision of social amenities, if only it can sustain high performance. Therefore, there is need for lobbying for effective policies and changing the working structure in the mills through inclusion of stakeholders.

5.5 Suggestion for Further Research

The present research was done in sugar mills located in western region in Kenya, thus, future researchers can consider sugar mills in other regions/location in the nation to compare findings; including Kisii and Trans Mara Counties for comparison purposes. The study covered stakeholder management in sugar mills and future researchers can consider other sectors such as tea growing, coffee farming, government entities and financial services sector to find out how stakeholders impact on performance in these industries. The study found a residual effect of 29.1% representing other factors that are out of the study's scope and which contributed to high sustainable performance in the sugar mills. As such, future researchers can conduct further research to understand the other factors contributing to performance of the sugar mills in western region in Kenya.

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APPENDICES

Appendix I: Questionnaire

Kindly tick in the space provided for the corresponding response for each of the statements/questions

Section A: Bio-data of the Respondents

1. Gender

Male [] Female []

2. Which Sugar Mill do you work in?

.....

3. What post/role do you hold in association with the sugar mill?

Management Team []

Employee (PP) status []

Government Official []

Leader of farmer bloc []

4. How long have you held this position?

0-5 years []

6-10 years []

11-15 years []

16+ years []

Section B: Independent Variables

Kindly use the five-point likert scale to rate the extent to which you agree/disagree with these statements. The range is 1-5 where 1 =No effect, 2 =Little effect, 3 =Moderate effect, 4 =Large effect and 5 =Very large effect

5. Stakeholder Communication

Kindly rate the extent that you agree with these statements

Statement	1	2	3	4	5
Information sharing is encouraged at the sugar mill					
An efficient communication system improves management of stakeholders					
The communication is both verbal and written adopted to convey messages to the stakeholders					
The communication channel is open for allowing free flow of information to all parties					
Managers give instructions on work guidelines to employees					
Upward communication entails feedback from employees to managers on key aspects in the sugar mill.					
Communication has improved performance in the sugar mills					

6. Capacity Building

Rate the extent that you agree with these elements on capacity building

Statement	1	2	3	4	5
The sugar mill offers regular trainings to its staff for improved competencies					
The sugar mills offer apprenticeship and internships programs to staff to gain skills					

The sugar mills have engaged agricultural extension officers to monitor cane growing process					
The sugar mills give farm inputs to farmers including fertilizer and seeds to improve yield					
The managers undertake performance reviews for all employees underneath them					
The mill plans for benchmarking to learn from the best performers in the industry					

7. Stakeholder Relationship Management

Kindly rate the extent that you agree with these statements

Statement	1	2	3	4	5
The sugar mills have different contracts with the various stakeholders (farmers, workers, financiers) dictating the interaction between the parties					
The sugar mill has created integrated system to reach to all stakeholders					
There policies guiding on joint decision-making process					
All stakeholders are involved when researches are conducted					
Maintaining a good relationship with stakeholders involve sharing of pertinent information					
There are regulations that dictate the terms of the relationship the mill has with different stakeholders					
The sugar mill seeks to build a symbiotic relationship with gains to all stakeholders					

8. Stakeholder Control Processes

Rate the extent that you agree with these aspects on stakeholder control processes

Statement	1	2	3	4	5
The sugar mills avoid conflicts by aligning stakeholder interests with that of the firm					
The mills frequently review the relationship with different stakeholders					
All stakeholders are informed of their role to play in contributing to performance of the mill					
Managers communicate to the stakeholders on what is expected from them					
There is regular monitoring of all stakeholder function to get value from them					
The managers assess contribution of each stakeholder to overall performance of the sugar mill					

Section C: Dependent Variable

Kindly use the five-point likert scale to rate the extent to which you agree/disagree with these statements on performance of the sugar mills.

9. Performance

Statement	1	2	3	4	5
The sugar mills report increased market share of their products					
There is improved quality of products					
There is increased profit margin in sugar mills					
The employee satisfaction rates are high					
The sugar mills have realized high sales volume					


THE END

Appendix II: List of Sugar Mills in Western Kenya

1. Mumias Sugar Company
2. Nzoia Sugar Factory
3. South Nyanza –Sony Sugar
4. Muhoroni Sugar Company
5. Chemelil Sugar Company
6. West Kenya Sugar Company
7. Kibos Sugar Limited
8. Butali Sugar Mills

Source: <https://sugar.agricultureauthority.go.ke/index.php/sectors/stakeholders>

Appendix III: NACOSTI Permit




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