



# **INDUSTRIES AND COMMUNITIES**

**symbiotic dependency and sustainability  
of the Magana town industrial park in Kenya**

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*Full Length Research Paper*

# **Industries and communities: symbiotic dependency and sustainability of the Magana town industrial park in Kenya**

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Industrial development is perceived as an important indicator of economic growth. Though industries may be elected by private and public parties to provide goods and services at a market price, their existence at a place or region can change forever the intricate relations and interactions of a community within its environment. The situation of industries in rural areas affects rural economies by creating a demand for labour, agricultural goods and services while also opening up the areas to in-migration, increased settlements, spatial concentration of amenities and infrastructural development. In general, industrial location could change the life of communities directly and indirectly in a way that older living patterns can never be recaptured. Hence, industry-community linkages arise warranting an evaluation of the nature, the benefits and the impacts from the two dimensions. This paper thus explores these issues grounded on the following questions: are industries 'attracted' to locate in some locales by community-based variables that is, demographics, labour characteristics, prevailing socio-economic activities within the area? do industries utilize the community advantages that propel them to locate at a place and do communities contribute to their operations? do communities that 'host' industries reap benefits from them for individual and communal development? how can rural industrial parks contribute tangibly to community level development leading to sustainable development? The findings discussed in this paper are derived from a survey targeting a peri-urban industrial park located in the periphery of Nairobi city. It drew from a sample of 902 respondents, several key informant interviews and focus group discussions with segments of the community. The findings prove that industries can indeed contribute to community change and that communities can reap benefits from industrial operations for their own development and sustainability. However, the extent of these two-way flow of benefits are dependent on: the level of interaction between host community and industry, the employment ratio of community working in industry, the CSR policy and practice embraced by the companies and the good will of community leaders to connect their operations with the ideals of CSR practiced by the companies.

**Key Words:** Industry-community relationships, corporate social responsibility.

## **INTRODUCTION**

Industrial development is everywhere perceived as a mark of economic growth. Though industries may be initiated by private and public parties to provide goods and services at a market price, their existence at a place or region can change forever the intricate relations and interactions of a community and its immediate environment.

The situation of industrial location in rural areas especially affects rural economies by creating a demand

for labour, agricultural goods and services while also opening up the areas to in-migration, increased settlements, spatial concentration of amenities and infrastructural development. In general, industrial location changes the life of communities directly and indirectly in a way that older living patterns can never be recaptured. Hence, industry-community linkages arise, warranting an evaluation of the nature, the benefits and their impact from the two dimensions.

This paper thus explores these issues grounded on the following questions:

- Are industries 'attracted' to locate in some locales by community based variables that is, demographics, labour characteristics, and prevailing socio-economic activities within the area?
- Do industries actually utilize community advantages that propel them to locate there and do communities contribute to their operations?
- Do communities that 'host' industries experience real changes in their patterns of living and do they consequently reap benefits for individual and communal development?
- How can rural industrial parks contribute tangibly to community level development leading to sustainable development?

This paper addresses these issues and seeks to prove that industries can indeed contribute to community welfare and that communities can take full advantage of proximate industries for their own development and sustainability. The paper utilizes empirical data gathered in a larger study that sought to investigate the multi-dimensional impacts of rural industrial parks focusing on a peri-urban industrial park located in the periphery of Nairobi and the community adjacent to it. The study employed a quasi-experimental and an exploratory survey design targeting 9 villages proximate to the industrial park. A total of 902 households were studied with another 100 households falling in the control group of communities living further from the park. Key informant interviews and focus group discussions were held with the company workers, government officials and other community stakeholders. Company profiles of 5 out of the 12 industries in the park were obtained as well as an environmental audit.

#### **Literature review**

#### **Industrialization, decentralization and poverty reduction in Kenya**

The Kenya Government's Poverty Reduction Strategy Paper (PRSP) and the 9<sup>th</sup> National Development Plan (2002-2006), identified decentralization as an important mechanism for improving rural development, resource utilization, governance and poverty alleviation. The key objectives were to broaden the base of rural development by moving decisions on planning and management to district-specific projects closer to the point of implementation, encourage local participation in order to improve problem identification, resource mobilization, promote equity, bring about balanced development, arrest rural urban migration, increase coordination and organization, sharing of development projects between rural people and government, increase employment opportunities in rural areas and enhance utilization of local public resources (Republic of Kenya 2002; and

PSRP, 2004).

According to Kenya's Vision 2030, the country's overall national development objectives embrace an accelerated economic growth, through increased productivity and enhanced agricultural and industrial production, thereby increasing employment opportunities, an equitable distribution of income, and reduction of poverty (Republic of Kenya, 2007). In this trajectory, rural Industrialization is targeted as a key strategy for deepening the economic gains of the citizens hence reducing poverty levels. Thus, in recent years, Kenya has been pursuing a strategy of revitalizing rural based industries as a way of rejuvenating the rural economy. This is also expected to slow down the problem of rural-urban migration by creating jobs that can retain youth in the rural areas. However, this policy continues to experience successes and failures in almost equal measure. More importantly is that industrial development in the country often takes the form of externally driven process and is often oblivious of the life of the communities within which industries operate. This paper thus seeks to show that industries and communities have intricate relations that should be understood from a linkages perspective and that the success of industrial growth should also be viewed through the lenses of immediate communities and not always in terms of national development.

#### **Rural based industrial parks as drivers of social development**

Socio-economists argue that rural industrial parks should generate desirable social and distributional impacts rather than create social vulnerabilities. However, more often than not, rural industrialization disrupts and negatively changes the community structures while in essence dislocating settlements. According to UNIDO, (2011) rural industrial growth must be seen from the perspective of social sustainability. Industrial expansion should be done with a consideration of the community's social-cultural context, community economy including livelihood options as well as its aspirations.

Social sustainability can be enhanced if:

- (i) Relevant social issues and risks, as well as strategies to mitigate these and increase social benefits, are identified early during location and adequately addressed by government and investors;
- (ii) The interests of vulnerable groups and women are considered explicitly; and
- (iii) Generation of local employment, transfer of technology, and direct or indirect (For example, via taxes) provision of local public goods is part of industrial design (UNIDO 2011).

Socio-economists argue that even economically viable and sustainable industrial expansion may have undesirable social consequences if they involve uncompensated displacement or if benefits bypass

vulnerable groups or are captured by local elites. A thorough understanding of cultural context, sources of vulnerability, potential for conflict, and livelihood and food security strategies, can help identify design options to reduce risks and maximize positive impacts at the community level. Industries require large land allocation both for operations and material storage. Large-scale investments in land have the potential to transform communities. They can affect the sources of people's livelihoods, the resources available to them, and the relationship between groups (UNIDO, 2001). The vulnerable, in particular, are likely to be very sensitive to changes in resource allocations or re-distribution.

Whether the results of these dynamics are positive or negative depends at times on a country's industrial policy, legal and institutional framework and its implementation capacity; the intrinsic design of the industrial development and how it is executed; and on the arrangements made by and with investors. Unfortunately, social impacts of land-extensive agri-business investments are rarely the focus of either governments or investors (UNIDO 2001). There is more often the assumption that industrial expansion will automatically herald positive social effects as resources pour in and job are created. The inflow of novel skills is also often associated with technological transfers and infrastructure development. The translation of such benefits at the community level is however not automatic but would require a more deliberately coordinated programming. Yet the potential for countries to work towards meeting social objectives through integration of investment opportunities into national and local development plans remains largely untapped.

Likewise, mechanisms to safeguard populations from the negative effects of industrial investments may not achieve their intended purpose without the conscious integration of industrial planning and community well being. Though written into legal frameworks, investor plans and agreements, frequently implementation or enforcement of such mechanisms is lacking. Moreover, governments and investors usually lack the capacity to estimate macro-level and indirect effects of industrial investments, sometimes leading to an over-estimating of benefits and an under-estimation of adverse effects. In some cases, this scenario may create local level conflicts substantially decreasing the potential positive social effects of industrial expansion and investments.

Another overriding objective for rural industrial location is equity in the sharing of benefit as opposed to community disenfranchisement which often occurs as projects are elected. This call for ensuring that individuals materially affected by such investments whether directly or indirectly are involved in making key decisions. Where there may be losses to individuals, these should be adequately and fairly compensated. Other issues of concern include gender and vulnerability of groups. The cultural context, harmony, livelihood and food

security matters must also be taken into consideration. For instance, if there are complications arising from the investments, cultural and gender sensitive solutions should be sought. Hence, industrial investments in rural areas ought to properly foster equitable, sustainable social development.

On another level, there is need to put in place mechanisms to ensure local people acquire jobs on first priority, acquire skills and technologies required by industrial establishment and benefit from improvements in local infrastructure such as telephone and electricity installations. Maximizing benefits accruing to communities often requires social and economic analysis often done to project the direct impacts of any proposed large-scale industrial investment on the vulnerability of affected populations. Even somewhat positive impacts that could be expected need to be properly analysed at depth. For instance, a demand for wage labor could negatively affect agriculture production and lead to food insecurity or the opening of new markets could deprive local people the opportunity to trade their locally produced goods in nearby locations (Besser et al., 2004).

Further, since the largest negative impact of industrial establishment projects in rural locations is likely to be displacement, mechanisms to avoid loss of land rights without adequate compensation in these investments should be developed and ensured. As contracts are being drawn up, investors and governments as well as local administration should integrate adequate consideration of the rights of those that may be displaced by an investment. In such contracts, those losing land rights should be compensated prior to actual implementation of the project. The aim is to ensure that their lives are not unduly disrupted and that they are able to maintain as close as possible their previous livelihoods (UNIDO, 2011). They should also aim at protecting people's culture and social structures as much as possible.

There is also need for all stakeholders to take stock of the expectations held by a community at the onset of the industrial expansion in their area. Among the commonly held expectations that communities might have include:

**a) Creation of employment:** One of the most significant expected impacts of industrialization is the increment in employment and a rise in incomes of the adjacent communities. After industrial set-up, employment levels must also be analysed to understand if entry into jobs is at all levels or on one spectrum of employment. Analysis must also be able to measure if people exit more lucrative and sustainable employment and enter into industrial employment only because of the guaranteed incomes and if industrial employment policy is supportive of existing community livelihoods.

**b) Accessibility to public utilities:** Accessibility to public utilities due to industrial park location is an obvious

community expectation. These include access to electricity, telephone services, and water supply. In addition, it is expected that industrial parks make impact on infrastructure development such as increasing feeder roads and thus an increase in associated traffic, use of vehicles, bicycles and other means of transport. Human traffic also increases with industrial development.

**c) Impacts on the socio-economy:** Rural industrial parks are expected to have far reaching economic impacts at the local and national level. This is because they spur growth in other sectors and revitalize activities that may have been on the downward trend. They may boost the local economy through encouraging secondary development which may occur on the peripheral of the industrial activity along new access roads, utilities and towns, which will be established to serve industrial facilities. Employment opportunities created during the construction and operation phases can spur the local economy as well. Through growth of industry and business, there may be rapid increase in workforce population due to an influx of migrant workers, and the growth of nearby town centres. In the long run, such industrial parks can also transform an area into a semi-rural /urban slum, with increased crime and other social vices. Population rise with the influx of labourers may suddenly cause pressure on the need for food, water, shelter, sanitation, medical services, transportation, education and other social services. If not properly planned and managed, fulfilling these basic needs may become a burden and could cause severe social problems.

### **Impacts on poverty reduction**

The persistence of poverty is linked to its interlocking multidimensionality: it is a dynamic, complex, institutionally embedded, and a location-specific phenomenon (Narayan, 1999). A classic definition of poverty sees it, as "the inability to attain a minimal standard of living" measured in terms of basic consumption needs or the income required for satisfying them (World Bank, 1990). Poverty is thus characterized by the failure of individuals, households or communities to command sufficient resources to satisfy their basic needs. Consumption-based poverty lines are primarily concerned with physical measures of wellbeing. The inability to attain minimal standards of consumption to meet basic physiological criteria is often termed absolute poverty or deprivation (UNDP, 1999). Food poverty is most directly expressed as not having enough to eat, or as hunger/malnutrition.

In evaluating the impact of industrial setup in an area, it is important to take stock of the accruing benefits relative to poverty. Baseline poverty data often comes in handy and is utilized to measure the effects of industrial growth on all dimensions of poverty whether absolute or relative.

Further, it is especially important to consider how an industrial estate impacts on dynamics of social differentiation and if there is a growing poverty gap as a result. Appropriate measures must be employed to determine if there is a skewed benefit to some segments of the population relative to others.

## **METHODOLOGY**

### **Theoretical and conceptual framework**

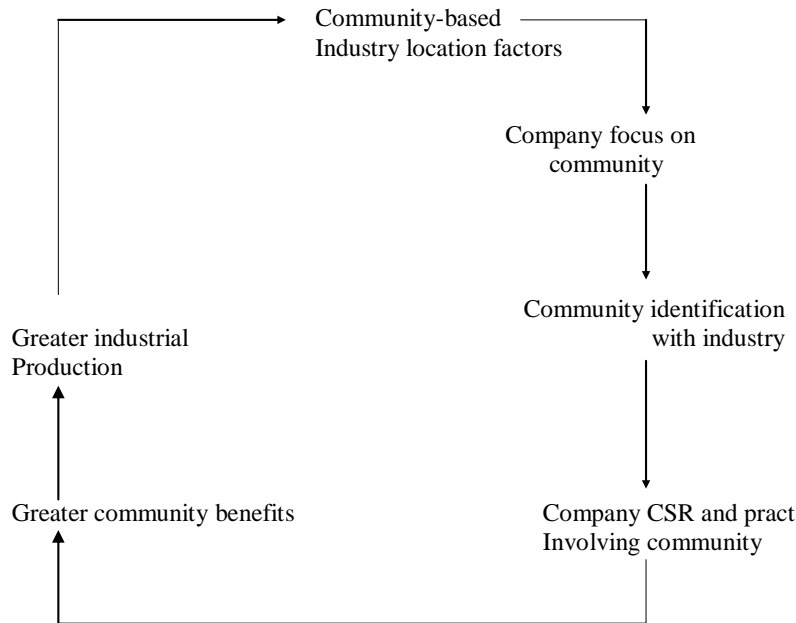
A range of factors may determine whether companies and communities work together in a partnership that is mutually beneficial. According to James Mayers and Sonja Vermeulen (2002), communities may aim for partnerships with industrial companies which enable them engage in profitable economic ventures. It is important to examine the factors that play a critical role in encouraging or preventing interactions and those that offer mutual benefits to the parties concerned. There is also need to establish the practical issue of how company-community relationships can shift from raw deals to mutual gains.

It is widely acknowledged that business people also take deliberate interest in improving the conditions of the communities in which they set up their business. Social Responsibility or Corporate Citizenship can help to better the lives of communities bordering industrial location and enhance the interaction between industry and community. Businesses that deliberately take an interest in what goes on in their business environment 'engage in good management practice and also "encourage activities that generate mutual benefit to business and society or the natural environment (Bright et al., 2006).

Bright et al. (2006) also argue that "the role of business in society is multidimensional and encompasses many responsibilities. Business is a mechanism of exchange, and serves as the basis of all economic relationships in society (Williamson, 1985). Through typical business exchange, the economic opportunities and needs of participants are fulfilled and extended. The mechanisms of business serve society when the participants act in harmony with a concern for society and environment..."

Further, the benefits of businesses engaging with community can foster long-term relations and considerations on both sides. An example is given of a South African company that realized it had an ageing labor force. The company presented the problem to the workforce, asked older workers to recommend new workers from among family members, then retired them with full benefits after they trained their replacements. The community impact is significant because continued benefits are extended to retirees while younger workers find jobs in a depressed market. Younger workers also help to care for their elders. This kind of action motivates the workers towards greater profitability for the company because of the existing symbiotic relationship (Bright, Fry, and Cooperrider, 2006).

Private companies strategically partner with



**Figure 1:** Community-industry links

communities in order to reduce the costs of operations. Industries are now being set up at the source of the raw materials as a means of cutting the cost of transporting the raw products to the industries. The community gains in this kind of partnership because the profits accrued from the transactions are increased. In addition, companies avoid or reduce fresh investments in land, labour as well as other costs of managing and harvesting the resources. This is seen as a way of allocating risk between the companies and the communities that they work with. Production-related risks are transferred to the communities while the private companies retain the risk of marketing (Ojwang, 2002).

It is possible to demonstrate different degrees of concern for the interests of business and society and/or environment, the activities provide mutual benefit to multiple interests. In essence, mutual benefit exists where business organizations are both profitable and functional for the common good. That is a position of integrated strategic focus on both organizational self-interests and stakeholder interests. Some authors have called this integration of concerns "enlightened self-interest" (Besser and Miller, 2004; Aram, 1989) because it conveys how business self-interests are influenced by the societal interests that shape business opportunities.

Hence, the arising community-industry relationships elaborated here can be captured in a web diagramme as illustrated in figure 1. Drawing from the framework, communities and industries have the potential to experience greater symbiotic relationships. Initially, a company/industry might chose to locate at a place due to community-based factors or to harness community

factors that may be of advantage. Industries by virtue of being production centres have technology and labour needs that can be sourced from communities. Industries also expand the built up area by mere location and by attracting labour to live nearby creating a community different from the native one.

Companies that deliberately seek to involve and harness the strengths of communities in which they are based can experience greater affinity with communities in which they are located.

Further, such communities that experience a mutual exchange might identify themselves with the industry especially if such an industry has a comprehensive and working CSR targeting the local community. Eventually, such a relationship yields greater benefits for the community and greater productivity for the industry as communities view the industrial as a local rather than 'imported' enterprise. This may translate into expanded goodwill to work and deliver services to the enterprise entity.

## RESULTS AND DISCUSSION

### Presentation and discussion of empirical findings

This section provides empirical data to ground the fact that communities and industries do develop symbiotic relations based on mutual benefits and that their relationships can be enhanced to further the divergent interests of both parties. Further, findings reveal the many obscure linkages and relationships that exist between industries and communities that may provide non-obvious levels of interactions and mutual benefits. The following section provides the evidence pertaining to

**Table 1:** Rating of industrial park's impact on community

Level of impact	Frequency	Percent	Cumulative Percent
Very high	159	16.0	16.0
High	369	37.0	53.0
Medium	301	30.2	83.2
Low	128	12.9	96.1
Very low	39	3.9	100
Total	996	100.0	348.3

local communities' evaluation of such industrial parks and their impact.

#### **Local people assessment of industrial park impact**

From the 900 respondents targeted, the study established at least 9 village communities bordering the industrial park namely Gitaru, Kinoo, Muthiga, Gaitumbi and Shauri Yako, Kihumo, Rungiri Gichecheni, and Magana town with representations of 19%, 17%, 16%, 11% 10%, 9.8%, 5.7%, 4.8%, 4.2% respectively. There was evidence that a majority (60%) of the labour force for the Magana Industrial park was drawn from the local community. However, a sizable proportion of the members in the community (about 40%) originated from outside the district under study indicating a high proportion of migrant labour in the industrial park. Lack of clear demarcations of the villages could not allow the determination of exact boundaries but it was noted that majority of these villages are in Kikuyu division (75.3%). Fewer are in the neighbouring divisions - Kinoo (19.6%) and Kabete (5.1%).

In order to get a general view of community perceptions of the park's impact, community members were asked to state in general the level of impact of the industrial park on their community. As illustrated in table 1, 83% percent reported medium to very high impact on their community with only 16% reporting little or no impact. Though the kind of impact in this case is not expounded, the findings indicate an awareness of change emanating from the park and a categorization of change by the local community due to the location of the park. The findings thus indicate that the community was conscious that the presence of the industrial park within their locality had made an impact.

The study also sought to document various avenues through which communities related to the park. The community members were asked to indicate if they related to the park in any specific way. Table 2 indicates that one third of them (33.5%) related to the Magana Industrial park while two thirds (66.5%) had no relationship with the park. Most of the community members (55%) reporting interaction with the park conceptualized it in terms of their own employment in the park or that of their relatives, a few (22%) in terms of sale and purchase of goods to the park with 22% reporting associating with the park in various other ways defined in

**Table 2:** Community relationship with the park

Relationship	Frequency	%
I am employed in the park	91	38.6
My child is employed in the park	39	16.5
I sell my produce/products to the park	14	5.9
I sell my produce/products to the park employees	38	16.1
I have been assisted by Magana in the past	2	0.8
Any other linkage as specified	52	22.0
Total	236	100

**Table 3:** If the industrial park has led to growth of Magana town

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	822	91.1	91.5	91.5
No	76	8.4	8.5	99.7
Total	898	100	100	191.7

the context of exchange of goods and services such as accessing water and other services, visiting the park during public functions and collecting goods disposed by the factories whenever called upon. Communities also indicated interacting widely with the industrial park workers.

Asked to indicate the impact of the park on community relations, most respondents (72%) indicated that the park had improved community relations due to the fact that it had drawn workers and business owners from a wide cultural diversity which was healthy for community living thus nurturing strong relations. The case was given of the cohesiveness demonstrated by the community during the 2007/2008 post election violence that rocked the country. At that time, while tribal hostilities intensified in other parts of the country, the communities living within the park remained peaceful and oblivious of their multi-ethnic origins. With respect of the park creating an integrated community, only about 15% of the respondents were of a differing view (table 3).

The study also explored the industrial park's impact on the growth of the Magana town. Most of the respondents confirmed industrial parks do stimulate growth of towns as services, infrastructure and built up areas increase. The influx of people into the park had also resulted into an increment in youth population changing the demographic composition of the area. More importantly is that such increment had led to availability of labour and mushrooming of small businesses.

Further, the impact of the park on various aspects was explored. The findings reveal that the presence of the park had tangible impacts on various social amenities and conditions. From the findings, 44%, 56% and 27% reported medium and high impact had been experienced in education, security and roads respectively (table 4). Notably, the security was rated as being the highest impacted sector in the region. This may be attributed to the fact that industrial expansion demands elaborate

**Table 4:** Impact of the Industrial park on various community amenities rated from 0-10

Rating of impact	Education	Security	Roads
0 (None)	.1	.1	.6
1-3 (Low)	55.7	43.8	73
4-7 (Medium)	24.1	30.8	18.3
8-10 (High)	20.2	25.5	8.7
Total	100.0	100.0	100.0

security arrangements including setting up regular patrols which contribute to general security in an area.

The impact of the park on community welfare was also investigated. Asked if the park had increased general welfare of the community 43% agreed that their welfare and that of the other community members had improved as a result of the park. There were only 12% of respondents who strongly disagreed with this statement while 6% took a neutral position.

Another concern for the study was the role of the park in enhancing business enterprises. Respondents were questioned on whether business opportunities had been impacted by the presence of the industrial park. Only about 7% of the 901 respondents disagreed that business opportunities in the Magana Park environs had increased due to the industrial park. About 35% of studied respondents agreed while 54% strongly agreed indicating the bulk of the respondents were of the view that the development of businesses in the Magana area could be pegged to the existence of the park. Development of business opportunities in the area was also associated with diversification of incomes and overall community development.

Closely related to this is that members of the community around the Magana park were largely aware of increased options for earning livelihoods as a result of the park and its activities. The findings unraveled that 34% agreed with 41% strongly agreeing with the assertion that the park had increased options for earning livelihoods. However, there was a portion of 17% of the 898 respondents who did not agree with the assertion while 8% remained neutral.

Respondents were further asked to state what forms of business options they would prefer to see established in the area, about 60% of the 900 respondents preferred businesses with direct beneficial relationship between the firms and the people around Magana. There was preference for retail trade relations between the firms and the members of the society. For instance, most community members were of the view that the communities should be allowed to buy goods on retail terms from the firms. As such, most of the respondents proposed the setting up of retail shops and by-product sales outlets to enable the local community access industrial goods. About 27% of the respondents favoured the establishment of food outlets within the industrial

firms to serve the park employees while the remaining 13% favoured agricultural related businesses and real estate.

#### ***Parks impact on other aspects of living***

The study endeavored to establish if the park had any impacts on social aspects of life. The findings indicate effects were felt in the social organization and networks among community members. Notably, most respondents asserted that community-based groups had increased in the area as a result of the industrial park. Further investigation revealed that 56% of the groups in the area were women groups engaged primarily in business ventures and business training, mobilization of savings, borrowing to finance business ventures and investment purposes. Youth groups were estimated at 29% of all business groups in the area. Like the women groups, youths groups have a primary goal of offering avenues for extra earnings. About 6% of all groups were in the category of rotating savings and credit associations commonly known as ROSCAs especially formed to encourage savings with members borrowing in rotation. Micro-finance groups constituted about 4% of the business groups in the area while 5% were classified as other categories.

More importantly, the indicators in the social and economic domains provided evidence that the industrial park could have some impacts on the Quality of Life (QoL) of not only the workers but also the community members in general. Quality of Life is essentially conceptualized in terms of the degree of well-being felt by an individual or a group of people relative to their conditions and perceptions of economic and social situations (Nolan and Whelan, 2003). Quality of life may be indicated by levels of income adequacy, perceptions of social relations, assessment of the environment among other measures. An examination of the social life experiences of the respondents in this study showed that most were satisfied with the status of their social interactions and relationships. As reported above, a majority indicated that their general well-being had improved while diversity in the community had created cohesive living and social networks. In addition, the population concentration in the area had created good customer base for those in business leading to improvement in living standards. The general incomes of the residents in the area had improved substantially with three-quarters of them indicating that there were more options to earn incomes due to the industrial park. Furthermore, the general security of the area was also rated as improved with 55% reporting good security and 14% reporting contrary.

Although there were a few negative impacts of the park reported by respondents such as increased individualism, the majority of the respondents were of the opinion that the industrial park had transformed the region and its



people positively. Statistical testing shows that community members had more opportunities for social interactions than would have been the case if the industrial park was not located in their community. For instance, views on social interactions by residents of the non-impact zone had double odds ratios. Evidently, those reporting having a relationship with Magana industrial park had 180% higher odds of reporting that their social interactions had improved due to the presence of Magana Industrial Park. Most of these indications allude to the fact that the park had a substantial influence of the quality of life of individuals and communities of the Magana town.

### **The role of corporate social responsibility**

Corporate social responsibility is a conventional practice where economic players and industrialists share their gains with the hosting communities. For CSR to be effective, it has to be mainstreamed into the company operations as opposed to philanthropy which is *ad hoc*, short-term and often bordering on a public relations exercise undertaken by the company or firm. From the study, an evaluation of the park's contribution to the development of social sectors showed minimal impact of CSR on communities. However, some industrialists were active in supporting education and health programmes within the community. The industrialists cited diverse reasons why they are were reluctant to fully embrace CSR as a practice where one of the main reasons was the high cost of setting up and doing business in the country. These ranged from high taxes, high cost of electricity, high costs of raw materials and high operational overheads.

In spite of the low interest by most industrialists in the park to CSR, one member of the park (an agro-based enterprise) has instituted a comprehensive CSR policy and programme. This is largely because of the firms membership in the global fair trade organization which provides a conducive and facilitative framework on which to practice the CSR. Conventionally, goods marketed through the Fair-Trade System fetch a higher price. The price difference between the fair-trade and non fair-trade prices constitutes a "premium fund" which is remitted to the workers or utilized to better working conditions. At the Magana flowers, the premium fund accruing from the sale of the Roses in the international fair trade market is channeled to the community through the "Magana Flowers Max Havelaar Welfare Group". This is the corporate social responsibility wing of the agro-based enterprise which started in 2004. The premiums range from Ksh 5-7 million annually. There is a policy governing the use of the funds. For instance, the funds must be used to improve the living standards of employees and their immediate families and improve the living standards of the park's adjacent communities. The members of the cooperative and communities also participate in deciding and voting projects for implementation.

From the findings, the sectors of development which

**Table 5:** Premium amounts received from Fare Trade

Year	Amount of premium (Ksh)
2004	3,228,411
2005	4,736,679
2006	4,322,311
2007	4,395,693
2008	6,706,245
2009	5,607,461
2010	8,425,829
2011	8,836,039
Total	46,258,668

Source: Maxhavelaar, 2012

had benefited from the CSR included health, education, employee's welfare and poverty alleviation projects. A total of Kshs. 46,258,668 has been disbursed to the mentioned sectors between 2004 and 2011. **Table 5** shows the amount of premiums remitted via Fare-Trade to Max Havelaar from 2004 to 2011.

The findings of this study attest that the CSR practices by this particular company had achieved a number of advantages for the company such as low worker turn-out, worker's commitment to the profit motive by working longer hours and greater identification with the company relative to others in the industrial park.

### **CONCLUSIONS, RECOMMENDATIONS AND POLICY IMPLICATIONS**

Evidence from this study proves that industries may have both manifest and latent outcomes which could be mutually beneficial to both communities and the industries themselves. On the part of communities, the findings show that the mere location of an industrial park entails opportunities for growth of business and trade, growth of new interactions, improved quality of life and social groupings. Though communities may perceive industrial expansion in their regions as intrusive, when industries seek to link with communities, seek to employ local communities or have strong CSR for communities, the there is bound to be mutual benefits for both community and industry.

Industries and communities co-exist within a locality. Though industries may be started by private investors, there is room that both communities and industries can benefit each other and take advantage of their proximity to operate and develop. This requires conscious and deliberate attempt as well as good will.

Though this study did not identify much effort by industrialists to engage with community and most of the impacts at community level were mainly undirected, the potential of such engagements cannot be overruled. There is need for industrial investors to recognize the importance of harnessing community cooperation for mutual benefits. If community's members are for instance invited to key decision making forums which have relevance for them, if they are targeted to provide support

for particular industrial activities, if their welfare is integrated in the company policy, then they are likely to have positive perceptions and attitude towards the industry. Host communities can also be targeted not just as beneficiaries of CSR policy and practice but as players in its implementation.

As outlined in this paper, it is critical for the industrial base and the hosting communities to cultivate the symbiotic relationships that benefit both parties. In order to effectively do this, a number of strategies can be applied:

1) The national government can infuse through relevant policy frameworks, a mandatory Corporate Social Responsibility ethic. Industrialists can then structure their CSR while inviting collaboration between themselves and hosting communities. The county government could play the role of custodian of the relationship between the two entities through closer monitoring whereby industries seeking to empower communities are acknowledged and where possible granted subsidies for easier operations and reduction of the cost of doing business.

2) Industrialists should also be encouraged through proper governance mechanisms to integrate their goals with those of their adjacent communities. This should best be done at the point of penetration and when plans and space are being negotiated. In particular, industrialists can be encouraged to help in solving problems and conflicts that arise between industries and the hosting communities. Ensure that any complaints or concerns raised by parties are brought to the attention of the appropriate joint teams and are fully and respectfully addressed.

3) With the advent of devolved governance in Kenya, it is critical that all counties audit their industrial portfolios with a view to revitalizing them. Devolution has inbuilt constitutional mechanisms of community participation in the planning and management of local affairs. There is need to fast-track the establishments of the necessary structures of community involvement in order for the communities to be engaged from inception in a planned county industrialization drives.

4) Joint ownership between the communities and private investors should be explored so that maximum gains are made by both parties. The county governments can guarantee this arrangement on behalf of the communities by investing a negotiated and agreed percentage of investment on behalf of the communities. This will increase the sense of ownership, responsibility and identification with industry on the part of the community.

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