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ABSTRACT

In a rapidly globalizing, knowledge-based economy, sources of value creation in business are shifting from tangible assets such as land and equipment, to intangibles such as intellectual, human and social capital. One of the emerging intangible business assets is the relationships between a firm, its employees and other stakeholders which constitute an important and yet undervalued business asset. The Standards regulatory agencies being vital organizations in their respective countries have more powerful and influential stakeholders thus their management would pose greater challenges. It is for this reason that this study was aimed at determining the challenges of managing stakeholder based influence on service delivery in standards regulatory agencies in Kenya. The general objective of the study was therefore to determine challenges of managing stakeholder based influence on service delivery in Standards regulatory agencies. The specific objectives of the study were to determine the effect of Resource Divisibility on Service Delivery in Standards Regulatory Agencies and to determine the effect of Stakeholder Uniqueness or Saliency on Service Delivery in Standards Regulatory Agencies. The study thus concentrated on the Standards regulatory agencies in Kenya and specifically used Kenya Bureau of Standards as a case study. The data for the study was collected from employees of KEBS ranging from junior management, middle level employees to senior management. The study used a sample of 10% of the target population from whom responses was collected using Likert scale questionnaires. The study found that the Standards Regulatory Agencies were most heavily affected by Stakeholder uniqueness and Resource Divisibility

Key Terms: Regulatory Agency, Stakeholder, Standards Regulatory Agencies, Standards, Service Delivery

INTRODUCTION

In a rapidly globalizing, knowledge-based economy, sources of value creation in business are shifting from tangible assets such as land and equipment, to intangibles such as intellectual, human and social capital. One of the emerging intangible business assets is the relationships between a firm, its employees and other stakeholders which constitute an important and yet undervalued business asset (Kotter and Heskett, 2001). As a result, strategic management has taken a shift to focusing on this intangible asset in a strategy known as stakeholder analysis and in more recent time stakeholder management. In addition, contemporary organizations are flatter and characterized by more diffuse decision making, accelerated information flows and an emphasis on learning than are their predecessors. With this in mind, the creation and nurturing of relationships may rival the primacy of human and financial resources (Svendsen et al, 2006).

Hossein et al (2006) also asserts that corporate-stakeholder relationships matter because it fosters the co-operation and risk-sharing that promote innovation and flexible responses to change in a global economy. As a result, fundamental changes occurring around and within businesses are leading to a redefinition of how companies must function in order to optimize the creation of economic value. Besides, the performance of an organization is important if it can be measured, seen or felt by various stakeholder of that company.

These stakeholders all have an interest in how the firm, organizations perform at the end of a certain specified period. They will look at various indicators of performance ranging from profits, ability to pay amounts borrowed, customers satisfaction in terms of provision of quality products, services at reasonable prices. The public on the other hand will look at the organization future prospects; will it be able to survive into the foreseeable future? And if so how does it fare in corporate social responsibilities. The government on the other hand will be interested in whether the organization is able to improve the wellbeing of its citizens, deals in legal activities, pays taxes and in ensuring a conducive environment for its operations, (Kihanya, 2013).

Moreover, the operating environment of the industry regulators and the SQMT requirements in the world has greatly changed since 1970s when the early industry regulators were established in the country. Locally the demand for regulatory services has greatly expanded and, at the regional level the EAC SQMT Act and the EAC Metrology Bill require participation of all industry regulators. At the international level, the need for links to and networking with Standardization, Metrology and Conformity Assessment institutions in other countries and regions in the world has grown substantially. Consequently the ability of the industry regulators to achieve its Plan objectives depended on key success factors such as effective information and knowledge management; capacity to attract and retain high caliber staff; dynamic and proactive leadership, customer orientation, and sufficient and well equipped laboratories. This thus calls for the use of system dynamics among the industry regulators, (Edvinsson & Malone, 1997).

Awuondo and Abdikadir (2013) argue that standards regulation does not occur in a vacuum, but rather requires an infusion of enthusiasm and commitment from all the stakeholders. As expounded above, an effective Standardization and quality assurance system is a vital pillar for the country’s sustainable social and economic development. In Kenya, quality standards are increasingly being used by regulatory and other concerned agencies to ensure that the goods and services which are provided to users meet minimum quality, technical, safety and health requirements. At the same time a growing number of producers of goods and services in the country also use standards as a basis for ensuring that their products meet the requirements of their customers.

Moreover, the Kenya Government recognizes the importance of quality standards and has shown commitment to their development as indicated in its major economic policy papers such as the ERS, the Export Strategy Paper as well as the Kenya Vision 2030. Secondly Kenya's economic growth is anchored on growth of exports of goods and services. The envisaged dependence on export of goods and services to support economic development in Kenya needs a strong quality infrastructure that will facilitate increased access and acceptability of Kenya's exports into the external markets. In this regard the MOTI, in its 2006–2011 Strategic Plan, underscored the role of Standardization by identifying enhancing the development and promotion of quality standards for industrial products, facilitating and promoting the Standardization and Conformity assessment activities and promoting fair trade practices and consumer protection as part of its core functions (Kihanya, 2013).

The importance of Standardization in Kenya is also reflected in the number of ministries and bodies that use standards in the provision of their services: They include the ministries of Trade and Industry; Health; Agriculture; Tourism, Education, Natural Resources, and devolution as well as institutions of higher learning such as Universities and other tertiary institutions. The importance of Standardization is bound to grow as the culture of quality gets embraced by government, producers and consumers. The main providers of Standardization, Metrology and Conformity Assessment services locally are KEBS for goods and services, KEPHIS for plant materials, Department of Veterinary Services for animal products and a growing number of private sector organizations for a variety of services, (Atieno, 2009).

As the leading organizations responsible for Standardization, Quality Assurance, Measurement and Testing in the country, the industry regulators have a key role in the development and implementation of a national standardization policy and implementation program for sustainable socio-economic development. Through the 2007-2012 Plan KEBS was set to move from a vertically integrated system to increasingly autonomous institutions that are adequately equipped in terms of management practices, resources and facilities to provide pertinent services nationally, regionally, and at the international level (KEBS, 2003).

This calls for Understanding what a stakeholder wants, their interest base, and how they are likely to work towards achieving it, their power base, can help define a wider set of ideas for possible management actions. The stakeholder influence network reveals a representation of the overall system of interactions and this suggests one stakeholder management strategy: to use the network itself to influence and so change stakeholders' opinions and actions. This is however not an easy task (Awuondo & Abdikadir, 2013).

Demeester & Grahovac (2005) asserts that the process of managing stakeholder influence for any organization has numerous challenges. Mpofu (2010) narrows down these challenges to resource divisibility, stakeholder unique saliency, stockholder group and balancing techniques. The purpose of this study is to determine whether these challenges are faced by the standards regulatory agencies in Kenya with special emphasis to KEBS.

Kenya Bureau of Standards

The Kenya Bureau of Standards was established in 1974 and became fully operational by 1975. Its main activities at that time were development of Standards and Quality Control for locally made products. The Metrology Laboratories started operating in 1980, followed by testing laboratories in 1982. Due to increased Trade Liberalization, Import Inspection commenced in 1995 and Pre-verification of Imports to Conformity of Standards was started in 2005. The other services which KEBS now provides are Training in Management Systems and Certification Services. KEBS also carries out other functions under the WTO Agreement on TBT and the Agreement on Pre-shipment Inspection. Thus, over the last three decades, the scope of KEBS' activities has expanded from development of standards and provision of Standardization of commodities and codes of practice to cover Standardization and Conformity Assessment for commodities and services in all sectors of the economy not only in Kenya but also in the Eastern Africa region. Administratively, KEBS is structured into five functional Divisions, in addition to the Directorate namely, Standards and International Trade Development Division, Metrology/Testing Division, Quality Assurance and Inspection Division; Finance and Strategy, and Human Resource and Communication (KEBS, 2014)

An analysis of KEBS' performance over the last plan period as well as interviews with members of the Council and staff has shown areas of weaknesses where improvements will need to be realized over the next plan period. The required improvements include the following: enhanced public awareness of KEBS and its products, development of a formal strategy for expanding scope of measurement fields, reducing testing turn-around time, review and harmonization of the pertinent Acts of Parliament, rationalization and implementation of the organization structure, analysis of staff workload and implementation of proper staffing levels, improving the ICT infrastructure, putting in place an effective Monitoring and Evaluation system and improving the overall governance structure. As part of KEBS' commitment to ensure high quality services consistently, the organization has issued its Customer Service Charter in which it has outlined the standards of performance and its other obligations to the public (KEBS, 2007).

Kotter and Heskett (2001) showed that over an eleven-year period, sales and employment growth at stakeholder oriented companies were significantly higher than at shareholder-focused companies. Specifically, stakeholder oriented companies reported four times the growth in sales and eight times the growth in employment. The authors argued that successful, visionary companies, although very diverse in other ways, put a lower priority on maximizing shareholder wealth and greater emphasis on serving the interests of a broad mix of stakeholders.

Buysse & Verbeke (2003) in their study found that effective environmental management requires the identification of important stakeholders and responding to their needs. This followed their quantitative study focusing on public and private business enterprises in Sweden that showed high correlation between stakeholder influence management and firm stability.

A major shift in the direction of the study on strategic stakeholder management was made during a study by Graves (2004) who showed that as important as stakeholder management is to business organizations, it is a very challenging task to management that is charged with a very delicate balancing act. This led to studies focusing specifically concentrating on challenges facing management in their endeavor to manage stakeholder influence.

The studies however mostly focus on the numerous challenges without prioritizing the challenges in terms of the magnitude of their effect. This study will thus be a follow up on the study by Chen & Lvova (2012) by determining the magnitudes of the identified challenges thus enabling management to respond to each challenge at a time given the scarcity of resources which would not allow all the challenges to be addressed at once. The Challenges on Service delivery identified are Resource Divisibility, Stockholder Power, Stakeholder Uniqueness or Saliency and the Balancing Techniques to be used to address Stakeholder based influence.

The study thus sought to answer the questions, what are the relative magnitudes of the challenges of managing stakeholder based influence on service delivery in standards regulatory agencies.

Study Objectives

The main objective of the study was to determine challenges of managing Stakeholder Based Influence on Service Delivery in Standards Regulatory Agencies. Specific objectives were

- To determine the effect of Resource Divisibility on Service Delivery in Standards Regulatory Agencies
- To determine the effect of Stakeholder Uniqueness on Service Delivery in Standards Regulatory Agencies

RELATED LITERATURE

Theoretical Framework

Social Science Stakeholder Theory

Stake holder theory argues that the organization has relationships with many constituent groups and that it can engender and maintain the support of these groups by considering and balancing their relevant interests (Evan and Freeman, 1993). The theory fosters both instrumental predictions and normative prescriptions thus popular with both those interested in profits and those interested in ethics.

The theory portrays managers as individuals who pay simultaneous attention to the legitimate interests of all appropriate stakeholders, both in the establishment of organizational structures and general policies and in case-by case decision making therefore managers are always balancing stakeholder interest in whichever decision the make.

Balancing stakeholder interests involves assessing, weighing and addressing the competing claims of those who have a stake in the actions of the organization. The desire to balance stakeholder interests is the driving force behind such fundamental stakeholder strategies as keeping score, prioritizing and conducting constructive negotiation which are all aspects of stakeholder management. While much of the balancing process may be cognitive or administrative, it ultimately includes behaviors that resolve the conflicting stakeholder needs or requests, (Hossein et al 2006).

Agency Theory

The theory puts a principal agent relationship between the management and the shareholders since the shareholders are seen as the principals and the management agents. This ensures that managerial actions are more oriented to maximizing the shareholder returns at the expense of the other stakeholders. The theory thus indicate that the shareholders have more influence on the management and assert more pressure on the management given that the shareholders directly control the fate of the management through their votes during the annual general meetings.

The theory thus shows the stockholders having more influence on management and thus giving the management more challenges as regards the balancing of stockholder influence and the lateral stockholder power. In strategic management, the principal is thus not concerned with the strategies employed by the agents but rather the result of the strategies. This then puts pressure on the agents in this case the managers to do all that is possible to ensure the performance of the organization is guaranteed and this is where strategy comes in (Atieno, 2009).

Stewardship Theory

The theory shows that managers are interested in doing a good job in order to be a good steward of the corporate assets. This however depends on enabling structure and environment to do a good job by facilitating effective decision and action. As a result, the theory asserts that management will always come up with means of balancing stakeholder influence and try to satisfy all the stakeholders.

The theory thus show stakeholder uniqueness and balancing techniques as the biggest challenges management face in stakeholder based influence management. The theory thus proposes that effective structures are needed to assist the stewards to attain superior performance by their corporations, (Hossein et al, 2006)

Stake Holder Based Influence

Companies are increasingly learning their way into sustainability issues - whether it be the rapid growth of ethical finance, the increasing interest of various stakeholders put a lot of internal and external pressure on any given firm thus affecting its policies and performance. Such pressure include the interest of consumers in certified sustainable products and services which gives firms downward, and occasionally lateral or upward, pressure to demonstrate environmental and social responsibility, (Beloe, 2000).

In a Canadian context, a path-breaking study by Clarkson (2005) found that firms that place a premium on ethics and social performance make the most money. This research suggested that companies that concentrate exclusively on the bottom line often make poorer decisions. This is supported by Atieno (2009) who asserts that such firms lack information from stakeholders and the environment that would allow them anticipate opportunities and solve problems when they are still small and less costly to remedy

Edvinsson & Malone (1997) argues that firms respond to stake holder interests in the following three models. First is the Compliant firms which strive to avoid harm in three dimensions of sustainability by ensuring safety of products and workers, avoiding economic losses, corruption and environmental damage. The second model is the responsive firms that only meet reasonable individual stakeholder expectations in three dimensions by achieving good levels of customer satisfaction, employee morale, returns to investors and reducing environmental impacts of operations, products and services. The final model is the engaged firms which maximize economic, social and environmental value, by achieving simultaneous sales and stock value growth, customer and employment growth as well as eliminating or offsetting environmental impacts.

Stakeholders of Standards Regulatory Agencies

The term stakeholder has been defined as any group or individual who can affect or is affected by the achievement of a firm's objectives (Freeman, 1984). The stake holders can be categorized into primary stake holders who have interests that are directly linked to the fortunes of a company including shareholders and investors, employees, customers, suppliers, and residents of the communities where the company operates and secondary stakeholders who have indirect influences on an organization or are less directly affected by its activities such as the government, media and pressure groups, and others that inhabit the business and social networks of the organization, (Hossein et al, 2006). Recent developments in the stakeholder theory have added individuals and groups that speak for the natural environment, non-human species, and future generations to the list of primary stakeholders, (Mpofu 2010).

Kenya Bureau of Standards has a number of stakeholders such as The National Standards Council which expects attainment of set objectives, expect positive image for KEBS, envisage bigger role of KEBS in the economy and demands sustainability of KEBS; Management and Staff which require conducive working environment and recognition and other incentives, (KEBS, 2003).

The external stakeholders of KEBS include the various government ministries and departments that serve as owners, partners and customers. The most prominent are the ministries of trade and Industrialization which require growing facilitation of fast industrialization and trade development through Standardization, Fulfillment of Performance Contract obligations, Effective representation in regional and international Standardization bodies, Collaboration with Department of Weights and Measures. Another stakeholder is the Department of Weights and measures which requires, Sharing of information and networking in enforcement of technical specifications and standards. Still there is treasury which is the major source of financing for KEBS and thus a vital stakeholder. This stakeholder requires Effective and efficient utilization of Funds. In addition, the Office of the President requires fulfillment of Performance Contract obligations and adherence to all the obligations under the State Corporations Act, (G.O.K, 2007).

Other stakeholders include all Other Ministries Working with KEBS to develop, codes of ethics, standards, undertake testing; regulators such as NEMA Testing facilities for environmental standards; and undertake conformity assessments and other Regulators which expect standards on which to base their decisions, Expect Standards to incorporate Safety, Health, Environment and Fair Trade requirements, expect Standards to simplify regulations and to reduce administrative burden on business as well as collaboration in referencing of Standards in legislative instruments, (Atieno, 2009).

Finally, the customers are also important stakeholders in KEBS such as local manufacturers who expect faster development of standards, Product and systems Certification, Traceability of measurements; Exporters and importers who expect Efficient inspection and certification services; General Public who expect Goods and services that meet quality, health, environment standards, Information on standards for goods and services, Training on quality and diffusion of quality culture; Local communities which expect Corporate Social Responsibility obligations, Community 'policing' for enforcing compliance with standards as well as Service providers and other Suppliers who expect transparency in procurement processes and prompt payment for delivered goods and services and other Related bodies in Accreditation, and Conformity Assessment such as KEPHIS and KRA who expect Partnership/collaboration in the Standardization work on conformity assessment standards, Provision of assessors and technical experts in support of accreditation activities. Moreover, the customers Expect commitment to the Service Charter as well as quality and reliable services at all times: Creditors Expect prudent operations and timely settlement of obligations, (Awuondo &Abdikadir 2013).

KEBS also has other international organizations as stakeholders such as the EAC which expects Growing interdependence in the SQMT programs between national organizations in the region; ARSO which requires harmonization of Standards in Africa; ISO which requires participation in international development of Standards; WTO which expects implementation of the Agreement on TBT among others (KEBS, 2008).

Given the high number of stakeholders KEBS has and their very diverse interests, managing all these stake holders by balancing all their demands pose a great challenge for the management of KEBS. The study will therefore seek to determine these challenges with a view of seeking plausible solutions to these challenges.

Stakeholder Based Influence on Service Delivery in Standards Regulatory Agencies

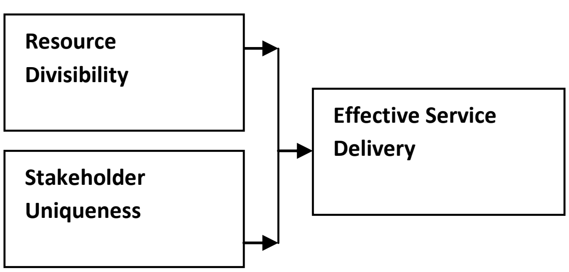
Stakeholders can influence companies in a number of ways and to various extents. Generally speaking, non-profit organizations and Parastatals as well as industry regulators operate in complex environments with multiple stakeholders, such as other regulators, international organizations, interest groups, referral agencies, government officials, volunteers, and clients or participants (Balser & McClusky, 2005). As a result, stakeholders' interests exert a great influence over such companies thus management needs to take into account the special needs of each of these stakeholders at all times in their day to day decision making. Therefore, stakeholders represent a source of uncertainty for the organizations given that the demands of the numerous stakeholders are not necessarily predictable or controllable (Mittenthal, 2004). This creates the need for management to design a strategic plan based on the key stakeholders' involvement in sustaining the organizations activities. The stakeholders may contribute their skills, their time or funding to the success of the firm which would be a positive contribution while at the same time make highly taxing demands on the organizations which the management has to strike a delicate balance at fulfilling considering the scarcity of resources (Njiru, 2008). Companies will therefore develop strategies to deal with this influence in order to ensure future survival of the company.

Demeester & Grahovac (2005) further suggests that the plan needs to leave room for change in order to fit to the emerging demands of the stakeholder on a day to day basis. According to Mittenthal (2004) all important stakeholder groups should have a voice in the planning given that main goal of the organization and its partners is to succeed; therefore, it is important to get all the constituencies implied in the planning process but management should reserve the right to make changes along the realization process. Management is also required to inform the stakeholders of the steps towards during the execution. That is, stakeholders must be educated on the organization vision and mission in order to understand the integration of each project in the perspective of the organizational goal.

Buysse & Verbeke (2003) have in their study found that effective environmental management requires the identification of important stakeholders. Pierre et al (2009) also assert that the variety of salient stakeholders is important in order to pursue green strategies as they have the ability of allocating substantial resources in multiple domains such as manufacturing technologies, management systems. Therefore it poses a great challenge for companies in addressing the concerns from the key stakeholders in an effective manner as they have different interests and demands that need to be satisfied (Mpofu, 2010).

Moreover, the demand from primary stakeholders can be satisfied in different ways and to different extent, which will influence organizations to adopt a more reactive or proactive environmental strategy. Graves (2004) therefore suggest that corporate social responsibility and environmental consciousness are important, as they need to be in line with the expectations from the stakeholders. On the other hand it is suggested that environmental reactivity is related with high pressure from governments and media. The five types of strategic action cover the three broad categories of behavior that are available to organizations: change the environment, move to a different market or shift the balance between existing markets, change the relationship with an existing environment, by altering services, revenues, or external structure, or change the organization itself, through modifications to internal structure (Pierre et al, 2009).

Conceptual Framework



Independent Variable   Dependent variable

Figure 1: Conceptual Framework

Challenges of Managing Stakeholder Based Influence

Jensen (2002) asserts that any successful corporation must manage its relations with all stakeholder groups, if for no other reason than to benefit the shareholders. He also argues that to manage stakeholder relations is not necessarily to serve each group's interest, but to consider their interests sufficiently to gain their cooperation. The manager's role is not merely to coordinate the contribution of the various stakeholders, but to inspire them to put forth their best efforts in a joint effort to create valuable products and services. Any firm that neglects its stakeholders or, worse, alienates them is doomed to failure.

In addition, Boatright (2006) adds that this task puts managers face to face with numerous challenges based on the interests of the various stakeholders and the pressure on the management to satisfy all these interests. These obligations include not only those that are owed to everyone, such as honesty and respect, but also the obligations to abide by agreements or contracts made with a firm adding to the challenge. The following main challenges are thus identified to be given closer emphasis.

Resource Divisibility

The centrality of balancing stakeholder interests in stakeholder theory is a reflection of the fact that stakeholders regularly place competing claims on the organization's resources (Hosseini & Brenner, 1992). Whether the resources are capital, profits, effort, or time, stakeholders can and do disagree about how or where each should be utilized. The resource can influence resource allocation behaviors. While it is theoretically possible to divide most commodities, resource divisibility refers to the overall cost of actually doing so demonstrated that an equal allocation was more likely to result among group members when the resource was easily partitioned.

Relative Stakeholder Uniqueness or Saliency

While a manager may have a natural inclination to balance the interests of all stakeholder groups associated with a particular decision, the validity of one or more stakeholder claims to the resources in question may require that that stakeholder's claim take precedence over all others. Mitchell et al (1997) offered stakeholder saliency as a means of conceptualizing and measuring the validity of stakeholder claims. They defined stakeholder saliency as the extent to which a stakeholder is powerful, legitimate, and the claim is urgent, and suggested that stakeholder saliency helps managers to identify who and what really matters in any given stakeholder decision.

Mittenthal (2004) discovered that CEOs' perceptions of stakeholder power, legitimacy, and urgency influenced CEO perceptions of stakeholder uniqueness, but found little evidence to support the notion that stakeholder saliency influences such outcomes as profitability, employee relations, community relations, or environmental stewardship. This is supported by Balser & McClusky, (2005) who suggest that managers assess every relevant stakeholder and balance their interests according to the relative saliency of their claims. Granted, over the long-term, one stakeholder group may be perceived as more salient than other groups.

Moreover, on a decision-by-decision basis, though, relative saliency can vary based on the power, legitimacy, and urgency of the stakeholders' claims in that specific circumstance. So while a manager may view stockholders, for example, as the most salient stakeholder in the larger organizational strategy, on any specific decision, the needs of the stockholders may be preempted by the urgency of another powerful and legitimate stakeholder group's claim. In this sense, the relative inequality of the saliency of relevant stakeholders can constrain a manager from fully balancing stakeholder interests on the associated decision or decisions, (Pierre et al 2009).

Empirical Review

Kotter and Heskett (2001) showed that over an eleven-year period, sales and employment growth at stakeholder oriented companies were significantly higher than at shareholder-focused companies. Specifically, stakeholder oriented companies reported four times the growth in sales and eight times the growth in employment. The authors argued that successful, visionary companies, although very diverse in other ways, put a lower priority on maximizing shareholder wealth and greater emphasis on serving the interests of a broad mix of stakeholders.

Buysse & Verbeke (2003) in their study found that effective environmental management requires the identification of important stakeholders and responding to their needs. This followed their quantitative study focusing on public and private business enterprises in Sweden that showed high correlation between stakeholder influence management and firm stability.

A major shift in the direction of the study on strategic stakeholder management was made during a study by Graves (2004) who showed that as important as stakeholder management is to business organizations, it is a very challenging task to management that is charged with a very delicate balancing act.

In the Canadian context, a path-breaking study by Clarkson (2005) found that firms that place a premium on ethics and social performance make the most money. This research suggested that companies that concentrate exclusively on the bottom line often make poorer decisions.

This was supported by Reynolds et al (2006) who gave a number of challenges that management face in stakeholder management including scarcity of resources, divisibility of resources, competing stakeholder demands, multiplicity of objectives and special powers yielded by certain groups of stakeholders.

Standards Regulatory Agencies in Kenya

The development and use of standards in an economy makes positive contribution to a nation by ensuring vital features such as quality, ecology, safety, reliability, efficiency compatibility, interchangeability and effectiveness; and thereby facilitating trade, spread of knowledge, sharing of technological advances and good management practices. More specifically, Standards, Metrology and Conformity Assessment are important to an economy in a number of interdependent ways:-

First Metrology, through which measurements of ever-increasing accuracy, range and diversity are developed and maintained, provides a secure technical basis on which to anchor international agreements relating to trade and regulatory affairs. Secondly a metrology infrastructure in countries helps to remove technical barriers to trade and, thirdly it inculcates greater confidence in the measurement capabilities of individual countries. These contributions lead to increased international trade. In addition, Standardization in products, processes and management systems leads to sustainable development and trade facilitation through the promotion of safety, quality, health and environmental protection, (KEBS, 2007).

International standards also enable markets to operate effectively, increase competitiveness and provide opportunities for technology transfer and trade. Finally, conformity assessment plays a critical role in building confidence for sustainable development and trade by offering the assurance that a given product, process or management system meets the requirements that are specified in regulations and standards in a country. This assurance helps in overcoming technical barriers to trade. WTO's TBT recognizes that Standards and Conformity assessment systems improve efficiency of production and facilitate the conduct of international trade and therefore encourages the development of such systems nationally, (Awuondo & Abdikadir, 2013).

Development of quality systems is therefore an imperative for any country wishing to participate effectively in the increasingly globalised and liberalized international trade. Given the growing interest and concerns with Standardization in health, the environment, as well as the promotion of international trade, most countries continually enhance the capacity and capabilities of their quality infrastructure, (KEBS, 2007).

Moreover, Kenya has a number of industry regulators which are formed by respective acts of parliament, have boards comprising of representatives of all interests in the respective industries, participate in formulation and implementation of overall policies, Plan and program work of developing the industry, act as intermediary between the government and the industry, facilitate flow of research findings to interested parties through provisions of extension services, monitor the domestic market and advice the government on the needed remedies, facilitate arbitration of disputes between the parties in the industry, license the players in the industry and oversee the standards. The regulators include KEBS, IRA, KMA, CCK and KSB to name just but a few, (Awuondo & Abdikadir, 2013).

Effects of Stakeholder Influence on Service Delivery by KEBS

The main services offered by KEBS include development of standards and quality control for locally made products, metrology services, import inspection, pre-verification of imports to conformity of standards, training in Management Systems and

Certification Services and other functions under the WTO Agreement on TBT and the Agreement on Pre-shipment Inspection thus in charge of Standardization and Conformity Assessment for commodities and services in all sectors of the economy not only in Kenya but also in the Eastern Africa region (KEBS, 2007).

The various stakeholders have the following effects on the above mentioned services. First the government influence has led to the reduction of destination inspection fees revenues through influence of manufacturers and large contractors through obtaining waivers from the Minister of Industrialization from payment of these fees through the reason of national interest from subsequent reduction of cost of goods and projects, (Awuondo & Abdikadir, 2013).

This directly has an effect on revenue profitability given that destination inspection fees is the highest source of Income for KEBS (Kebs Financial report 2010/2011, 2011/2012 and 2012/2013). In addition, the government pressure has led to raised expenditure on testing, metrology and inspection activities through pressure to increase market surveillance, factory inspections, raids and awareness programs on quality issues. Moreover, the government influence has seen the exertion of political pressure fronted by other interests that has seen three MDs sacked since 2009 which gives the highest turnover of MDs in the region. This has led to constant interruptions of planned activities through policy changes. This puts the management under pressure to satisfy this stakeholder at the expense of the other stakeholders due to the immense powers wielded by such a stakeholder thus a big challenge in stakeholder influence management (Njiru, 2008).

The other influential stakeholder in the manufacturers and importers whose pressure led to the reduction of import inspection royalties between 2011-2013 when many raw material products on the KEBS Pre-export verification(PVOC) program were excluded. The reduction of income can also be seen in the resistance to upward reviews to cater for increased costs of compliance monitoring (KEBS, 2007).

METHODOLOGY

This study adopted a cross section correlation study which Cross involves determination of magnitude and direction of relationship between the challenges of managing stakeholder influence in regulatory bodies and the service delivery in the organizations. Cross sectional correlation studies are recommended by Mugenda and Mugenda (2003) for studies focusing on specific variables that need quantitative relationships to be determined. The study targeted 89 senior and middle level managers and employees of KEBS to get their views on stakeholder based influence management in the firm. This is a sample of 10% of the population used as a basis of the study.

FINDINGS

Stakeholder based influence

Table 1: Stakeholder based influence

Item	Mean	Standard deviation
Are stakeholders discussed during strategic plan formulation	2	0
Are there strategies to manage stakeholder based influence	2	0
Summary	**2**	**0**

The findings of this study showed very clear and very strong stakeholder based influence. This is shown by all respondent asserting that the stakeholders are discussed in strategic plan formulation and that the organization had clear strategies aimed at managing stakeholder based influence. It was clearly seen by a mean of 2 indicating an average of yes to both the questions and a standard deviation of 0 to show that all the respondents gave the same answer to the two questions. It can thus be summarized that there was high stake holder based influence in standards regulatory agencies. The findings of this study thus went ahead to seek the specific challenges of managing stakeholder based influence and their effects on service delivery.

Resource divisibility

Table 2: Resource divisibility

Item	Mean	Standard deviation
How divisible are the resources of the firm	3.61	0.683
Can the resources be adequately divided among the different stakeholder needs	1.26	0.517
Service most adversely affected by divisibility of resources	4.65	0.205
Summary	**3.37**	**0.428**

The resources of KEBS were fairly indivisible as seen in the mean of 3.6 which is closer to somehow indivisible to fair. The standard deviation of 0.683 however showed that the responses were very widely spread from very indivisible to easily divisible.

The resources however cannot be adequately divided among the different stakeholder needs as seen in the mean of 1.26 which was closer to one for not adequately divided. The standard deviation of 0.517 showed an almost evenly spread distribution of respondents between adequately divisible to not adequately divisible. This therefore meant that the inadequacy was not a result of the divisibility of the resources but other related factors.

This mostly affected the Metrology Services as seen in a mean of 4.65 which was between Metrology services and Quality Assurance Services but closer to Metrology Services. The standard deviation of 0.205 showed a fairly close spread of response to show it is concentrated between the two services though a few respondents were spread to Pre-shipment and Import Inspection Services. This gives an overall resource divisibility influence index at 3.37.

Stake holder uniqueness

Table 3: Stake holder uniqueness

Item	Mean	Standard deviation
How can you describe your stakeholders	2	0
Which stakeholders are the most demanding	4.2	0.0574
How diverse are the interests of the various stakeholders	4.7	0.0035
How easy is it to manage these diverse interests	4.84	0.0014
Which service is most adversely affected by divisibility of resources	1.53	0.291
Summary	**4.185**	**0.0156**

The findings of this study clearly showed that the stake holders of KEBS were heterogeneous. This implied that each stakeholder had divergent and competing expectations from the others. This was seen in the mean of 2 for heterogeneous and a standard deviation of 0 to show that all the respondents gave the same response. The findings of this study also showed that the government ministries were the most demanding stakeholders from the mean of 4.2 and a standard deviation of 0.057 to indicate a very close concentration of the responses at the stock holder with very few responses indicating Regulatory Bodies and National Standards Council.

The findings of this study also showed very diverse interests of the stake holders as seen in the mean of 4.7 which was almost 5. It was also clear that it was very challenging to manage these diverse interests from the mean of 4.84.

The stake holder uniqueness affected mostly the Standards Development Services though it also significantly affected the Testing Services as seen in the mean of 1.53. This gives an overall stake holder uniqueness influence index at 4.185

Regression analysis

Table 4: Regression Analysis

$Y = \beta_1 X_1 + \beta_2 X2 + \partial$

Where

Y = service Delivery

β = coefficient of correlation

X_1 = Stock holder Power

X_2 = Stake Holder Uniqueness

∂ = error term

And where $\partial = 0$

Item	Multiple R	R square	Adjusted R square	Standard error	Significance F
Stock holder power	0.954	0.963	0.957	0.018	0.035
Stake holder uniqueness	0.931	0.927	0.922	0.027	0.01

The regression analysis showed that service delivery in standards regulatory agencies was affected mostly by the challenge of dealing with stockholder based influence at 0.963 followed by stakeholder uniqueness at 0.927. Overall, it becames imperative that challenges of managing stakeholder based influence negatively affected service delivery in the standards regulatory agencies. The significances in each case were less that 0.05 thus the findings could be applied to the entire population of the standards regulatory agencies.

RECOMMENDATIONS

Since the biggest challenge facing the standards regulatory agencies was the influence of the stockholder and in particular, the government, a method needs to be devised which would give the standards regulatory authorities some form of semi autonomy as currently experienced by the public universities where the stockholder only has selective control while leaving all the other policy and standards matters to the universities themselves and the higher education board.

The number of the stakeholders of the standards regulatory agencies as currently constituted was too wide and too diverse. Measures should therefore be taken to merge some of the stakeholders and dilute even some so as to have a leaner and easier to manage stakeholder base for the standards regulatory agencies.

It is also imperative for the management of the standards regulatory agencies to take the bold step and not budge against the force of the powerful stakeholders such as the government and the big business organizations that have strong political and social connections as well as the lobby groups, activist groups and unions in order to maintain the rigid standards set by the organization. This should be done even at the threat of being sacked.

Finally as much as resource divisibility and balancing techniques look smaller challenges, they should not be assumed simply because they are overshadowed by stockholder power and stakeholder uniqueness. Rather these should also be addressed since they also affect service delivery of the standards regulatory agencies.

CONCLUSION

The importance of the standards regulatory agencies in any economy is cannot be overemphasized. As a result the standards set must be the highest attainable. This can only be done when the challenges facing these agencies are dealt with effectively. It is on this ground that this Research concludes by asserting that the government influence on and the uniqueness of stakeholders of the standards regulatory agencies should be dealt with to enable the agencies to play an effective role towards achievement of the millennium development goals and the Kenya's Vision 2030.

AREAS FOR FURTHER STUDIES

Given the findings of this study, recommendations are made for the following studies to be conducted.

A study needs to be conducted to determine the ways of managing government influence on the standards regulatory agencies in order to improve service delivery among the agencies.

A study on the approaches that can be used by the managers of the standards regulatory agencies to control the effect of stakeholder saliency or uniqueness on Service delivery will also be relevant.

Finally, a study should also be conducted to determine the importance of each of the stakeholders of the standards regulatory agencies to determine which ones can be left out in an attempt to regulate the number of the stakeholders, without affecting effective service delivery in KEBS or in other standards regulatory agencies.

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