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Sugarcane Farming in Nzoia Sugar Company, Bungoma, Kenya:

A Review of the Employees' Benefits, 1978-2020

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Abstract

Sugarcane farming is one of the main agricultural-based economic activities practiced in Bungoma County. This article sets out to explore the socio-economic impact of sugarcane farming on employees of Nzoia Sugar Company (NSC) in Bungoma County, Kenya, from 1978 to 2020. The research is anchored on cumulative and cyclical interdependence theory and capability theory. In its methodology and design, it utilizes historical research design and collects data through; oral interviews, focus group discussions and document analysis. The respondents were 14 in number, comprising NSC employees, retired NSC officers and local administrators. In its findings, it reveals that sugarcane farming initially provided significant socio-economic benefits, including regular income, housing, healthcare, education, and skill development. However, from the year 2000 onwards, financial challenges led to deteriorating conditions with delayed salaries, reduced social services, and increased employee vulnerability. Further, its findings indicate that while NSC has contributed to infrastructural development, human capital formation and community empowerment during its prosperous years, the company's decline has created negative cumulative effects on employee welfare and community development. The research recommends a revitalization of the sugar industry through improved governance, technological upgrade and sustainable financing mechanisms.

Keywords: Employee welfare, Socio- economic impact, Sugarcane farming, Sugar industry

Introduction

Sugarcane farming represents one of the most significant agricultural activities in tropical and subtropical regions globally, providing employment to millions and contributing substantially to national economies (FAO, 2006). In Kenya, the sugar industry has been a cornerstone of rural development, particularly in Western Kenya, where it serves as a major source of employment and income generation (Otieno *et al*., 2003). The establishment of sugar factories in Kenya was part of the post-independence development strategy aimed at achieving food security, creating employment, and promoting rural industrialization (Republic of Kenya, 1965).

Nzoia Sugar Company, established in 1975 in Bungoma County, exemplifies the government's commitment to industrial development and rural transformation. The company was strategically located to serve the vast sugarcane-growing potential of the region and to provide employment opportunities for the local population (Masinde, 1988). Like many state-owned enterprises in Kenya, NSC was expected to serve multiple objectives beyond profit maximization, including social development, employment creation and regional economic development.

However, Kenya's sugar industry has faced significant challenges since the 1980s, including financial mismanagement, political interference and increased competition from regional imports (Kenya National Assembly, 2015). These challenges have had profound implications for employees whose livelihoods depend on the industry's performance. Understanding these impacts is crucial for policy formulation and industrial revitalization efforts.

This study examines the socio-economic impact of sugarcane farming on employees of Nzoia Sugar Company from its establishment in 1978 to 2020, analysing both the positive contributions during the company's prosperous years and the challenges faced during its decline.

Literature Review

Global Context of Sugar Industry Employment

Internationally, the sugar industry employs millions of people directly and indirectly. In Brazil, the world's largest sugar producer, the industry employs over two million workers, though many face challenges related to seasonal employment and poor working conditions (Fischer *et al*., 2008). South Africa's sugar industry provides approximately 79,000 direct jobs and 350,000 indirect jobs, contributing significantly to rural livelihoods (SASA, 2014).

Although the sugar industry provides both positive and negative aspects of employment, studies carried out in different countries reveal its positive side. According to Powar et al. (2020), sugarcane cultivation in India is one of the biggest employers and sources of livelihood for more than 50 million farmers. Nevertheless, the work in Brazil has demonstrated that employment in the sugar industry may reproduce poverty circles because of the low wages and inadequate working conditions (Fischer *et al*., 2008).

Sugar Industry in Kenya

The sugar industry in Kenya started to develop in the colonial times, but underwent tremendous growth following the independence of the country as one of the strategies of industrialization. The sector was considered to be very instrumental in the realization of self-sufficiency regarding sugar production, the generation of jobs, and facilitating rural growth (Wanyande, 2001). By the 1970s, a number of sugar factories had been established with Mumias in1973 and Nzoia in1975.

The studies done on the sugar industry in Kenya have also brought out successes and weaknesses. According to Waswa and others (2009), contracted sugar cane farming led to poverty alleviation by the creation of employment and the generation of income. But on the other hand, negative effects have also been recorded, such as food insecurity because of shift from subsistence to cash crop farming (Aringo, 2008).

Socio-Economic Impacts of Sugar Industry Employment

The literature also distinguishes various dimensions of socio-economic contribution of the sugar industry employment in terms of positive effects and new challenges, which are becoming apparent. The sugar industry jobs have long been a source of stable income to people living in the rural areas. Kidula (2007) discovered that sugarcane cultivation helped farmers to borrow loans and invest in other economic activities. This economic security has been core to the rural livelihoods, but the sustainability of this income has been compromised more and more by the delays in payment and the decline of the industry (SISTR, 2018). In addition to generating revenue, sugar firms have been very important in the areas of housing and infrastructural development. According to Hess *et al* (2016), sugar estates tend to build extensive structures covering housing, roads, schools, and medical institutions, forming integrated rural development patterns going much further than farming produce.

The sugar industry employment has had a very positive effect on education, especially in the rural setting with few formal education facilities. The sugar industry has also helped in education directly by building schools and giving scholarships. Research has indicated that the sugar industry jobs have allowed many families to educate their children and build human capital (Akoth, 2016). Another key dimension is the fact that healthcare services are an important aspect in which the sugar companies have offered medical services to the employees and communities around them. This has been critical, especially in the rural setting where there is limited access to medical facilities, whereby the company clinics tend to act as the main health facilities (Oyugi, 2011). Other than direct employee benefits, sugar firms have helped other aspects of community development in terms of infrastructural development, establishment and maintenance of markets, as well as support to local businesses, which results in multiplier effects that drive the local economy (Otieno *et al*., 2003). However, been some reliance that has been made due to this holistic approach of employee welfare, and this becomes troublesome when the companies run into financial problems, hence the need for a more sustainable and diversified mode of development.

Challenges in the Sugar Industry

The sugar industry has great challenges in spite of positive contributions, which impact on the welfare of the employees. According to the Sugar Industry Stakeholders Taskforce Report (2018), the financial mismanagement, political interference, obsolete technology and the import competition were listed as the main issues. The problems have resulted in late payment, loss of jobs, and poor working conditions. According to Omuhaka (2009), delays in employee payments and poor working conditions are the primary causes of low employee motivation, which is a major performance challenge in the sugar industry in Kenya. The same results are observed in other sugar companies in Kenya (Ariga, 2018).

Theoretical Framework

The socio-economic implication of sugarcane farming as an agricultural enterprise to the employees can be interpreted using various theories. The capability approach developed by Sen focuses on the fact that well-being is to be measured by the capabilities of people to attain valuable functioning and not by the levels of income (Sen, 1999). This method is mostly applicable in studying the impacts of employment in Nzoia Sugar Company on the ability of workers to access education, healthcare, housing and other basic services.

Another profitable framework is the theory of cumulative causation by Myrdal (1957), according to which the economic and social phenomena can be discussed as the problems of circular interdependencies led by the reinforcing effects of one factor on the other (Myrdal, 1957). This theory can be used to understand the extent to which the development of Nzoia Sugar Company had a positive effect of development in the rural regions and the reverse way as to how the decline of the company had a negative effect on the community at large.

Research Methodology

Research Design

The paper uses a historical research design to identify the socio-economic effect of sugarcane cultivation on NSC employees over the period between 1978 and 2020. Historical research design was suitable for analysing the change in time and the cause-and-effect relationship between the company performance and the welfare of the employees.

Study Area

The research was carried out in Bungoma County of Western Kenya, with particular consideration of the Nzoia Sugar Company and the adjacent neighbourhoods. The population of Bungoma County is 1,670,570 people and its area is 3,032.4 square kilometres (KNBS, 2019). The County's economy is primarily agricultural with sugarcane being a major cash crop.

Target Population and Sampling

The target population included NSC employees (permanent and casual), NSC retired employees, and local administrators. Purposive and snowball sampling techniques were used to select 14 respondents who had relevant information about the company's impact on employee welfare. The sample included 3 agricultural officers, 2 factory officers, 2 human resource officers, 1 finance and administration officers, 4 retired officers, 1 sub-county commissioner, and 1 chief.

Data Collection

Primary data was collected through oral interviews and focus group discussions (FGD). Three FGDs were conducted with eight participants in each. Secondary data was obtained from company documents, government reports, and academic publications.

Data Analysis

Data was analysed thematically and findings were organized according to socio-economic indicators including income, housing, education, healthcare, and community development. The theoretical frameworks of Sen's capability approach and Myrdal's cumulative causation theory guided the analysis and interpretation of findings.

Ethical Considerations

The study obtained necessary approvals from relevant authorities and ensured the signing of informed consent from all participants. Confidentiality was maintained throughout the research process.

Analysis and presentation of findings

Income Generation and Economic Security

The establishment of the NSC created significant employment opportunities for Bungoma County residents. During the company's prosperous years (1978-1999), employees enjoyed regular salary payments and additional benefits. Salary scales ranged from Ksh 800 for the lowest grade to Ksh 8,000 for the highest grade in 1980, increasing to Ksh 5,000-50,000 by 2000, and Ksh 15,000-150,000 by 2020 (FGD, NSC Officers, NSC, 20/8/2024. However, the company's financial decline from 2000 onwards led to irregular and reduced payments. Employees reported receiving only partial salaries, with some going up to 18 months without pay. This forced many to engage in alternative income-generating activities including livestock keeping, small-scale farming and petty trade to supplement their income (O. I, Genge Adundo, NSC, 14/6/2024).

The downfall of the company caused a lot of misery such as failed marriages as a result of money strains, failure to pay school fees and mounting debts (O. I, Patrick Anjeche, NSC, 5/5/2024). The study also reports that some retired workers died waiting to receive their benefits, which indicates a weak social security system in the company. (O. I, Ayub Kakai, Webuye, 8/6/2024).

The fact that there was a limitation on finances in the sugar factory meant that there was limited service delivery. This caused an effect on employee welfare and productivity. Therefore, industrial decay has potential to form a self-reinforcing process of deterioration. This paper shows the weakness that comes when one relies too much on one employer to achieve a great deal. The over dependence has proved detrimental especially in the cases where the enterprises are hit by hard times.

Housing and Accommodation

NSC provided accommodation to employees through two main estates: 100 units for senior staff and 500 units for middle-level staff. There was an allocation of houses according to classes of jobs, where the employees paid subsidized rent at the expense of their salaries. The houses had a piece of land to cultivate vegetables, water, and electricity (O. I, Robert Kokonya, Miendo, 3/5/2024).

Although this is a provision that led to improved welfare of employees in the good days of the company, it resulted in dependence. Most workers found themselves homeless when they retired or lost their jobs, since they never invested in personal housing. Living conditions also became poor with time because of poor maintenance caused by a lack of funds (O. I, Dancun Okwach, Kanduyi, 26/7/2024).

The discrimination that is evident in some benefits such as housing distribution raises questions of equity in the manner in which individual development is affecting the various classes of workers. This implies that there is necessity to adopt more comprehensive ways of providing employee welfare.

Education and Human Capital Development

Nzoia Sugar Company put up various learning institutions such as Nzoia Primary (1979), Nzoia Industrial Primary (1988), and Nzoia Girls Secondary (2006). The company also gave scholarships to children of the employees, which were averagely 50-100 scholarships annually. The education benefits were, however, discriminatory, whereby they mostly favoured the middle and senior employees whose children were also able to pay the increased fees demanded by company schools. The provision of scholarships symbolize educational resources and factors that have contributed to transformation of education opportunities to real achievements. A focus group discussion asserted that lower cadre of the workers took their children to the local schools due to high fee rates (FGD, NSC officers, NSC, 20/8/2024), which demonstrates inadequate ability.

A respondent asserted that the Nzoia Sugar Company schools were also open for children from neighbouring communities, which encouraged collaboration (O. I, Silvester Muricho, Miendo, 10/6/2024). The setting up of education institutions increased the capabilities of school going children, thus demonstrating expansion of their future potential through education. The company also provided training to its staff in order to develop skills and make them work efficiently. These were safety, technical skills, and leadership training. Nonetheless, the programs were shelved because of financial reasons that impacted employee development and production (O. I, Mourice Masinde, NSC, 5/6/2024).

Healthcare Services

NSC had its clinic that was set up in 1978 and staffed with qualified doctors, clinical officers and nurses. The facility provided outpatient services to employees, their families and the community around. Additionally, it had equipment and medicine required for effective service delivery. The services offered were general medical, family planning, immunization, HIV/AIDS sensitization and emergency referrals by using the company ambulance (O. I, Andrew Wanyama, NSC, 11/5/2024). The availability of an ambulance and referrals to major hospitals create an intersection of prospects that lead to good health. Therefore, improved health services in the company can lead to improved work production and community well-being.

The employees and their families were also given medical insurance by the firm. There were special clinics occasionally organized with special services of hospitals such as Sabatia Eye Hospital. However, these services deteriorated significantly due to financial constraints. Currently, the clinic is non-operational (FGD, NSC officers, NSC, 20/8/2024).

Sports and Recreation

NSC established Nzoia Football Club in 1982, which played in Kenya's premier league. The club provided employment opportunities for talented players and served as a vehicle for brand promotion. Notable players like Evans Kadenge rose through the ranks to become coaches and administrators while serving as company employees. At its peak, the company organized for football competitions to build cohesion among staff and to identify and nurture talents (FGD, NSC casual workers, NSC, 19/8/2024). The sports program epitomize improvement of abilities, which encourages social and economic growth. The sporting activity brought about togetherness and identification of talent.

However, the company's decline affected the quality of sports programs, with recruits being offered only contract positions due to financial constraints, making it difficult to retain quality players. The prevailing situation has discouraged most employees from being active members of the Nzoia football club. Therefore, most players are picked during football contests in the region (O. I, Spandrine Kawira, NSC, 14/8/2024).

Community Development Impact

Beyond direct employee benefits, NSC contributed significantly to community development. The company sponsored various community events, supported the Red Cross, and participated in national campaigns like the "Beyond Zero" marathon (FGD, NSC casual workers, Makuti 12/8/2024) Environmental conservation programs such as tree planting along river banks and providing subsidized seedlings to the community were also initiated (O. I, Fred Wesonga, NSC, 12/6/2024). This is in line with the Auditor’s report (2021) which contend that through afforestation programme, Nzoia Sugar Company sells seedlings at low prices to members of the community and learning institutions for planting during annual planting exercise.

The company organized community meetings to maintain good relationships with residents and encourage sugarcane farming. Extension services were provided to help farmers improve productivity through proper farming techniques and input supply (O. I, Hudson Wakhungu, Bukembe, 16/5/2024). However, it is noted that these development programmes stopped after unhealthy relationships emerged between extension officers and farmers due to delayed payments and reduced community support (O. I, John Koinange, NSC, 10/5/2024). The performance of the sugar company can be adversely affected by the relationship between the employees and members of the community. Thus, a platform geared towards improvement of the economic activity is necessary.

Infrastructure development included road construction and maintenance, building of bridges and development of water points. The company's presence stimulated the growth of market centres such as Bukembe and Nzoia, creating opportunities for retail businesses and service providers (O. I, Martin Kwata, Sudi, 26/7/2024). This makes it clear that growth of an industry contributes to economic development. Nonetheless, the deterioration of the company performance leads to crumbling of most businesses due to over reliance on employees as main customers (FGD, NSC casual workers, Makuti, 10/9/2024). Odenya *et al* (2009) contends that performance of small businesses in sugar belts is reliant on the income generated by the sugar factory.

Food Security

The study revealed that a shift from subsistence to cash crop farming caused a negative effect on food security, employees became dependent on purchased food while their agricultural income became unreliable (O. I, Vincent Walungwa, NSC, 5/6/2024). Similarly, Mwanika, (2022) avers that food requirements is a challenge to the employees of sugarcane farms in Busoga. Further, land fragmentation due to population pressure reduced the viability of sugarcane farming for many families. Some opted for solely practicing sugarcane farming and to buy food using income from the economic activity. However, prices were escalated and some food items became scarce (O. I, Mike Okoth, NSC, 16/6/2024).

Conclusions

This research analyses socio- economic impact of sugarcane farming in Bungoma County through use of oral interviews, focus group discussions and document analysis. The investigation unveils that Nzioa Sugar Company impacted positively on its employees during the company's prosperous years (1978-1999) through income, healthcare services, housing and development of schools. The study further concludes that the decline in the company's performance created negative impacts such as delayed salaries, inability to cater for education needs and deterioration of markets neighbouring the company. This therefore demonstrates how a decline in the performance of an industry can trigger negative effects to employees and to nearby communities. This emphasizes need for sustainable industrial development and need for diversified economic activities in rural areas.

Recommendations

Based on the findings, the study makes the following recommendations:
The government to prioritize the revitalization of the sugar industry through improved governance, technological upgrades and sustainable financing mechanisms to restore employee welfare and community benefits.

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NAME	DEPARTMENT	INTERVIEW DATE
Genge Adundo	Human Resource	14/6/2024
Ayub Kakai	Retired Officer	8/6/2024
Robert Kokonya	Retired Officer	3/5/2024
Mourice Masinde	Agriculture	5/6/2024
Andrew Wanyama	Factory	11/5/2024
Spandrine Kawira	Agriculture	14/8/2024
Fred Wesonga	Agriculture	12/6/2024
Hudson Wakhungu	Retired Officer	16/5/2024
John Koinange	Human Resource	10/5/2024
Martin Kwata	Administrator	26/7/2024
Vincent Walungwa	Factory	5/6/2024
Mike Okoth	Finance & Administration	16/6/2024
Sylvester Muricho	Retired Officer	10/6/2024
Duncan Okwatch	Administrator	26/7/2024

List of Focus Group Discussion Respondents

	Name	**Department**	**Interview Date**
1	Ambrose Kisiangani	**FGD 1** Nzoia Sugar Company	19th August 2024
2	Jackline Musambaki		
3	Lucas Simiyu		
4	Christine Nambafu		
5	Tobias Nyongesa		
6	Nichol Juma		
7	Kizito Wafula		
8	Everline Nafuna		
1	Mariam Wesonga	**FGD 2** Nzoia Sugar Company	20th August 2024
2	Wakhisi William		
3	Priscila Wangwe		
4	Musungu Moses		
5	Simiyu Pius		
6	Makhanu Joan		
7	Isagi Judith		
8	Wanyonyi Emmanuel		

1	Joshua Odongo	**FGD 3** Makuti	12th August 2024
2	Phina Ngala		
3	Olivia Wekulo		
4	Nancy Juma		
5	Fredrick Wafula		
6	Antony Nyaranga		
7	Moses Wapakala		
8	Hazel Wanyonyi		

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The researchers attest that they followed ethical considerations to the latter and acknowledged work from other authors without plagiarizing.

Competing interest:
The authors assert that this research was carried out without undue interests of any kind; financially, professionally and personally that would influence would influence the interpretation of the results.

Author's contribution:
The researchers are the sole authors of this article.

Disclaimer:
The views expressed in this article are those of the author and do not necessarily reflect the official policy or position of any affiliated agencies of the authors or journal itself.

Ethical consideration:
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