

# **STAKEHOLDER INVOLVEMENT AND FIRM PERFORMANCE: A DYNAMIC CAPABILITIES PERSPECTIVE IN THE HORTICULTURAL SUB-SECTOR IN NAKURU COUNTY, KENYA**

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## **ABSTRACT**

The horticultural sub-sector remains a vital component of Kenya's agricultural industry, serving as a key source of employment and foreign exchange earnings while sustaining numerous livelihoods across the value chain. Despite its strategic importance, the performance of horticultural firms has shown concerning trends, particularly in market share, sales volume, and customer satisfaction. Many firms have reported inconsistent sales volumes, reflecting market fluctuations and inefficiencies in production and distribution systems. Recent years have also witnessed a steady decline in export performance and revenue generation, signaling underlying challenges affecting the sector's competitiveness. Moreover, fluctuating levels of customer satisfaction indicate a possible misalignment between product quality, market expectations, and service delivery. In this sense, the study's main goal was to find out how stakeholder involvement and firm performance. The study's main theoretical foundation is the resource-based view of the company, which is supported by stakeholder theory. The framework for guiding the research strategy intended to answer the study's research questions was provided by an explanatory research design. 570 management staff members from 19 horticulture companies in Nakuru County, including senior, middle,

and lower managers, made up the target population. A stratified proportional sampling strategy was used to acquire a representative sample of 235 individuals. The face, content, construct, and criterion validity of the research instrument were all carefully assessed. A pilot study was carried out prior to the main data collection to ascertain the practical applicability and reliability of the questionnaire. A structured questionnaire was used to collect the primary data for the investigation. Descriptive statistics were employed to measure the characteristics of the study participants. Linear regression model was used for inferential analysis in order to test the research objective at a 95% confidence level. For clarity and ease of interpretation, the research findings were displayed using tables and figures. The results of the study showed that stakeholder involvement significantly affect firm performance. To enhance performance, management should formulate and implement policies that promote inclusive participation. Emphasis should also be placed on practices that encourage stakeholder expectations.

**Keywords:** Customer Satisfaction, Firm Performance, Market Share, and Stakeholder Involvement.

## **INTRODUCTION**

Firm performance remains a central concern in strategic management, reflecting the extent to which organizations achieve their objectives through effective utilization of available resources (Sigh, Dwivedi, Agrawal & Chauhan, 2024). Despite operating under similar environmental conditions, firms often exhibit significant variations in performance outcomes, a phenomenon widely attributed to differences in internal capabilities and strategic orientations (Miller, 2003; Ouma, Kinyua & Muchemi, 2022). Increasingly, scholars argue that beyond resource endowments, the ability of firms to mobilize and reconfigure relationships with key stakeholders plays a critical role in shaping performance outcomes. This perspective is consistent with the dynamic capabilities view, which emphasizes a firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments.

Globally, the horticultural sub-sector has undergone substantial transformation, driven by evolving market demands, technological advancements, and increasingly complex global value chains (Sashika, Gammanpila & Priyadarshani, 2024). Leading producers such as the Netherlands have achieved sustained performance through highly coordinated stakeholder networks involving growers, distributors, and digital trading platforms, notably the Royal Flora Holland auction system (Karlsson, 2024). Similarly, countries such as Ecuador and Colombia have enhanced their competitiveness by fostering strong collaboration among producers, exporters, and regulatory bodies, enabling efficient production and market access (Faust & Dole, 2021; Rausch, 2023). In Asia, improvements in stakeholder coordination, particularly between farmers, government agencies, and export markets, have supported increased adoption of modern production systems and improved export performance (Tiwari, Awasthi & Pandey, 2020). These global experiences highlight the growing importance of stakeholder involvement as a strategic capability that enhances firm adaptability and performance.

Across Africa, the horticultural industry has continued to expand, supported by increasing integration into international markets and improved institutional frameworks (Faust & Dole, 2021). Countries such as Ethiopia have leveraged coordinated stakeholder engagement, including government support, logistics providers, and international buyers, to strengthen their position in global markets (Mebrat, Degwale, Mekonen & Mebrat, 2022). South Africa's success has similarly been linked to strong collaboration among industry players, adherence to quality standards, and investment in research and development (Pieterse, Millan & Schönfeldt, 2023). These developments suggest that stakeholder involvement is not merely a relational activity but a strategic capability that enables firms to sense opportunities, respond to market demands, and sustain competitive advantage (Ocharo & Kinyua, 2021; Magut & Kinyua, 2022; Kinyua & Kinyua, 2023).

In Kenya, the horticultural sub-sector is a key contributor to economic growth and export earnings, accounting for approximately 71% of agricultural export value (KFC, 2023). Regions such as Nakuru County have become central to this growth due to favorable climatic conditions, established infrastructure, and access to international markets. However, despite its

strong performance, the sector continues to face persistent challenges, including fluctuating market share, declining customer satisfaction, and inconsistent sales volumes. These challenges have been partly attributed to weak coordination among stakeholders, limited engagement in decision-making processes, and inadequate integration of stakeholder inputs into firm strategies (KEPHIS, 2021; KFC, 2023).

### **Statement of the Problem**

The horticultural sub-sector in Kenya remains a key contributor to the national economy, generating approximately Kshs. 113.7 billion annually and ranking as the third-largest foreign exchange earner, with an estimated annual growth rate of 10% (Kenya Flower Council, 2023). Despite its economic significance and its role in employment creation, the performance of horticultural firms has exhibited notable inconsistencies in recent years, particularly in terms of market share, sales volume, and customer satisfaction. For instance, export volumes declined sharply from 210,000 tonnes in 2021 to 116,000 tonnes in 2023, while export earnings dropped by approximately 30%, from Kshs. 110 billion to Kshs. 71 billion over the same period (KNBS, 2021; KEPHIS, 2023).

Further, firm-level indicators reveal declining competitiveness within the sector. Average profitability decreased from 20% to 16% in 2023, while market share fluctuated significantly, rising from 18.7% in 2021 to 32.1% in 2022 before declining to 26.8% in 2023 (HFC, 2023). Similarly, customer satisfaction levels have shown a downward trend, falling from 89.1% in 2020 to 78.9% in 2023 (HCD, 2023). These patterns suggest that despite favorable production conditions and strong global positioning, horticultural firms are experiencing performance challenges that cannot be fully explained by external market factors alone.

Previous scholars have linked stakeholder involvement to firm performance across different contexts, although important gaps remain. For instance, Bwogen and Murigi (2023) established that stakeholder involvement significantly influenced organizational performance within county governments in Kenya; however, their focus on a public-sector context limits the applicability of their findings to the horticultural sub-sector, which operates within highly dynamic and export-oriented markets. Similarly, Singh and Rahman (2022) demonstrated that stakeholder participation enhanced firm performance outcomes in emerging economies, particularly when aligned with broader sustainability goals; nevertheless, their study was largely conceptual and lacked empirical field data to validate the proposed relationships. In the same vein, Sahal and Bett (2022) found that stakeholder involvement improved firm performance through enhanced governance, risk reduction, and knowledge integration; however, the use of a descriptive research design constrained the ability to establish causal relationships between stakeholder involvement and firm performance. This study therefore identified these gaps and sought to address them by examining the effect of stakeholder involvement on firm performance in the horticultural sub-sector in Nakuru County, Kenya, from a dynamic capabilities perspective.

## **LITERATURE REVIEW**

A review of theoretical literature was carried out to serve as the theoretical anchorage for the research variables and their proposed linkage.

### **Resource Based View**

The Resource-Based View (RBV), originally advanced by Edith Penrose (1959), posits that a firm's superior performance is largely determined by the resources it owns and controls. The theory conceptualizes the firm as a bundle of productive resources, both tangible and intangible, which are coordinated to generate value and enhance competitiveness. Building on this foundation, strategic management scholars emphasize that it is not merely the possession of resources that determines performance, but the manner in which firms organize, develop, and deploy these resources that explains variations in firm outcomes (Barney, Ketchen & Wright, 2011; Kor et al., 2016).

RBV adopts an inward-looking perspective, arguing that unique combinations of firm-specific resources form the basis upon which strategies are formulated and executed. According to Jay Barney (1991), sustained competitive advantage is achieved when a firm possesses resources that are valuable, rare, inimitable, and non-substitutable (VRIN). These resources may be tangible, such as physical infrastructure and technology, or intangible, such as organizational culture, knowledge systems, and relational assets. Differences in resource endowments and their utilization explain why firms operating under similar environmental conditions often exhibit variations in performance (Newbert, 2007; Peteraf & Miller, 2019).

Within this perspective, capabilities are understood as the firm's ability to effectively coordinate and utilize its resource base to achieve organizational objectives. These capabilities are embedded in routines, skills, and organizational processes that enable firms to deploy resources more efficiently than competitors. In particular, intangible resources such as relational assets are increasingly recognized as critical determinants of competitive advantage due to their complexity and difficulty to imitate. In this regard, stakeholder relationships represent an important organizational resource, as they enable firms to access external information, enhance coordination, and improve responsiveness to market demands.

Despite its wide application in strategic management, RBV has faced criticism. The theory has been challenged for assuming a relatively stable environment and for oversimplifying the relationship between resources and firm performance (Kraaijenbrink, Spender & Groen, 2010). Additionally, RBV has been criticized for its limited consideration of external environmental influences, including the role of stakeholders, suppliers, regulators, and customers in shaping firm outcomes (Simon, Hitt & Ireland, 2007). This limitation is particularly relevant in dynamic sectors such as horticulture, where firms operate within complex and highly competitive global value chains. However, this study still used this perspective as relevant in anchoring stakeholder involvement and firm performance in the horticultural sub-sector in Nakuru County.

## **Stakeholder Theory**

Stakeholder theory, as advanced by R. Edward Freeman (1984), posits that an organization's success depends on its ability to consider and respond to the interests of multiple groups that are affected by its operations, rather than focusing solely on shareholders. These groups include customers, suppliers, regulators, employees, and the broader community, all of whom play a role in shaping organizational outcomes. The theory therefore shifts attention from a purely profit-centered view of the firm to a more inclusive perspective in which value creation is distributed among multiple stakeholders. The development of stakeholder theory has evolved beyond its initial normative foundation. Donaldson and Preston (1995) extended the theory by introducing descriptive, instrumental, and normative dimensions, arguing that stakeholder engagement is not only ethically justified but also instrumental in achieving improved organizational outcomes. In a more strategic interpretation, Harrison Barney and Freeman (2019) position stakeholder theory within strategic management, emphasizing that firms that effectively manage stakeholder relationships are more likely to achieve superior performance outcomes through improved coordination, trust, and resource alignment.

Stakeholder theory is closely aligned with key organizational processes relevant to this study, particularly stakeholder involvement, strategic communication, leadership, and organizational learning. Effective communication enhances transparency, builds trust, and strengthens legitimacy among stakeholders, especially in environments where accountability and coordination are critical (Fung, 2014). Leadership plays a central role in interpreting stakeholder expectations, mobilizing support, and aligning resources toward shared objectives during organizational processes (Hafez, 2022). In addition, organizations that promote learning cultures characterized by adaptability and inclusiveness are better positioned to respond to stakeholder demands and sustain performance over time (Tadesse Bogale & Debele, 2024). In this regard, stakeholder involvement becomes not only a relational process but also a strategic mechanism for enhancing organizational effectiveness.

Despite its wide application, stakeholder theory has been subject to several criticisms. One major limitation is the assumption that organizations can easily identify, prioritize, and balance competing stakeholder interests, which in practice is often difficult, particularly in resource-constrained and highly competitive environments (Jensen, 2002; Harrison et al., 2019). Additionally, Sundaram and Inkpen (2004) argue that the theory may lack precision in situations where stakeholder interests conflict, and it may sometimes prioritize ethical considerations at the expense of economic efficiency. These limitations highlight the complexity of operationalizing stakeholder engagement in real organizational contexts.

Notwithstanding these critiques, stakeholder theory remains highly relevant to the horticultural sub-sector, where firm performance is strongly influenced by interactions among multiple actors within complex global value chains. Empirical evidence suggests that horticultural firms rely heavily on coordinated relationships with stakeholders such as exporters, regulators, and suppliers to meet stringent international market requirements and sustain competitiveness (Ouko & Wanyoike, 2022). Overall, the theory provides a strong conceptual foundation for this study by explaining how effective stakeholder involvement

contributes to improved firm performance. It therefore supports the argument that stakeholder engagement is a critical strategic determinant of performance in the horticultural sub-sector in Nakuru County, Kenya.

### **Empirical Literature**

A study conducted by Bwogen and Murigi (2023) examined stakeholder involvement and performance of Bomet County Government in Kenya. Stakeholder involvement was conceptualized in terms of progress review, implementation teams, communication, and staff motivation. Using data from 384 respondents drawn from senior, middle, and lower management levels, the study employed multiple linear regression and Pearson correlation analysis. The findings established that stakeholder involvement significantly influenced organizational performance. However, the study was conducted within a public-sector governance context, which limits its direct applicability to the horticultural sub-sector that operates in a competitive, export-oriented environment. The current study therefore focuses on the horticultural sub-sector in Nakuru County and conceptualizes stakeholder involvement in terms of team roles, resistance mitigation, and team leader recognition to assess its effect on firm performance.

With a focus on emerging economies, Singh and Rahman (2022) reviewed empirical literature on stakeholder involvement and firm performance. The study aimed at developing a conceptual framework linking stakeholder participation to performance outcomes, with particular emphasis on sustainability dimensions such as the adoption of Sustainable Development Goals (SDGs). The review concluded that stakeholder engagement contributes positively to firm performance, although the findings were largely conceptual and not supported by primary field data. In contrast, the current study extends this perspective by providing empirical evidence from the horticultural sub-sector in Kenya in order to validate the stakeholder involvement–performance relationship using field-based data.

Similarly, Dzomonda (2020) investigated the effect of stakeholder involvement on performance of firms listed on the Johannesburg Stock Exchange. The study employed a case study design and a qualitative methodology, with performance measured using Tobin's Q within a panel regression framework. The results indicated a positive but statistically weak relationship between stakeholder involvement and firm performance. However, the study's focus on listed firms in a developed capital market context limits its generalizability to agricultural-based sectors such as horticulture. The current study addresses this limitation by adopting a quantitative explanatory design within the horticultural sub-sector to establish a clearer causal relationship between stakeholder involvement and firm performance.

Further, Sahal and Bett (2022) examined stakeholder involvement and performance within Kenya Power and Lighting Company. The study found that stakeholder involvement enhances firm performance by improving governance, reducing operational risks, and facilitating knowledge sharing among organizational actors. A descriptive research design was adopted, which limited the ability to establish causal relationships between the variables. Moreover, the public utility context differs significantly from the horticultural sub-sector in terms of market

structure, stakeholder complexity, and export dynamics, thereby limiting direct applicability of the findings.

### Conceptual Framework

Based on the reviewed literature, the conceptual framework for this study was developed and is illustrated in Figure 1. The framework presents the expected relationship between stakeholder involvement and firm performance in the horticultural sub-sector in Nakuru County, Kenya. It is proposed that stakeholder involvement, operationalized through indicators such as team roles, resistance mitigation, and team leader recognition, directly influences firm performance. Firm performance is expected to be reflected through indicators such as market share, sales volume, and customer satisfaction within horticultural firms.

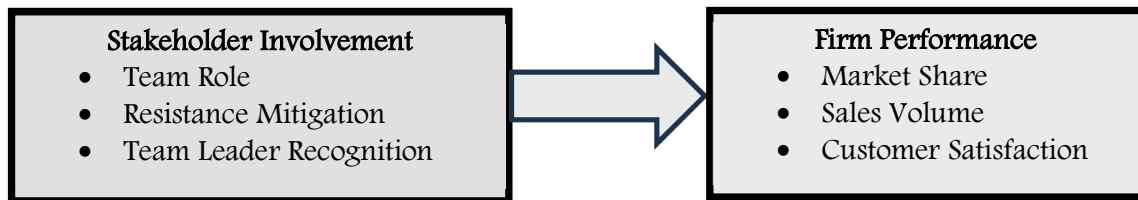


Figure 1: Conceptual Framework  
Source: Author (2026)

Drawing from the reviewed literature and the developed conceptual framework, this study posits the following hypothesis:

**H<sub>0</sub>:** Stakeholder involvement has no significant effect on firm performance in the horticultural sub-sector in Nakuru County, Kenya.

**H<sub>a</sub>:** Stakeholder involvement has a significant effect on firm performance in the horticultural sub-sector in Nakuru County, Kenya.

### RESEARCH METHODOLOGY

A research design refers to the overall blueprint that guides a study by logically integrating its components to ensure systematic data collection, analysis, and interpretation (Payne & Grey, 2014; Stefan & Michael, 2021). This study adopted an explanatory research design because it is appropriate for examining cause-and-effect relationships rather than merely describing associations between variables (Cooper & Schindler, 2006; Edmonds & Kennedy, 2016). The design enabled the researcher to assess the effect of stakeholder involvement on firm performance in the horticultural sub-sector in Nakuru County, Kenya, by explaining how stakeholder involvement influence performance outcomes. The approach was further considered suitable because it supports hypothesis testing and strengthens causal inference in empirical analysis, and it has been widely applied in similar studies (Kimathi & Kinyua, 2021; Muithya, Muathe & Kinyua, 2022; Legeny & Kinyua, 2023).

The study targeted all nineteen horticultural firms in Nakuru County, with a total population of 570 management employees drawn from senior, middle, and lower-level management cadres. Proportionate stratified sampling technique was used to select a sample of 235 respondents

from the target population, ensuring representative participation across the three managerial levels. The study used a structured questionnaire to collect primary data from respondents. The validity of the instrument was established through expert judgment from specialists in strategic management and an extensive review of relevant literature to ensure adequate coverage of the study constructs. Reliability of the questionnaire was tested using Cronbach’s Alpha, where a coefficient of 0.7 and above was considered acceptable, and the results were as presented in Table 1

**Table 1: Reliability Statistic**

Variable	Number of Items	Cronbach's Alpha Coefficient	Remarks
Stakeholder Involvement	11	0.815	Reliable
Performance	9	0.821	Reliable
<b>Overall</b>		0.818	Reliable

*Source: Pilot Study Observations (2026)*

From the results presented in Table 1, it is evident that all the study constructs recorded Cronbach’s Alpha coefficients above the recommended threshold of 0.7, with stakeholder involvement and firm performance achieving reliability coefficients of 0.815 and 0.821 respectively. The overall reliability coefficient of 0.818 further confirms strong internal consistency among the measurement items. Based on these results, it was concluded that the study instruments were reliable for use in data analysis.

In the final study, primary data were collected from management personnel in the selected horticultural firms in Nakuru County after obtaining research authorization from NACOSTI through Kenyatta University and securing consent from the participating organizations. Descriptive statistics including means, frequencies, and standard deviations were used to analyze quantitative data and presented in tables. In addition, inferential statistics was conducted using correlation and simple linear regression analysis to determine the nature and strength of the relationship between stakeholder involvement and firm performance in the horticultural sub-sector in Nakuru County, Kenya. The coefficient of determination ( $R^2$ ) was used to show the extent to which variations in firm performance were explained by stakeholder involvement, while the F-statistic was tested at a 95% confidence level to determine the significance of the relationship.

**Descriptive Results**

The study sought to establish the extent to which each indicator of stakeholder involvement and firm performance was applied within horticultural firms in Nakuru County, Kenya.

**Stakeholder Involvement**

This section presents the mean scores, standard deviations, and coefficients of variation for each of the study variables. Table 2 summarizes these statistics for all the measures of stakeholder involvement.

**Table 2: Descriptive Statistics for Stakeholder Involvement**

<b>Statements</b>	<b>n</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Coefficient of Variation</b>
<b>Team Role</b>				
Employees are encouraged to take active roles in implementing change initiatives	183	3.67	1.12	30.52%
Management involves all key stakeholders in decision-making related to change	183	3.92	1.23	31.38%
Team members clearly understand their responsibilities during change processes	183	3.87	1.21	31.27%
<b>Aggregate Scores for Team Role</b>		<b>3.82</b>	<b>1.19</b>	<b>31.06%</b>
<b>Resistance Mitigation</b>				
Efforts are made to minimize resistance to change within the organization	183	3.52	1.32	37.50%
Employees' concerns about change are addressed promptly	183	3.91	1.62	41.43%
Open dialogue between management and staff helps reduce resistance to change	183	3.72	1.06	28.50%
Regular meetings are held to discuss progress on ongoing change initiatives	183	3.78	1.18	31.22%
<b>Aggregate Scores for Resistance Mitigation</b>		<b>3.73</b>	<b>1.30</b>	<b>34.66%</b>
<b>Team Leader Recognition</b>				
The firm recognizes team leaders who support change initiatives	183	4.01	1.31	32.67%
Regular meetings are held to discuss progress on ongoing change initiatives	183	3.81	1.11	29.13%
Stakeholders are informed about the benefits of organizational changes	183	3.77	1.01	26.79%
The involvement of all departments enhances successful implementation of change	183	3.61	1.47	40.72%
<b>Aggregate Scores for Team Leader Recognition</b>		<b>3.80</b>	<b>1.23</b>	<b>32.33%</b>
<b>Overall Aggregate scores for Stakeholder Involvement</b>		<b>3.78</b>	<b>1.24</b>	<b>32.83%</b>

*Source: Survey Observations (2026)*

The results in Table 2 indicate that stakeholder involvement was practiced to a moderate extent in the horticultural firms in Nakuru County, as reflected by an overall mean of 3.78. However, the standard deviation of 1.24 and coefficient of variation of 32.83% suggest that there were variations in respondents' opinions regarding the level of stakeholder involvement across the firms. Team role recorded a relatively high mean of 3.82, implying that employees are fairly engaged in change initiatives through active participation, clear role allocation, and involvement in decision-making. This view was moderately consistent among respondents as shown by a coefficient of variation of 31.06%.

Resistance mitigation was also moderately practiced with a mean of 3.73. However, it recorded the highest variation (34.66%), indicating a lack of consensus among respondents. This suggests that while some firms effectively address resistance through dialogue, meetings, and

prompt handling of concerns, others experience challenges in managing resistance during change implementation. Team leader recognition had a mean of 3.80, showing that firms to a considerable extent acknowledge leadership roles in supporting change initiatives. Nevertheless, the variation (32.33%) indicates inconsistencies across firms, particularly in areas such as departmental involvement and communication of change benefits.

These findings suggest that although horticultural firms in Nakuru County moderately involve stakeholders in change processes, there are notable inconsistencies in how this involvement is implemented. Specifically, while team roles and leadership recognition are relatively emphasized, resistance mitigation remains uneven across firms. This implies a need for firms to strengthen structured stakeholder engagement approaches, particularly in managing resistance and ensuring consistent involvement across all organizational levels to enhance firm performance.

### **Firm Performance**

This section presents the mean scores, standard deviations, and coefficients of variation for the level of stakeholder involvement in horticultural firms in Nakuru County, Kenya, as illustrated in Table 3.

*Table 3: Descriptive Statistics for Firm Performance*

<b>Statement</b>	<b>n</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Coefficient of Variation</b>
<b>Market Share</b>				
The firm’s market share has increased over the past few years	183	4.12	1.28	31.18%
The organization’s reputation in the market has improved	183	4.27	0.51	11.94%
<b>Aggregate Scores on Market Share</b>		<b>4.20</b>	<b>0.90</b>	<b>21.56%</b>
<b>Sales Volume</b>				
Sales volume has shown steady growth in recent years	183	4.22	1.45	34.36%
The firm’s profitability has increased due to efficient operations	183	4.41	0.97	22.00%
<b>Aggregate Scores on Sales Volume</b>		<b>4.32</b>	<b>1.21</b>	<b>28.18%</b>
<b>Customer Satisfaction</b>				
Customer satisfaction levels have improved significantly	183	4.01	1.08	26.93%
The firm receives positive feedback from clients on product quality	183	3.87	0.87	20.67%
Customer retention rates have improved due to better service	183	3.92	1.11	28.32%
The company responds quickly to changing market needs	183	4.62%	0.68	14.72%
<b>Aggregate Scores on Customer Satisfaction</b>		<b>4.11</b>	<b>0.94</b>	<b>22.66%</b>
<b>Overall Scores on Firm Performance</b>		<b>4.18</b>	<b>0.99</b>	<b>23.75%</b>

*Source: Survey Observations (2026)*

The results in Table 4.6 show that firm performance in the horticultural sub-sector was rated to a large extent, as indicated by an overall mean score of 4.18, suggesting that respondents generally agreed that performance had improved across key areas such as market share, sales volume, and customer satisfaction. However, the standard deviation of 0.99 reflects moderate

variation in opinions, implying that performance gains were not uniform across all firms. Notably, responsiveness to market changes (mean = 4.62), profitability (mean = 4.41), and organizational reputation (mean = 4.27) were highly rated, indicating strong adaptive and strategic capabilities, while customer-related aspects such as satisfaction, retention, and product feedback recorded relatively moderate means, pointing to areas that still require improvement. Overall, the findings suggest that although firms have made significant progress in enhancing performance, inconsistencies across indicators highlight the need for more sustained and balanced strategic efforts within the sector.

**Inferential Analysis**

The study aimed to examine the effect of stakeholder involvement on firm performance in the horticultural sub-sector in Nakuru County, Kenya, and relied solely on regression analysis to determine the nature and magnitude of the relationship between the study variables.

Stakeholder involvement was regressed on firm performance in the horticultural sub-sector. The results of this regression analysis are presented in Tables 5, 6, and 7.

*Table 5: Model Summary for Network Capabilities*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.782	0.565	0.527	0.401

a Predictors: (Constant), stakeholder involvement

b Dependent Variable: Firm performance

*Source: Survey Observations (2026)*

The results in Table 5 indicate that the coefficient of determination ( $R^2$ ) was 0.565, implying that the model explained 56.5% of the variations in firm performance within the horticultural sub-sector in Nakuru County. This further suggests that the remaining 43.5% of the changes in firm performance were influenced by other factors not included in the model. In addition, Analysis of Variance (ANOVA) was conducted to assess the overall fitness and significance of the model in predicting firm performance, with the results presented in Table 6.

*Table 6: ANOVAa for Network Capabilities*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.321	4	13.347	95.03	.000 <sup>b</sup>
	Residual	34.280	224	0.147		
<b>Total</b>		<b>76.601</b>	<b>228</b>			

a. Dependent Variable: Firm performance

b. Predictors: (Constant), Stakeholder Involvement, Strategic Corporate Communication, Leadership, Organizational Learning

*Source: Survey Observations (2026)*

The results in Table 6 indicate that the F-statistic for the model ( $F = 95.03$ ) was substantially higher than the critical value, demonstrating that the model was appropriate for predicting firm performance in the horticultural sub-sector. In addition, the p-value of 0.000 was below the 0.05 level of significance, confirming that the model was statistically significant. These findings suggest that stakeholder involvement, strategic corporate communication, leadership,

and organizational learning jointly provide a strong basis for explaining variations in firm performance.

The study further employed a t-test to examine the statistical significance of the study variable in predicting firm performance within the horticultural sub-sector. The results of this analysis are presented in Table 7.

**Table 7: Regression Coefficients**

	Unstructured Coefficients		Standardized Coefficients		
	$\beta$	Std. Error	Beta	t	Sig.
Constant	.847	.115		7.521	.041
Stakeholder Involvement	.281	.062	.315	4.715	.001
Strategic Corporate Communication	.199	.053	.287	3.828	.011
Leadership	.335	.066	.359	5.217	.002
Organizational Learning	.471	.071	.368	4.968	.000

**a. Dependent Variable:** Firm Performance

**b. Predictors:** (Constant), Stakeholder Involvement, Strategic Corporate Communication, Leadership, and Organizational Learning

*Source: Survey Observations (2026)*

The regression analysis shows that the unstandardized coefficient values were used to develop the estimated model presented.

$$\text{Firm Performance} = 0.847 + 0.281 \text{ Stakeholder Involvement}$$

The regression results indicate that when stakeholder involvement, strategic corporate communication, leadership, and organizational learning are held constant, firm performance would have a baseline value of 0.847, representing the intercept of the model. The coefficients for each variable demonstrate their respective contributions to variations in firm performance. Specifically, stakeholder involvement recorded a beta coefficient (B) of 0.281 with a p-value of 0.001, indicating a positive and statistically significant effect on firm performance. This implies that a unit increase in stakeholder involvement leads to a corresponding increase of 0.281 units in firm performance. The findings therefore confirm that stakeholder involvement is a significant predictor of firm performance, suggesting that active engagement, collaboration, and inclusion of stakeholders enhance organizational outcomes among horticultural firms in Nakuru County, Kenya. These results are consistent with prior empirical studies, including Bwogen and Murigi (2023), who found that stakeholder involvement significantly influenced performance in county governments, and Sahal and Bett (2022), who established that stakeholder engagement improves governance and performance outcomes. The findings further support stakeholder theory, which posits that effective engagement of stakeholders enhances decision-making and organizational performance (Freeman et al., 2010).

## **Conclusion**

From the findings, the study drew several key conclusions. Overall, the study established that stakeholder involvement has a significant positive effect on firm performance in the horticultural sub-sector in Nakuru County, Kenya. The results further indicated that stakeholder involvement was practiced to a moderately high extent across the firms. Specifically, dimensions such as team role clarity, resistance mitigation, and team leader recognition were all found to positively influence firm performance. Among these, team leader recognition and stakeholder participation in decision-making emerged as strong drivers of improved performance outcomes. The study therefore concluded that firms that actively engage stakeholders, address resistance to change, and recognize leadership roles are more likely to achieve higher levels of market share, sales growth, and customer satisfaction.

## **Recommendations**

management should ensure that policies are put in place to encourage stakeholder participation in firm processes. For example, stakeholders should be encouraged to participate in planning, decision-making and review meetings to increase their sense of ownership and accountability. Consultative bodies, feedback mechanisms and participatory evaluation platforms, for example, should be formalised to ensure stakeholder perspectives are taken into account in the organisational strategy. Resources should also be provided to support stakeholder engagement activities as this builds trust, transparency and improved firm performance.

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