Kenya’s Business Networks: An Inside Circle?

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Abstract
It has been suggested that business leaders—insofar as they are able to exert influence over public policy—do so through their personal networks rather than acting through, or on behalf of, wider groups of businesses. The purpose of this article is to explore the extent to which personal networks in Kenya give business leaders easy access to policy makers. The concern is that a few business leaders may be able to influence public policy, for good or ill, for public benefit or private gain, irrespective of the views of the majority of private businesses or, at least, the majority of businesses in their sector. This article takes a novel approach mapping relationships to explore the extent to which business leaders are appointed to public bodies. It finds little evidence to support the thesis that an inner circle of business leaders has undue influence.

Keywords
public private dialogue, interest groups, Kenya, Africa

Introduction
Governments create the political and economic environment in which their countries’ businesses have to operate, usually described as the “enabling environment” or “investment climate.” In response, business associations seek to influence public policy to make it easier for their members to “do business.”

There is a desire in multilateral institutions such as the World Bank and International Finance Corporation to improve the enabling environment. That is why, since 2003, the World Bank has been publishing Doing Business reports, which rank most countries on a number of investment climate factors and give an overall rank of the “ease of doing business.” This has encouraged governments to recognize that improving the enabling environment can make an enormous difference to whether they have a vibrant private sector and to the rate of economic growth. Donors consider this approach so important that the Donor Committee for Enterprise Development guidance manual (White, 2008) stresses that

reforming the business environment is a priority for development agencies and governments because of the significant influence the business environment has on the development of the private sector and therefore on economic growth and the generation of livelihoods and jobs. (p. 3)

They recognize the need to involve the private sector in reform and go further, saying that they aim to build the capacity of the private sector to influence public policy (White, 2008).

In sub-Saharan Africa, there are now six advocacy support programs aiming, inter alia, to assist business membership organizations (BMOs) to advocate change in public policy. In Kenya, the Business Advocacy Fund (BAF), largely funded by Danish International Development Agency (DANIDA), provides financial and capacity building support. In its first phase, lasting from 2006 to 2010, BAF awarded 58 grants totaling US$1.2m to 37 BMOs to finance advocacy activities (BAF, 2013). A second phase lasts from 2011 to 2015. (Tanzania has Business Environment Strengthening for Tanzania—Dialogue; Ghana has the Business Sector Advocacy Challenge Fund; Nigeria has Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE); Mozambique has Fundo para Ambiente de Negócios; and Zimbisa has recently been launched in Zimbabwe.)

There is a belief among some researchers, however, including Useem (1984), that it is not business associations but rather key individuals from the private sector’s “inner circle” who make things happen. Useem does acknowledge that this is often on behalf of the wider business community but, au contraire, suggests that business people use their networks and influence to seek competitive advantage.

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The Hon. Gerald Ssendaula is perhaps typical of the inner circle that Useem has in mind. In early 2012, he was elected Chairman of the East Africa Business Council (EABC). As EABC puts it (A. Nderitu, then CEO, East Africa Business Council, Arusha, personal communication, March 24, 2012), he brings a wealth of experience, having worked with both the public and private sectors for several years. He headed several ministries in Uganda during his time in government, including the Ministry of Trade and Ministry of Finance, Planning, and Economic Planning. He is now a businessman, with interests in coffee farming, hospitality industry, real estate, and general trading. He is Chairman of Tropical Bank, Uganda, Chairman of the Coffee Farmers’ Association, Chairman of the national apex Uganda Private Sector Foundation, and Chairman of the Uganda Revenue Authority. He is also a senior Presidential Advisor on finance matters.

There are also people who started in business and then became involved in influencing government. Manu Chandaria, for example, a successful businessman in Kenya established his own, very successful, business. He has been appointed to the board of a number of other private companies. He has also been appointed, at different times, to a large number of government committees and task forces. He is a former chairman of the Kenya Association of Manufacturers (KAM) and was founding chairman of both the Kenya Private Sector Alliance (KEPSA) and the regional EABC. Unlike many business people, who prefer to keep a lower profile, Chandaria (2008) has helpfully provided a detailed biography on the Internet (Chandaria, 2008).

His key appointments—in private companies, business association, and government committees—are summarized in Figure 1. As can be seen, he is widely networked and has (or had) the confidence of political leaders who appointed him to a number of public sector and parastatal organizations.

Another private sector leader, Vimal Shah, is CEO of the Bidco Group, which he has grown from being small and unknown to one of East Africa’s most respected manufacturing companies, with manufacturing operations in Kenya, Uganda, and Tanzania. He is a former chairman of KAM and currently chairman of KEPSA. He is chairman of EABC’s Trade and Investment Committee. He is a board member of United States International University of Kenya and the Kenya Polytechnic University College and a member of the Presidential Investors’ Round Table of Uganda.

None of these people appear to have political ambitions, perhaps believing that they can achieve more by keeping out of politics, though a former chairman of KEPSA has seen the
chairmanship as a useful stepping stone into the limelight in the hope of moving into a political career. If governments are serious about improving the enabling environment, they need to talk to business leaders and are often keen, for reasons including respectability and legitimacy, to recruit business leaders to working groups, advisory committees, boards, and so on. In addition, however, government talks regularly to key business associations. If a few business leaders with good networks could make a significant difference, it would obviate the need for business associations and the donors providing them with financial support might question whether it was worth providing. One possible indicator of close relationships between a small number of business leaders and public sector policy makers might be the appointment of a small number of influential business leaders to public bodies.

In some countries, such as the United States, companies may well join business associations to exert influence on government but many also resort to the use of lobbyists who can work on their behalf. In Kenya, there seem to be very few lobbyists. Asking around the BMOs produced just two names. Keli Kiili runs Corporate Regulatory Solutions, based in Kenya. He previously worked for British American Tobacco rising to take charge of their African division. He has high-level contacts among the political class in Kenya, Uganda, and Tanzania. He does not lobby overtly (and does not have a website), but businesses engage him to take forward a certain agenda with high-level government persons. He is a director at EABC and has been a director at KAM and KEPSA, among others. Kiriro wa Ngugi, a former Member of Parliament (MP), runs Lobbying Associates. This lack of lobbyists might imply less effort by businesses to influence public policy, or that businesses work through associations, or that businesses simply rely on their own networks of contacts.

The rest of this article is organized as follows: The next section reviews the literature on business association objectives and their approach to advocacy, including how they access policy makers, and sets out the research question; the following section describes the research and the data; the penultimate section explores the findings; the article ends with the conclusion that business associations, at least in Kenya, have much more influence than individuals.

The Literature

Pluralists assert that democratic politics is less about domination by elites and more about small groups, with particular interests and which are politically autonomous, seeking to influence policy. The assumption is that good policy emerges from the arguments of groups with contradictory positions. This led Truman (1951) to argue that when individuals care enough about public policy, interest groups will emerge and seek to influence that policy. As explained by Gilens and Page (2014), views of pluralism divide into majoritarian, in which all citizens’ interests are represented, and biased, in which the views of business and professional interest groups prevail. An interest group is simply an “organised body of individuals who share some goals and try to influence policy” (Berry, 1984, p. 4). This article, however, takes a narrower view, focusing on business associations which “aggregate the collective power and interests of the private sector” (Heilman & Lucas, 1997, p. 142) in an effort to influence public policy. They are membership organizations rather than campaign groups or pressure groups and often offer other services to their members in addition to representing them in public policy debates. Gilens and Page (2014) assert that economic elites and business interest groups are more influential, at least in the United States, than are mass member groups or individual citizens.

It is important to ask why businesses and business associations might want to influence policy. Ridley (2010), quoting Milton Friedman, observes that “business corporations in general are not defenders of free enterprise. On the contrary, they are one of the chief sources of danger.” They are addicted to corporate welfare, they love regulations that erect barriers to entry to their small competitors, they yearn for monopoly and they grow flabby and inefficient with age. (p. 111)

Some suggest that interest groups which seek to influence narrow areas of policy may be a threat to the democratic process (Beyers, Eising, & Maloney, 2008). However, politicians and officials will have interests of their own and may seek support from interest groups (Beyers et al., 2008) to bolster their position. Indeed, Dür and Mateo (2012) argue that business associations’ ability to provide information and expertise should confer access to political institutions that need these resources. Lowery and Gray (2004) assert that “the formation and operation of organised interests supports rather than undermines the effective operation of democratic government” (p. 165). Dür and De Bièvre (2007) support the view that interest group participation in policy making can improve public sector decision making. Saurugger (2008) asserts that participatory democracy requires widespread participation in policy formulation and that interest groups (rather than individual citizens) provide knowledge and expertise to policy makers and broaden citizen involvement. Dür and Mateo (2012) suggest, at least in relation to the EU, that interest group participation, bringing a range of voices and expertise, enhances the legitimacy and quality of policy making. Business associations can thus make a big difference (Baumgartner et al., 2009). These views support the idea of the existence of a resource exchange relationship (Baumgartner et al., 2009; Dür & Mateo, 2012; Salisbury, 1969; Streeck & Schmitter, 1985; Walker, 1983), in which interest groups offer policy makers expertise, knowledge, information, and legitimacy in exchange for the delivery of public policy acceptable to the interest groups. This perhaps
begs a question, however, about whether interest groups are seeking a public good (on behalf of all business) or a selective good (on behalf of their members alone).

Walker (1991) differentiated between groups which adopted a strategy of working inside government—and seeking directly to influence officials and politicians—and an outside strategy—essentially mobilizing public opinion. He notes that business leaders get privileged access to government and so prefer to operate inside and out of public view. It is not clear, however, whether they get that access by virtue of being business leaders or by earning it through their associations’ demonstration of credibility and competence. However, he argues that interest groups “wield significant influence” (p. 7) in the policy-making process and that it is shared interests about public policies that lead businesses to create associations. He observes that the public sector often encourages the formation of a group because they need an appropriate organization with whom to consult (Walker, 1983).

There are a number of broad approaches that associations can adopt when attempting to influence public policy and a wide range of tools and techniques. The term advocacy is sometimes used to describe all attempts to influence government. Sometimes, it is used synonymously with “lobbying.” However, “lobbying” is generally only used to describe specific attempts to influence policy through face-to-face or written communication with the driving force being the association or interest group (see Figure 2). Dür and Mateo (2013) suggest that the choice of strategy depends on group type, with business associations being more likely to pursue a strategy of insider lobbying and citizen groups and professional associations being more likely to pursue an outsider strategy. Eising (2007) stresses that “access is not equal to influence” (p. 332), though access is a sine qua non to be able to influence. He suggests that access depends not only on group type, which he acknowledges, but also on institutional context and resource dependence.

The East African Community has enshrined the need to consult with private sector and civil society in its treaty. There is not the same legal requirement in the member states but there is an increasing desire in many governments, including the Government of Kenya, to consult. In the EU and United States, there is a recognition by public officials that interest groups can provide information and evidence that will help them do their job; in exchange, business associations are able, at least to some extent, to influence policy (Eising, 2007). So, all parties benefit. There is a bigger resource issue for business associations, in that groups that are continuously in touch with officials are likely to be better informed about policy making (Eising, 2007) and thus better positioned to feedback views and ultimately to influence the policy making.

Arguably, the most effective approach to influencing public policy is dialogue. This presupposes that an association has sufficient evidence to support its policy position. Dialogue is predicated on a process of partnership and collaboration. Partners in a genuine dialogue will work hard to understand the position from where the other is coming, so partners will tend to look for solutions that satisfy all parties. Because dialogue is face to face, it is possible for those representing business associations to promote narrow interests, though there is not too much evidence of this happening. The alternative to using evidence-based argument is to base

Figure 2. Approaches to policy influence.
Source. Adapted from an original idea by Start and Hovland (2004).
arguments on interests or values. Organizations might resort to this approach for any of several reasons: They find that they are getting nowhere with their evidence-based arguments; there may be no evidence or a lack of understanding of the evidence, or they may not trust the evidence; or, they may not like what the evidence appears to be saying. Sometimes, organizations will engage in direct action. Too often, though not always, this manifests itself in behavior perceived by most of the population to be unacceptable. The last option is the “special pleading” beloved of large corporations, especially when they are well connected to the political elite. Corporates typically engage in such behavior because they are rent seeking, perhaps looking for protection from foreign competition or subsidies for inputs.

Useem (1984) argues that it is not business associations that make things happen:

Rarely if ever does big business act collectively to promote its political interests, classwide or otherwise, for as a bloc it lacks even the most rudimentary means for identifying and agreeing on its common needs, let alone a vehicle for pursuing them. The inner circle, by contrast, is opportunistically situated to overcome these lacks . . . it possesses the parochial interests of single companies and sectors and to offer a more integrated vision of the broader, longer-term needs of business. (p. 59)

He argues that

the inner circle’s ability to mobilize political resources is embraced to the extent that it is more socially cohesive than the rest of corporate management . . . while social cohesion is not necessarily a precondition for mobilization, it is a power facilitator. (p. 63)

Useem effectively argues that there is an inner circle of elite business leaders, that the inner circle has access to political leaders, and that the inner circle influences public policy in a way that lacks legitimacy, transparency, and accountability. This view is countered by Bernhagen (2013) whose research suggests that lobbyists find it difficult to influence policy makers to act in the interests of the lobbyist “at the expense of wider constituencies” (p. 20).

There are clearly a number of people, such as Chandaria and Kiulu, with well-developed networks and with easy access to political leaders. There are also business leaders who support politicians and political candidates, presumably in part, at least, to increase access and influence behind closed doors, including seeking competitive advantage and government contracts. Isaac Awondo, for example, is managing director of the Commercial Bank of Africa, owned by the Kenyatta family. He acted as campaign manager for the successful candidate for Nairobi County Governor (though, curiously, the Governor is in the Orange Democratic Movement (ODM), rather than Kenyatta’s Jubilee coalition). Many politicians have set up successful businesses, possibly using their political connections to gain competitive advantage. What is less clear is the extent to which business leaders who do not represent associations are able actually to influence policy. Business associations confer legitimacy both to the leaders who have an argument to make and to policy makers who can point to the spread of support for a particular issue.

Useem (1984) says that a small number of firms “have come to exercise a voice on behalf of the entire business community” (p. 3). Bennett (1998) interprets this to mean that those few firms will exert a disproportionate role in government committees, in the governance of business associations, and in the media. He suggests that large firms might lobby for competitive advantage but also that they will join associations “to gain wider legitimacy” (Bennett, 1998).

This raises a number of questions:

- **Research Question 1:** Will business leaders, when they have the chance, join and work through business associations or will they simply use their personal contacts?
- **Research Question 2:** Will business leaders who are exploiting personal contacts act on behalf of the private sector in general or will they be more likely to seek competitive advantage for their own business?
- **Research Question 3:** Can business associations make a difference or is their effort effectively wasted?
- **Research Question 4:** Can business associations develop their own networks and relationships which can increase their chances of influencing public policy?

One of the challenges of looking for evidence of an “inner circle” is that personal connections may be down to who went to school with whom or membership of the golf club. Unless large sums of money are changing hands, influencing public policy will require more than simply knowing the minister’s private telephone number. If legitimacy is important, however, we might then expect that these business leaders are appointed to the boards of appropriate public bodies, so that they have a more formal voice. We might also find them seeking to promote their vested interests through taking positions of leadership in key interest groups. The hypothesis, then, is that an inner circle which is large enough to make a difference will be manifested in a small group of business people who are appointed to the boards of public agencies and elected to the boards of business associations.

**The Research**

The objective of the research, therefore, was to identify the people who sit on boards of large companies, government agencies (typically in the United Kingdom known as quangos but known in Kenya as parastatal organizations), and business associations and then to explore the extent of multiple appointments.
The method adopted was to research the membership of boards through Internet search and telephone calls. This was supplemented by key informant interviews. The research aimed:

- to identify publicly listed companies and all their directors
- to identify large but apparently influential unlisted companies and all their directors
- to identify parastatals with a role in business or economy, for example, Kenya Bureau of Standards, Kenya Tea Development Authority, Kenya Airports’ Authority, and so on and all their directors
- to identify key business associations and all their directors

The Internet and telephone research was undertaken between September 2012 and July 2013.

Finding the directors of public limited companies (PLC) was relatively straightforward as the stock exchange lists public companies and every PLC lists its directors either directly on its website or else in its annual report. There are 64 quoted companies in Kenya (see the list in the appendix). At the time of the research, there were 193 people holding 213 directorships. Only 14 of them held more than one directorship and only 5 held more than two directorships in other quoted companies. Some 19 of them also held 29 positions—as director or trustee—of a parastatal organization. Two quoted companies still have a majority of their shares owned by the government either directly or through the National Social Security Fund.

There are a large number of parastatal organizations, but at the time of the research, there was no directory (though the government has subsequently published a list which has 47 organizations but does not appear to be comprehensive). Some 44 have been identified, and it is believed that this includes all the ones that are likely to be influential, such as the Central Bank, the Tourist Board, the Kenya Investment Authority, and the Kenya Ports Authority (see the list in the appendix). As with PLCs, parastatals invariably have a website and list their directors. At the time of the research, there were 289 people holding 325 directorships or trusteeships. Some 24 held more than one position and just 3 held more than two positions.

Among parastatals, most have just one director who is also on a company board. The exceptions are the Industrial Development Bank, the National Social Security Fund, the National Oil Corporation, and the Kenya Tourist Board. One can well see why they would want private sector expertise on their boards.

Some private companies are quite large, and it is possible that some directors are influential. The Kenya Business Directory (2013) says that there are around 89,000 companies in Kenya of which some 53,000 are based in Nairobi. There is a requirement for companies and their directors to be registered with the Companies Registry in the Attorney General’s office but the information is not publicly available, so there is no easy way to identify directors. One method by which people might seek to be noticed and then to wield influence is by becoming involved in business associations. It is also likely that people who are seeking to influence government might either be completely ignored or might be co-opted by government by appointing them to the boards of parastatals.

It is estimated that there are around 380 formally registered business associations (BAF, 2013, p. 3) but that fewer than 15 have the resources to be sustainable (BAF, 2013, p. 10). Most BMOs do not publicize the names of their directors, so 19 BMOs (listed in the appendix) were surveyed by telephone and asked to name them. This generated a list of 212 people, holding 222 directorships. Six of the ten who have a second directorship were representing their association on the board of the apex, KEPSA. No one had more than two directorships.

The Findings

If our hypothesis is correct, one might have expected to see considerable overlap, but in fact there is very little. The Kenya Electricity Generating Company (known as KenGen) and the National Bank of Kenya (NBK) (both of which have a majority government stake) have several directors who are also on the board of parastatals (figure 3). Only two other companies, Mumias Sugar Company and Kenya Reinsurance Corporation, share more than one director with a parastatal. In the case of Mumias, they share a director with the Kenya Sugar Board and also have Joseph Kinyua on their board. Kenya Reinsurance Corporation shares directors with Kenya Airports Authority and the Industrial Development Bank—and also has Joseph Kinyua on its board.

The person who stands out as being involved in a large number of boards is Joseph Kinyua who apparently found time to be on the boards of 10 parastatals (ranging from the Central Bank of Kenya to the Catering Tourism and Training Development Levy Trustees) and four quoted companies (though these are privatized businesses that were previously state-owned enterprises with the government still having a stake and thus wishing to appoint a director. At the time of the research, Kinyua was principal secretary (would be called permanent secretary in the United Kingdom) at the National Treasury (formerly the Ministry of Finance), though he has since been appointed as Head of the Public Service and Chief of Staff to the President. The laws creating a number of parastatals specify that the Principal Secretary of the National Treasury will be a director and, in practice, he would send an alternate to most of the organizations.

It is striking that none of the business association directors are on the board of a parastatal or public company. Those directors on more than one board are shown in Figure 4, though it should be noted that this includes a small number
of directors whose BMO was not surveyed, but who are known to be directors (specifically Media Owners’ Association, Pyrethrum Growers’ Association, Agriculture Industry Network, Pubs Entertainment & Restaurants’ Association of Kenya, and EABC).

Most people represent a business but a very small number represent a ministry, implying a close relationship between the government and the BMO. Only 10 BMO directors (and two BMO chief executives) were directors of more than one BMO and in all cases but two, it seemed that they were representing their own BMO on the board of the other—such as KEPSA or the recently formed Agriculture Industry Network, which is aiming to bring together the commodity farmers. One director is on the board of a parastatal (the Kenya Tea Development Agency) and another is on the board of the regional apex East Africa Business Council. Given that the survey did not cover all BMOs, it is possible that the sample is not representative. The Eastern Africa Association (EAA) aims to lobby as EAA. The Federation of Kenyan Employers refused to provide a list of its directors and many of its members are also in sectoral associations. The survey did cover, inter alia, KEPSA, KAM, the Kenya National Federation of Agricultural Producers (KENFAP), and the Kenya National Chamber of Commerce and Industry (KNCCI), so it is believed that most of the economy has been covered.

BMO staff and directors who participate in BAF training are encouraged to develop good networks with people at all levels in key ministries and to ensure that they communicate regularly with those people. And some of the BMOs, such as KAM, do seem to be well connected and are able to influence policy.

The feedback from participants in BAF training suggests that they perceive that others, with better networks, will be more effective. While there may be others with better networks, this research suggests that there are not many of them and reinforces the need for staff and directors of business associations to build good networks. Indeed, the Seed Trade Association of Kenya (STAK) recruited an ex-official from the Ministry of Agriculture (MoA) to improve access to MoA officials.
Business leaders do use their contacts: for example, Mike Macharia, CEO, Kenya Association of Hotelkeepers & Caterers (KAHC) explains that he went to school with many of the current ministers and so is able just to pick up the telephone and talk to them (C. Davis, director, BAF, Nairobi, personal communication, July 19, 2013). Crucially, however, he is doing this on behalf of the member of the KAHC and not for the sole benefit of his own hotel.

KAM is probably the most influential BMO in Kenya and gives the impression of being well able to influence the government. For those willing to make the effort, finding links through friends or friends of friends is possible, though perhaps not always easy. Milgram (1967) asserts that “any two people in the world, no matter how remote from each other, can be linked in terms of intermediate acquaintance” (p. 63). He concluded that, on average, only five intermediaries are needed to link any two people (usually described now as six degrees of separation, though he never used that description). He stressed, though, that this implies a “closeness” that may not exist and which cannot easily be exploited, presumably because of the difficulty for most people in identifying a complete chain to the target and being sufficiently persuasive along the chain.

When appropriate, they ask directors to exploit their personal contacts (B. Maina, CEO, KAM, Nairobi, personal communication, July 18, 2013), though interestingly, KAM says that they see no evidence that those with personal contacts have greater sway, partly because there is a lot of private sector competition and no individual business has sufficient economic weight to make a difference on its own, and partly because ultimately decisions are made based on political interests. Friendship and networks open doors—and KAM’s positions are carefully considered because it is seen to be credible and representative (B. Maina, personal communication, July 18, 2013). It is essential, however, to back up arguments with evidence, and KAM is good at doing that. Betty Maina, CEO, explains, “People don’t make decisions on emotion and conjecture.”

The support provided by BAF resulted in the publication by business associations of 52 research reports and policy position papers, 419 dialogues and consultations with government, the raising of 167 issues with government and 56 changes to public policy (though not every change in policy has yet been implemented)—suggesting that associations are having some considerable success.

It is easy to assume that success is due to a combination of the private sector being able to make a convincing case for change and the public sector being willing to listen and then to act. This does of course require that the associations have

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**Figure 4. Business association director overlap.**

Note. Directors are shown at the top with business associations in the middle and bottom (where representatives of one association sit on the board of another)

KNCCI = Kenya National Chamber of Commerce and Industry; MOA = Ministry of Agriculture; AKI = Association of Kenya Insurers; KPDA = Kenya Property Developers’ Association; KBA = Kenya Bankers’ Association; KAM = Kenya Association of Manufacturers; EABC = East Africa Business Council; FPEAK = Fresh Produce Exporters’ Association; EATTA = East African Tea Traders’ Association; KEPSA = Kenya Private Sector Alliance; KSC = Kenya Shippers’ Council; KENFAP = Kenya National Federation of Agricultural Producers; KAHC = Kenya Association of Hotelkeepers & Caterers.
access to the key policy makers. The evidence appears to suggest that associations that put in the effort to develop and maintain relationships are more likely to be successful in influencing public policy. This perhaps still begs a question about whether it is actually the association that has made the difference or whether it is specific members of staff or perhaps members of the board who can “open doors” through their personal networks and connections. It also raises interesting questions about the social capital of organizations and of individuals, whether there is a boundary separating business association objectives from business leader objectives and transparency. In the case of associations, however, the social capital is largely the networks of contacts brought by staff and board from their experience elsewhere and through their ability to cultivate new contacts. Useem (1984) effectively argues that it is the individuals who own the social capital and, furthermore, that they develop multiple connections through being part of the inner circle, which they are then able to exploit on behalf of a number of organizations. There is anecdotal evidence that school relationships endure into adulthood and a relatively small number of well-educated people, most of whom know each other, run the country and key institutions. And organizations such as Rotary are as popular in Kenya as they are in the West.

**Conclusion**

Some observers believe that there is an “inner circle” of key business leaders who are not only able to influence political leaders but also work hand in glove for mutual benefit without concern for wider community benefit. It is not a given that large numbers of people who are influential will have multiple board memberships and in particular membership of both private and public boards, though Bennett (1998) believes it to be so. However, rising to the top of a private sector organization may suggest some respect from the private sector and may increase the chance of appointment to a public body. If this is the case, it might be observable through the appointment of a small number of business leaders to a large number of public sector boards. Appointments to public sector boards may also be designed to “capture” business leaders who would otherwise be “troublesome” in lobbying the policy makers. If there is an inner circle, the business leaders who comprise it are unlikely to admit to seeking to influence policy for private gain, so this research has taken a novel approach in looking for evidence that members of the inner circle are being appointed to positions, which would give them legitimacy to air their views and to support their assertions by gathering appropriate evidence.

It appears from the research, however, that very few people are on more than one board—thus reducing good networking opportunities—but also suggesting that government appointments to parastatals are designed neither to provide cover to individual business leaders nor to bring BMO directors into the fold.

If Useem’s inner circle exists, then its members are hiding in the shadows. It is possible, indeed probable, that the old school tie and networking through other means does still determine who influences who. The local culture is important, with members of society looking up to those who are successful. In a country such as Kenya, it is likely that ethnicity also helps. And it seems that there has been some influence achieved through corrupt practice (Wrong, 2009). There is no doubt that there are some people who are extremely well connected, and there seem to be a number of business people who seek political power, directly or indirectly, or who seek government contracts via political connections. However, the evidence suggests that there are not too many of them and that Useem’s inner circle, if it exists at all in Kenya, is very small. It is clear, however, that business leaders and BMO leaders talk regularly with each other and with key stakeholders (C. Davis, personal communication, July 19, 2013)—indeed BMOs should be encouraging this interaction—though it is perhaps less clear how much this adds to their ability to influence.

The conclusion perhaps is that staff and directors of business associations need to be proactive in developing their own networks, which they can then exploit for the good of the association and of the private sector in general. This could be an interesting area for further research, not least as a logical consequence of effective networking would be that those working with business associations need to encourage them to become better at networking and building relationships which they can then use to ensure that their views are given a fair hearing by policy makers.

**Appendix**

**Publicly Quoted Companies**

*Source.* www.crmz.com/Directory/CountryKE.htm; Nairobi Securities Exchange.

- A.Baumann and Company Limited
- AccessKenya Group Ltd
- Athi River Mining Ltd
- Bamburi Cement Limited
- Barclays Bank of Kenya Limited
- BOC Kenya Limited
- British American Investment Company
- British American Tobacco Kenya Limited
- Car & General Ltd
- Carbacid Investments Ltd
- Centum Investment Company Ltd
- CFC Stanbic Holdings Limited
- CFC Insurance Holdings
- City Trust Limited
- CMC Holdings Limited
- Crown Berger Kenya Limited
- Diamond Trust Bank Kenya Ltd
• EAAGADS Limited
• East African Breweries Ltd
• East African Cables Limited
• East African Packaging Industries Ltd
• East African Portland Cement Co. Ltd
• Equity Bank Limited
• Eveready East Africa Limited
• Express Kenya Limited
• First American Bank of Kenya
• Gulf African Bank
• Housing Finance Company Limited
• Hutchings Biemer Ltd
• Jubilee Holdings Limited
• Kakuzi Limited
• Kapchorua Tea Company Limited
• KenolKobil Ltd
• Kenya Airways Limited
• Kenya Commercial Bank Ltd
• Kenya Electricity Generating Company
• Kenya National Mills
• Kenya Orchards Ltd
• Kenya Reinsurance Corporation Limited
• Limuru Tea Company Limited
• Marshalls (East Africa) Limited
• Mumias Sugar Company Limited
• Nation Media Group
• National Bank of Kenya Limited
• NIC Bank Limited
• Olympia Capital Holdings Ltd
• Pan Africa Insurance Holdings Limited
• Rea Vipingo Plantations Ltd
• Safaricom Limited
• Sameer Africa Ltd
• Sasini Ltd
• Scangroup Limited
• Standard Chartered Bank Ltd
• Cooperative Bank of Kenya Ltd
• Kenya Power & Lighting Company Ltd
• Standard Group Limited
• Total Kenya Limited
• TPS Eastern Africa Limited (TPSEAL)
• Trans Century Ltd
• Uchumi Supermarkets Limited
• Unga Group Ltd
• Unilever Tea Kenya Ltd
• Williamson Tea Kenya Ltd
• Coffee Board of Kenya
• Communication Commission of Kenya
• East African Portland Cement Co.
• Export Promotion Council
• Horticultural Crops Development Authority
• Industrial and Commercial Development Corporation
• Industrial Development Bank
• Investment Promotion Centre
• Kenya Agricultural Research Institute
• Kenya Airports Authority
• Kenya Anti-Corruption Commission
• Kenya Broadcasting Corporation
• Kenya Bureau of Standards (KEBS)
• Kenya Civil Aviation Authority
• Kenya Dairy Board
• Kenya Industrial Property Institute
• Kenya Industrial Research & Development Institute
• Kenya Institute of Public Policy Research & Analysis
• Kenya Investment Authority
• Kenya National Assurance Company
• Kenya Ports Authority
• Kenya Post Office Savings Bank
• Kenya Railways Corporation
• Kenya Revenue Authority
• Kenya Roads Board
• Kenya Sugar Board
• Kenya Tourist Board
• Kenya Tourist Development Corporation
• National Housing Corporation
• National Oil Corporation of Kenya Ltd
• National Social Security Fund (NSSF)
• Postal Corporation of Kenya
• Tea Board of Kenya
• Telkom (k) Ltd
• Water Resources Management Authority
• Water Services Regulatory Board

Business Member Organizations (BMOs)

• African Biotechnology Stakeholders Forum (ABSF)
• Architectural Association of Kenya (ArchAK)
• Association of Kenya Insurers (AKI)
• East African Tea Traders’ Association (EATTA)
• Federation of Women Entrepreneurs’ Associations (FEWA)
• Fresh Produce Exporters’ Association (FPEAK)
• Institution of Surveyors of Kenya (ISK)
• Kenya Association of Hotelkeepers & Caterers (KAHC)
• Kenya Association of Manufacturers (KAM)
• Kenya Bankers’ Association (KBA)
• Kenya Chamber of Mines (KCM)
• Kenya Medical Women’s Association (KMWA)
• Kenya National Chamber of Commerce & Industry (KNCCI)

Parastatals

• Agricultural Development Corporation
• Agricultural Finance Corporation
• Capital Markets Authority
• Catering Tourism and Training Development Levy Trustees
• Central Bank of Kenya
• Coast Development Authority
### Overlap of BMO directors

| Name              | Position                                      | Representative Associations                              |
|-------------------|-----------------------------------------------|---------------------------------------------------------|
| Etemsis, Richard  | KBA, director                                 | KEPSA chair, representing KBA                           |
| Igate, Polycarp   | KAM, director                                 | KEPSA director, representing KAM                        |
| Jilo, Adam        | Kenya Tourism Federation, director            | KEPSA chair, representing KTF                           |
| Kenyatta, Muhoho  | KAM, director; KEPSA, director                | KEPSA director, representing MOA                        |
| Kittony, Kip      | Media Owners’ Association, chair; KNCCI, chair| KEPSA director, representing KPDA                        |
| Macharia, Laila   | Kenya Property Developers’ Association, director | KSC director, representing KAM                           |
| Maina, Betty      | KAM, CEO                                      | KENFAP, representing PGA                                |
| Monda, Justus     | Pyrethrum Growers’ Association, chair; Agriculture Industry Network, director |                                                |
| Mudiso, Edward    | EATTA, CEO                                    | AIN chair                                               |
| Muteli, Richard   | Jua Kali                                      | KEPSA director, representing Jua Kali                   |
| Nsarhol, Yas      | KAM, director; KSC, director                  | KEPSA director, representing AKI                         |
| Olenk, Japh       | AKI, director                                 | KAHC director, representing Pubs, Entertainment and Restaurants’ Association of Kenya |
| Reif, Walter      |                                              |                                                         |
| Shah, Hasit       | FPEAK, director                               | KSC director, representing FPEAK                          |
| Shah, Vimal       | KAM, director; Kenya Agribusiness & Agroindustry Alliance, chair; EABC, director | KEPSA chair, representing KAM                           |
| Tiampati, Lerionka|                                              | EATTA director, representing Kenya Tea Development Agency |
| Kathiga, Nancy    | ISK director on behalf of Ministry of Lands   |                                                         |
| Kimanthi, Nicholas| ISK director on behalf of Ministry of Lands   |                                                         |
| Mali, Alphonse    | ISK director on behalf of Ministry of Lands   |                                                         |
| Wagura, Charles   |                                              |                                                         |

- Kenya National Federation of Agricultural Producers (KENFAP)
- Kenya Private Sector Alliance (KEPSA)
- Kenya Property Developers’ Association (KPDA)
- Kenya Shippers’ Council (KSC)
- Kenya Transport Association (KTA)
- Kenya Veterinary Association (KVA)

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