A Peer Reviewed International Journal of Asian Academic Research Associates
AARJSH
ASIAN ACADEMIC RESEARCH JOURNAL OF SOCIAL SCIENCE & HUMANITIES

THE INFLUENCE OF CONFLICT REPORTS IN THE MEDIA ON PERFORMANCE OF FOREIGN TRADE AND DIRECT INVESTMENT IN KENYA FROM 1982 – 2005

MR EMMANUEL TOILI[1]; PROF. WILLIAM TOILI[2]

[1]St Paul's University, Limuru, Kenya,
[2]Masindemuliro University of Science and Technology, Kakamega, Kenya

Abstract

This article examines the role the media played in covering the conflict events leading to the worst ever post-election violence that occurred in Kenya in 2008. The article focuses on the perceptions of the nature and trend of conflict reports that were highlighted in Kenya's media from 1982 to 2005 and their influence on the performance of external trade and foreign direct investment. The study employed the ex-post facto descriptive survey research design to collect data from a sample of 200 media personnel and involved an assessment of documentary evidence on the subject during the period in question. The study was based in Nairobi county of Kenya. The study found that over the years, Kenya's media concentrated on highlighting conflicts at the expense of development issues. The conflict reports were generally frequent covering corruption cases and political conflicts such as inter- and intra-party conflicts, constitution conflict, lobby/ pressure group conflict, business conflict and religion conflicts. The conflicts reported are mainly political, based on ethnic and/ or religions considerations. Whereas the media channels might have created competition among themselves to tap the required profits, the manner in which this was done was ill- motivated. The conflict reports had a negative influence on Kenya's external trade and foreign direct investment opportunities. As education is a vital force in empowering people, so is the media an important component in the process of education, peace and conflict resolution.

Key Words: conflict reports, peace, media, business performance, external trade, foreign investment

1.0 INTRODUCTION

1.1 Background to the Study

In Kenya, news is the most watched programme on television, whether in homes or social gathering places. Most people also get their information from other media sources like the radio, newspapers, magazines and the Internet. Over the years, Kenyan news mediums have continued to highlight issues on rape, land clashes, constitutional process and political sentiments aired by politicians. Early last decade, the Kenyan media often highlighted conflict reports more than development matters (Barth, 2004). Conflicts are usually accompanied with violence that may be a source of political instability in a given country. When a country is perceived to be politically unstable, sometimes leading to civil strife or even war, investors, both existing and potential, look elsewhere for investment opportunities (Muga, 2005). Whereas the successive governments have strived to maintain political stability, there is growing evidence that investment opportunities have been on the decline as media reports on conflict increase. This makes it necessary to raise the question: How do conflict reports in the Kenyan media affect business opportunities with investors, both local and international?

The issue of conflict reports vis-à-vis developmental matters still poses a challenge to Kenya's media (Tom Mshindi, CEO Standard Group Newspapers, 15/09/05, KTN Business News). One columnist wrote about what readers said on governance under the sub-headline: *'Disgusting media lies on the war'.* One of the reader's reaction to this was: "*…We continue to see our MP's, including cabinet ministers endlessly bickering over what can be described as sharing of the spoils. In the process, a lot of good that the Narc government is doing is not getting attention it deserves"* (Macharia Gaitho, Daily Nation/Tuesday, March 25, 2003, pg. 8). Moreover, during the Constitutional Referendum campaigns towards the end of 2005, Tom Mshindi figured that economic reports however positive they were for the country were still overshadowed by the campaigns. Terry Davidson, Managing Director (MD), Kenya Commercial Bank, also opined that the Constitutional Referendum Campaign could cause disquiet among investor sources (Daily Nation / November 3, 2005). The media has therefore fallen prey to the endless conflicts in the country.

When one thinks about it, most news in the Kenyan media is "conflict" in itself and journalists are actually participants in the conflicts they cover. Though they usually make every effort to be "objective," this is difficult at best. Sometimes attempts to present both views equally actually favour one over the other; this is particularly so if the story does not illustrate that one view is much more predominant, or that another view, while commonly believed, is incorrect. Complex conflicts are full of pitfalls for journalists, but the more one understands what is really going on in a conflict, and the role of the conflict journalist, the better coverage one can do.

1.2 Purpose of the Study

The purpose of this study was to examine the nature and trend of conflict reports in the media and their influence on external trade and foreign direct investment in Kenya from 1982 - 2005.
The specific objectives were to:

a) Determine the perceptions on conflicts reported in the media in Kenya since 1982 to 2005;
b) Investigate the nature and trend of conflicts reported in the media in Kenya since 1982-2005;
c) Analyze the influence of conflict reports in the media on external trade and direct foreign investment in Kenya since 1982 - 2005.

1.3 Theoretical Framework

The communication process allows the aims and objectives of a given programme to be widely disseminated to the people and for useful information to solve their problems to be passed on to them. The better the communication, the earlier will be the development of a given society (Dahama and Bhatnagar, 1985). The major challenge to the journalist is to help people understand and strike a balance between retrogressive situations such as conflict (whenever they arise) and participation in economic activity. A situation has therefore to be created where information can be transmitted with greater impact on the people. Various models have been suggested to make communication process more fruitful, including Shammon-Weaver, Westley and Machean, Leagans and Berlo communication models. All of them portray communication as a linear process involving some or all of the following elements: sender, encoder, channel, decoder and receiver. However, it is simplistic to represent such a complex, dynamic and interactive process as a linear system. The communication framework for this study is therefore conceptualised as a highly interactive system whose elements inform one another and each other. The elements of the conceptual framework are illustrated in Figure 1

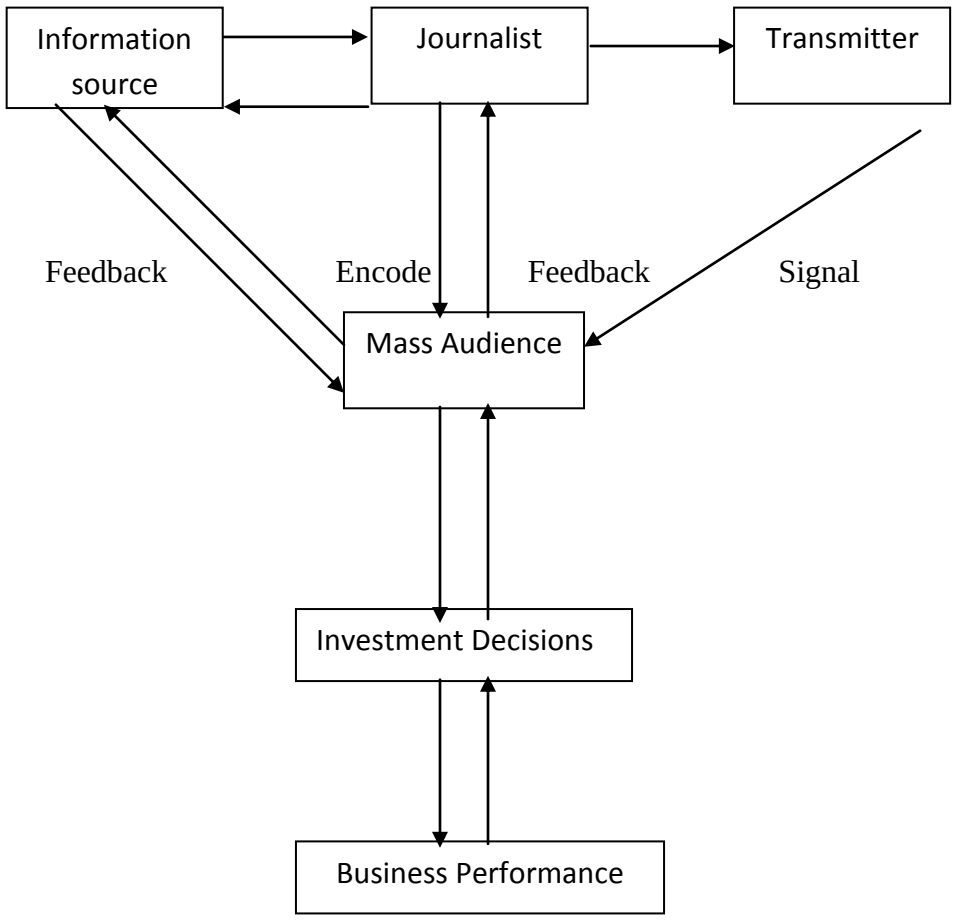


Figure 1: Elements of an Interactive Communication Framework

Figure 1 illustrates the relationships between the key concepts in the study. The information source is the person or an institution that relays the information to the media house. The journalists are the professional communicators who interpret the information to the mass audience. The transmitter is the broadcasting house or the publishing centre. The mass audiences are recipients of the mass information and who decide as per information they receive. In this system the journalist sets the process of communication into operation. He/ she decides what message to put across, how to treat it, so that the audience can follow it, and what channels to use and which receivers or audience to reach. If he/ she makes an error, his/her communication is likely to result into serious consequences.

This framework is relevant for the study in that conflict reports by journalists play an integral part of development; they determine an investor's will to put up an investment in a particular region. A journalist's interpretation of key events might as well dismiss a goodwill gesture by an investor to put up investments or to call off the idea all together. However, certain conflict reports like war can be a source of investment to particular investors. The source of information can also clarify issues to both the journalist and the investor concerning misinterpreted information.

2.0 MATERIALS AND METHODS

2.1 Research Design

The purpose of the study was to collect and analyze conflict reports in the media and determine how they influenced business investment decisions and performance in Kenya from 1982 - 2005. The research design used was the ex – post facto descriptive survey. Fraenkel and Wallen (1993) define survey as the method that involves asking a large group of people about a particular issue. Information is obtained from a sample rather than the entire population at one point in time, which may range from one day to several weeks. The descriptive survey design was therefore employed to establish opinions about conflict reports and their impact on business performance in Kenya. The design was used because it allows for quick data collection at a comparatively cheap cost (Grinnel, 1993).

As part of triangulation, path dependency and contingency strategies were employed to reinforce any unexplained occurrence in the observed trend. Contingency is a major idea in data analysis and explanations for qualitative researchers. It refers to a unique combination of particular factors or specific circumstances that may not be repeated at another time. As Mahoney (2000) explains, “Contingency refers to the inability of theory to predict or explain,

either deterministically or probabilistically, the occurrence of a particular outcome. A Contingency event is therefore an occurrence that was not expected to take place." A Contingency situation may be unexpected, but once it occurs, it can profoundly influence subsequent events. Since many possible events occur, a researcher uses theory to identify important contingent events for an explanation (Mahoney, 2000).

Path dependency, on the other hand, refers to how a unique beginning can trigger a sequence of events and create a deterministic path that is followed in the chain of sequent events. The path has a causal effect. It contains or limits the direction of the ongoing events that follow. Path dependency explanations emphasize how the choices of one period limit future options, shape later choices, and even accelerate events toward future crises in which options may be restricted(Mahoney, 2000).

2.2 Study Population

The study was carried out in the City of Nairobi (now Nairobi County), Kenya. Nairobi County was selected as the area of study because all major investment industries and media houses are based there. Also, Nairobi has one of the most developed human resource capital and communications infrastructure in Africa (UN and ICC, 2005). The study targeted seasoned and professional journalists, experienced business professionals and practitioners, media students at university level, academicians in conflict resolution, and senior public officers in government ministries in Nairobi.

2.3 Sample and Sampling Techniques

Purposive Sampling, which is a non-probability sampling technique, was employed in the study. The sample was selected based on the researcher's personal judgment about some appropriate characteristics required of the sample members. Scholars observe that the subjects selected for study should possess the required information and skills and are willing to give them out (Fraenkel and Wallen, 1993; Cohen and Manion, 1994). The sample included 200 informants distributed in key categories as follows: politics, media, academic institutions, business enterprises, public servants, journalists and tourism industry. The sample was distributed as shown in Table 1.

Table 1: Distribution of the Sample

Organization	Description of Key Informants	Number Selected
University of Nairobi	Postgraduate Journalism students	16
	Lecturers – Political Science	5
	Lecturers – Journalism	2

United States International University	Undergraduate Journalism students Lecturers – Journalism	23
Ministry of Tourism	Tourism Development Officers	5
Ministry of Trade and Industry	External Trade Officers	5
Ministry of Foreign Affairs	Foreign Trade Officers	2
National Chamber of Commerce	Trade/Policy Officers	2
Nairobi Stock Exchange	Marketing Officers	2
KTN and Standard Newspapers	Journalists	15
Nation TV, Radio and Newspapers	Journalists	13
Citizen TV and Radio	Journalists	8
Kenya Broadcasting Corporation	Journalists	10
Business enterprises	Business Consultants Businessmen	10 80
TOTAL		**200**

2.4 Data Collection and Analysis

The research design employed both quantitative and qualitative methods of data collection. The sources of data were the 200 informants, Republic of Kenya documents on external trade (Economic *Survey*, 1986; Statistical *Abstract*, 1991; Statistical *Abstract*, 1999; *Statistical Abstract*, 2005; Statistical *Abstract*, 2006.), documented information in local and international media, and journals. To collect the data, questionnaires, document analysis guides and interview schedule were the preferred instruments. The content of the questionnaires and in-depth interviews were developed from the literature review. Literature review was developed from media content that included broadcast and print media and also government reports.

Data collected from questionnaires and interview schedules were analyzed systematically by first conducting a content analysis to determine the presence of certain words, concepts, themes, phrases, characters or sentences within texts or sets of texts, and to quantify this presence in an objective manner (Palmquist, 2009). The tally marks were then made from which frequencies were determined. Frequency tables were constructed for data analysis and presentation.

3.0 RESULTS AND DISCUSSION

This section presents thematically the data gathered from the field in terms of the stated objectives. It also presents an analytical discussion of the findings.

3.1 Perceptions on Conflicts Reported in the Media

To determine the type and trend of conflicts frequently reported in the media, the respondents were asked to rate the various conflicts frequently reported in the Kenyan media from 1982-2005 in ascending order (from the most frequent to the least frequent such that the score of 1 for the most frequent and 10 for the least frequent). The rating scores representing the respondents' perception on conflict trends were as summarized in Figure 2.

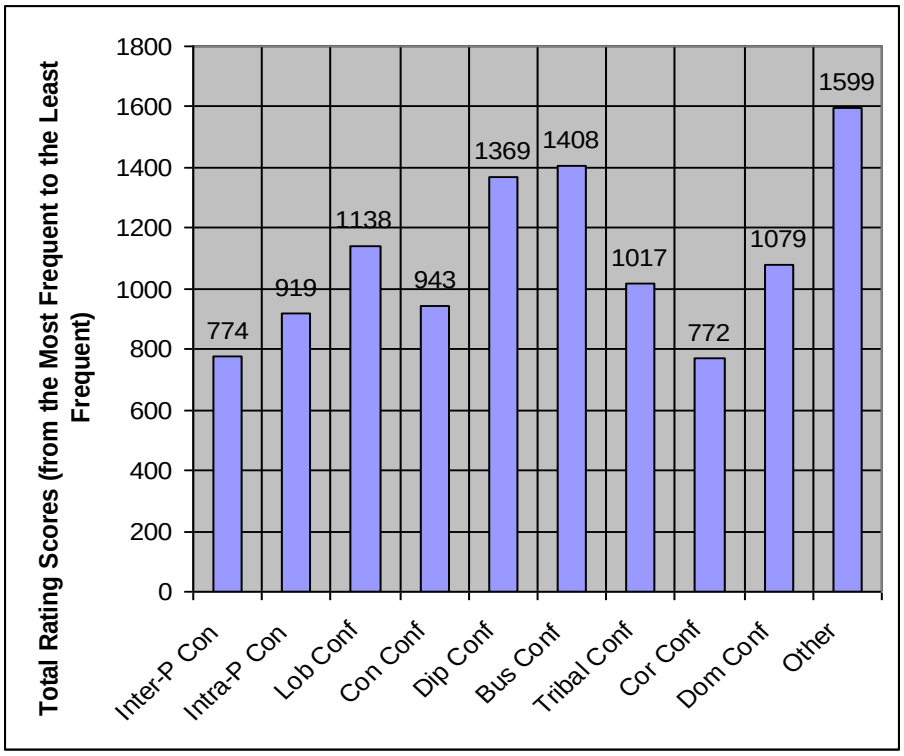


Figure 2: Rating Scores of Conflict Reports Frequently Reported in the Kenyan Media from the Frequent to the Least Frequent

KEY

Inter – Party Conflict	-	Inter – P Con
Intra – Party Conflict	-	Intra – P Con
Lobby/Pressure Group Conflict	-	Lob Conf
Constitutional Conflict	-	Con Conf
Diplomatic Conflict	-	Dip Conf
Business Conflict	-	Bus Conf

Tribal Conflict - Tribal Conf

Corruption Conflict - Corruption Conf

Figure 2 shows that news on corruption cases and inter- and intra- party conflicts were rated highest in comparison to other forms of conflicts frequently reported in the Kenyan media. The respondents rated diplomatic, ethnic, lobby/pressure group, business, domestic and other (religious, educational) conflicts among the least frequently reported in the Kenyan media. This is contrary to general expectation that ethnic and diplomatic conflicts dominated the stage in the Kenyan media from 1982-2005. The discrepancy in the perception could be explained in terms of the complex nature of corruption and politics in Kenya.

It is difficult to perceive corruption as conflict. The respondents` view that corruption tops the list of conflicts frequently reported in the media is justified. This is in agreement with the Transparency International Corruption Perception Index surveys over the last ten years in which Kenya had been placed among the top sixteen most corrupt countries of the world (The Point, 2000; Wikipedia, 2006). Because it has been a norm rather than exception coming in different forms, people do not easily recognize corruption in Kenya. In whatever form it comes, corruption engenders costs that are borne by the whole society. It raises the transaction costs in the conduct of the business and leads to withdrawal of investments to other countries where conditions are generally more conducive for investment (Matheson, 2005; The Point, 2000). In its extreme consequences, corruption leads to perpetuation of social injustice, poverty, political instability, violence and massive destruction of property and lives (Wikipedia, 2006).

On the other hand political dispensation in Kenya is intricately interwoven within party and tribal dimensions. Many people cannot differentiate between ethnic and political conflict as such. Tribal conflicts usually come up immediately before elections once every five years. During this time, political parties, which are usually associated with the major ethnic groups of Kenya, instigate violence against other perceived enemies who belong to other parties and ethnic groups.

3.2 Documentary Data on Nature of Conflict Trends Reported in the Media

Based on the category of conflict reports identified by the media experts, the contingency and path dependency analysis of documentary data was used to depict the conflict trend in the country. In

doing this, media records on conflicts in the local and international media were analyzed. The trend of the conflicts was as outlined below.

3.2.1 *1982-84: Military Mutiny Conflict*

In June 1982, Parliament declared Kenya a *de jure* one-party state vide section 2 A of the constitution. This was done despite protests from intellectuals and university students' riots (Versi, 1991). Several people, among them politicians and university lecturers opposed to the move were detained without trial. The mounting political tension in the country finally exploded in a brief but devastating orgy of violence in August 1982, when sections of the Kenya Air Force attempted an unsuccessful coup. The General Service Unit and the Kenya Army swiftly put down the coup, but the considerable damage it caused, in terms of lives lost and property destroyed, tarnished Kenya's image abroad (Versi, 1991). The period that followed was characterized by all manner of accusations against unnamed people who were supposedly being groomed by unnamed superpower to take over the country's leadership from the then president Daniel Arap Moi. But there was also an unprecedented division in the country, with many MPs making exaggerated gestures of loyalty to the president (Versi, 1991). A commission of inquiry into the causes behind the coup was put in place in June 1983, which concluded its work in August 1984. Following its findings, there was an unprecedented purge in which some established politicians were expelled from the ruling party, KANU (Mburu, 1991). Thus one chapter in Kenya's political intrigue was closed and another opened with a minimum of bloodshed (Versi, 1991)

3.2.2 *1985-1990: Intra-party/Corruption Conflict*

The new chapter that followed in president Moi's government was that of reorganization of KANU and consolidation of power. Those who were at variance with the political decisions and actions were viewed by KANU leaders as being disrespective to the government. For example, following students riots at Kenyatta University in 1986, some lecturers and students were detained and the government announced the unearthing of an underground movement called *Mwakenya*. Its aim was supposedly to overthrow the government of president Moi. The government came down heavily on all those suspected to be involved with the movement who were arrested, brutalized and detained (Versi, 1991; Ochola, 1991).

In 1987, at an annual KANU delegates' conference, a resolution was passed to strengthen the party by removing 'unpopular' leaders in the party through the so-called 'queuing' system of voting. Prior to the party elections in 1988, there was chorus condemnation of the government's critics, both real and imagined. KANU leaders also seized an opportunity to include their existing and potential opponents in the party in the line of fire. The intra-party violence instigated by the leaders became so fierce that many people were expelled from the party (Mburu, 1991; *The Weekly Review*, November 13, 1987). When the party elections were finally held using the 'queuing' system, only those loyal to the president were elected as party leaders. The 'queuing' system was open to blatant vote rigging since machinery was put in place to ensure that voters lined only behind pro-government leaders (Mburu, 1991).

The party elections were soon followed by a snap general election, which saw unlikely candidates winning through (Versi, 1991). Their only credentials appeared to be an unwavering loyalty to the party and the government. To this day, the majority of people in Kenya believe the elections in 1988 were rigged (Versi, 1991). The election losers, many of them popular and well educated, ganged up and posed stiff opposition within the party (The *Weekly Review*, March 25, 1988).

After the elections the conduct of the new MPs was one of belligerence and arrogance. As Versi (1991) points out Kenyans big and small are neither used to nor prepared to put up with threatening language from their MPs. They expect reason, logic, calm arguments of cases, and conduct coming from them. This parliament, nicknamed "rubber-stamp" parliament, took it upon itself to chastise any criticism of the conduct of the government. It became exceedingly difficult to live and do business in Kenya (Imanyara and Maina, 1991). The fear that an iron grip was slowly being applied to the perceived critics of the government mainly professionals, church leaders, and other intellectuals became real (Versi, 1991). They felt that an erosion of human rights was on course. The president roundly denounced Christian and Muslim leaders, intellectuals and the media, including the foreign press especially the BBC over this unprecedented criticism (Versi, 1991; Imanyara and Maina, 1991; Laurenti – Seki, 1991).

Behind the fierce condemnation of government critics, the most powerful people in Kenya's leadership were amassing wealth through corrupt deals. The IMF and the World Bank also released reports showing that some of Kenya's leaders had kept billions of shillings in foreign

accounts (*Society Weekly* Issue No.2, November 11, 1991). As debate raged on about corruption and agitation for more freedom, the president asked parliament to give him greater executive powers so that he would be empowered to hold people in detention for 14 days instead of the usual 24 hours, and to dismiss the Attorney General and the judges at will. Parliament granted him the powers in August 1989 (Versi, 1991). The Law Society of Kenya (LSK) raised uproar at this, but they were denounced as agitators determined to undermine the stability of the country (Mburu, *The Nairobi Law Monthly*, 1991).

In the wake of all this, the murder of Dr. Robert Ouko, the then brilliant Minister for Foreign Affairs and International Cooperation on February 16, 1990 gave a further impetus for political agitation focusing on the political reform agenda. The entire country was rocked by a series of riots and demonstrations as Kenyans expressed their anger at the greasily murder (*The Weekly Review*, February 23, 1990). The critics of the government seized the opportunity to call for dissolution of parliament and a call for plural democracy in the country. The president moved swiftly to put in place "The Ouko Judicial Commission of Inquiry" to investigate the murder. For over a year, the commission collected information but the government terminated its work just when the truth was gradually coming to the fore (*The Nairobi Law Monthly*, No.39, December 1991). Writing about the real causes of the murder, Odera (1992) claimed that the murder of Ouko was closely related to his knowledge of corrupt deals in the government involving very powerful ministers and civil servants who were apparently not happy about the way the minister was slowly bringing them to the fore among the international community. Whatever the cause of the murder, it was no secret that the U.S. and Britain saw Ouko as future presidential material devoid of corruption (Versi, 1991).

Following all these happenings, the IMF, the World Bank and other important donors stopped financial aid to Kenya. Locally, the powerful ministers and civil servants, suspected of involvement in corruption escalated their condemnation of government critics, to the extent of contradicting the president's call for return of the money from foreign banks by those concerned (*Society Weekly* Issue No.2, November 11, 1991).

3.2.3 *1991-1993: Ethnic and Inter-party Conflicts*

On August 2, 1991, five veteran politicians who were fiercely critical of president Moi's government (Moturi, 1991) formed a pressure group called Forum for Restoration of Democracy (FORD). Their prime objective was to agitate for the establishment of multi-party democracy in Kenya. Their cause was fervently supported by the US, Britain, Denmark, Norway, Sweden and Germany (*Society Weekly*, Issue No. 26, October 1991). The then influential US Assistant Secretary of State for African Affairs, Herman J. Cohen, speaking on Voice of America noted that throughout Africa, Kenya included, Africans were agitating for multi-party democracy to enhance liberty and freedom from both economic and political authoritarianism (*Finance*, 16-30 September, 1991). Amongst other things, FORD called for the repeal of Section 2A of the constitution which legalized KANU as the only party in Kenya.

The formation of FORD led to its wild condemnations by pro-government groups which included cabinet ministers, assistant ministers, and KANU leaders. They appalled Kenyans by their primitive ethnic offensive calling among others for the expulsion of the Kikuyu from the Rift Valley Province (*Finance*, 16-30 September, 1991). The frequent mention of chaos and bloodshed and the sudden revival of the discredited *'majimbo'* or federal ideology, seem to have been desperate actions to portray Kenya as an exceedingly fragile and ethnically unstable nation, and therefore one least cohesive to attempt any serious introduction of democratic pluralism (*Society Weekly*, Issue No. 4 December 2, 1991).

In May 1991 violent ethnic clashes started in the Rift Valley Province, following the infamous Kapkatet declaration by MPs drawn from the Kalenjin community (*The Weekly Review*, September 25, 1997). The clashes spread to other districts, which border the province. By August 1992 over 1,000 people had been killed, and thousands displaced from their homes. It is reported that politicians from Rift Valley province who were pro-government fuelled and financed the clashes (*The Weekly Review*, September 25, 1992). Warriors were recruited and trained for the purpose of executing the clashes. They used arrows, bows, pangas, stones, spears, catapults and homemade guns (*The Weekly Review*, September 25, 1992).

The clashes were so fierce that Kenyans raised their concerns to the government over their safety. In May 1992, Parliament formed a committee after several MPs had threatened a mass walk out from parliament if they were not given an opportunity to address the clash issue (*The Weekly Review*, September 25, 1992). The choice of members to the committee chaired by Hon. Kennedy Kiliku, helped to give it some sort of credibility and independence as some of them had made it clear that their continued stay in KANU depended largely on how the government and parliament went about responding to the issue of clashes (*The Weekly Review*, September 25, 1992).

The report of the select committee was tabled in parliament after five months. It was reported that the clashes were instigated by:

(i) Government agencies particularly the provincial administration, and security personnel.
(ii) Politicians who organized groups of fighters/warriors.
(iii) The mass media, both local and international, which sensationalized the reporting of events.
(iv) The religious groups who took partisan positions based on tribal lines (*The Weekly Review*, September 25, 1992).

Overall the politicians carried the major blame for they were thought to have psyched the warriors and financed their operations with the understanding that they were fighting to retain the president in power.

With president Moi's Kalenjin nationality as an ingredient, neighbouring ethnic groups of the Luhyia, Luo and migrant Kikuyu, were targeted as underdogs likely to hit back, sparking off the desired conflict (Njururi, 1992). This would in turn make the world believe that the Luo and other nationalities that were agitating for multi partysism aimed the ethnic clashes at the pro-KANU Kalenjin ethnic group. After failing to institutionalize and nationalize ethnic clashes so as to discredit multiparty politics, they embarked on a campaign to fan urban terrorism as a final solution, (*Society Weekly*, Issue No. 2, February 24, 1992; Murungi, 1992).

The prospects of such terrorism yielding in political assassination were high, given the desperation sweeping through the KANU hierarchy and its desire to cling to power and wealth. There followed a series of bombing, subversion and terrorism; the government pointed an accusing finger at FORD (Murungi, 1992; Ochola, 1992). However, FORD challenged the government to arrest those involved in these activities since the government had very good machinery for identifying them (K'Olale, *Society Weekly* Issue no 2, September 24, 1992).

Meanwhile, to cool political temperature, KANU in its annual delegates' conference resolved to repeal section 2A of the constitution, paving way for multiparty democracy. Parliament passed the resolution into law by December 1991 (*The Weekly Review*, January 28, 1994). Over a dozen political parties were immediately registered, including FORD. The political schemes that followed saw the break-up of FORD and the emergence of FORD ASILI and FORD Kenya, and the Democratic Party led by the former Vice-president and Health Minister, Mwai Kibaki. In the elections that followed in December 1992, KANU again won, but with reduced majority in parliament and more opposition MPs.

3.2.4 *1994-1998: Political Violence/Inter-Party Conflict*

The period that followed the first multi-party elections of December, 1992 was characterized by an acrimonious relationship between the KANU government and the disjointed opposition. This was caused by the opposition's belief that the government had rigged the elections. The bone of contention was that the constitution gave the incumbent president too much power to the extent that there was no level playing ground during the elections. They accused the government of bad governance, corruption and economic mismanagement (*The Weekly Review*, February 18, 1994). The government retaliated by instituting unwarranted arrests and confinement of the protagonists of democracy. All KANU party leaders were ordered to weed out opposition groups from their areas (*The Weekly Review*, February 18, 1994; *The Weekly Review*, March 25, 1994).

The growing political tension in the country led the catholic church Bishops to claim in their pastoral letter released to the public in March 1994 and 1995 that the KANU government was polarizing the country along ethnic lines and that it had lost the moral authority to govern and should be dispensed with (*The Weekly Review*, March 25, 1994; *The Weekly Review*, April 7,

1995). The Bishops asked the government to call a national convention to revise the country's constitution so that all Kenyans would be provided with a level playing field during elections. However, the pastoral letters were dismissed by KANU as pro-opposition propaganda meant to sneak the opposition into power through illegal procedures (*The Weekly Review*, March 25, 1994). It was therefore not a surprise when the establishment politicians staged demonstrations to condemn alleged plot to overthrow the government (*The Weekly Review*, April 7, 1995). The demonstrations included armed warriors of exclusively one ethnic group, brandishing machetes, spears, arrows and bows.

The concerns over corruption were in part responsible for the inter-party tensions that led to the ethnic clashes in 1997. The Parliamentary Accounts Committee (PAC) unearthed the Goldenberg scandal in 1995 through which the government had lost billions of shillings paid to individuals and approved by the Central Bank and the Treasury (*The Weekly Review*, April 30, 1995). Other major scandals involved shady deals in the ministry of health and key parastatals such as Telecom and Post Office (*Weekly Review*, August 30, 1996). Some opposition MPs filed private prosecutions while others threatened to institute such prosecutions against firms and individuals involved in the scandals (*The Weekly Review*, April 30, 1995; *The Weekly Review*, August 30, 1996). The revelations complicated matters for the government over resumptions of aid by the IMF and the World Bank, as the government continued to dilly-dally over the issue of addressing corruption (*The Weekly Review*, August 30, 1996). The Goldenberg scandal remains unresolved to date.

In 1997, the tensions had reached a threshold level: There was ethnic violence in various parts of the country, including the haven of tourism – the coast province. The opposition and the church leaders saw this as yet another attempt to disfranchise the population ahead of the general elections in December, 1997 (*The Weekly Review*, August 30, 1996). In the ensuing war of words, the government accepted to make minimum constitutional and legal reforms to enable the opposition parties to at least participate more favourably in the elections. In the ensuing elections, KANU again won against the ever-fragmented opposition. After the elections the politically instigated violence continued unabated. The situation in the Coast Province was particularly very bad: Foreigners were attacked and robbed of their property. Business came to a halt as hotels experienced massive booking cancellations and boycott (Redfern, 1998). Expressing the government's concern over the increase in violent crime, the minister of state for internal security – Major Madoka – said attacks against foreigners were

sending wrong signals to the outside world; the country risked being branded as violent (*Daily Nation*, December 21, 1998). The increased lack of security in the country coupled with corrupt deals in the government resulted in the IMF and the World Bank further suspending economic aid to the country.

3.2.5 *1999-2002: Political Succession Conflict*

The Government continued to face criticism over insecurity, bad governance and corruption. The government in response took some steps on reform, including the 1999 establishment of the Kenya Anti-corruption Authority, and measures to improve the transparency of government procurements (Wikipedia, 2006). Although the IMF and the World Bank resumed aid to Kenya in response, the aid was suspended again in 2001 when the Government seemed to back pedal on the reforms.

With the next general elections anticipated for December 2002, the new political landscape in Kenya was therefore one of transition and uncertainty. President Moi was aware the constitution barred him from contesting for Presidential elections again. He therefore arranged to strengthen KANU'S bid for a new President in the 2002 elections by merging the Party with one opposition party – the National Development Party (NDP) and recruiting several politicians from ethnic groups allied to the opposition (Human Rights Watch, 2002). However, it was not immediately known who would be his successor as President, although the then leader of NDP – Mr. Raila Odinga – claims that part of the conditions for his party's merger with KANU was that the ruling party would select him to vie for Presidency (*Daily Nation*, Wednesday 27, and December, 2006). As expected jockeying for the position among the contenders continued, becoming more intense by early 2002.

Events in 2001 and early 2002 showed that violence continued to characterize Kenyan Politics. Violence against opposition activists continued, with police cracking down on government critics in numerous incidents and pro- KANU youth gangs attacking political opposition rallies (Human Rights Watch, 2002 and 2005). Sporadic violence between members of ethnic groups seen to be allied to KANU and those perceived to support the opposition also continued in the run-up to the 2002 elections. For example, inter-ethnic fighting orchestrated by KANU'S leaders late in 2001 and early 2002 in the Coast Province and in Nairobi claimed dozens of lives (Human Rights Watch, 2002 and 2005).

When in July 2002 President Moi finally announced that Mr. Uhuru Kenyatta (Son of the first President of Kenya, Mzee Jomo Kenyatta) would vie for presidency in a bid to succeed him, Raila Odinga led several other KANU leaders to form a new political party – Liberal Democratic Party (LDP). LDP linked up with the opposition National Alliance Party of Kenya to form National Rainbow Coalition (NARC) Party, which went on to win the general elections held in December 2002.

3.2.6 *2003 - 2005: The Constitution Making Conflict*

In mid 2005, the government announced that the newly drafted constitution would be tabled before Kenyans in a referendum on November 21, 2005. The Splinter group from NARC, the Liberal Democratic Party, teamed up with the opposition KANU party in campaigning against the draft. The bone of contention was that they had not been adequately consulted in making the draft. The group aggressively mobilised many Kenyans to defeat the draft in the ensuing referendum. They employed a vulgar language in their campaigns that tore the country into ethnic pieces (Waiganjo, 2006; Mulama, 2006). The Standard Columnist, Jerry Okungu remarked: "We should be concerned at this hate speeches. Need we forget Rwanda so soon? This hate talk at campaign rallies must be stopped." (BBC News, 2005). The two groups found a good reason to transform themselves into a political party – Orange Democratic Movement of Kenya –, which has since been registered. After the referendum, the opposition group has been engaged in a vigorous campaign against the NARC government accusing it of lack of political will in abating corruption and ethnicity (US Department of State, 2006). Several diplomatic missions supported the criticisms leveled against the government.

The NARC government faced the challenge of taking candid action on corruption. The recommendations put forward in the Goldenberg Scandal Inquiry were not fully addressed, particularly the prosecution of the key political players in the government. The other multibillion shillings Anglo-leasing scandal involving powerful individuals in government has not been resolved up to date either. The breakup of the NARC parliamentary group was largely prompted by the indecision by the government to take desired steps in these scandals (US Department of State, 2006).

3.3 Influence of Conflict Reports on Performance of External Trade in Kenya

To determine the impact of the conflicts discussed in the preceding section, it was necessary to collect data on the volume of external trade (imports and exports), foreign exchange, and hotel bed occupancy rates by foreign visitors on holiday/business, arrivals and departures of foreign visitors on holiday/business and foreign direct investment flows from 1982 to 2005.The data were collected from

the following Republic of Kenya documents: *Economic Survey*, 1986; Statistical *Abstract*, 1991; Statistical *Abstract*,1999; *Statistical Abstract*, 2005; Statistical *Abstract*, 2006.

3.3.1 *Volume of External Trade*

(a) Trend in the volume of external trade

Export performance is an adequate measure of the sustainability of a country's balances, since it provides for importation of capital, equipment and raw materials as well as foreign exchange to service external debt (Republic of Kenya, 2003). The volume of exports has been increasing but with marked fluctuations occasioned by internal conflicts and other factors. Similarly, the value of imports, which is mainly capital intensive due to dependence on industrial commodities, has also been fluctuating leading to fluctuation in terms of balance of trade. The trend of the volume of external trade (value of exports and imports) over the years is summarised in Figure 3.

From Figure 3 it is evident that the volume of trade fluctuated in response to internal conflicts and an upsurge in the demand for multi-party democracy that culminated in the first multi-party elections in 1992. However, in the period immediately following the first multi-party elections, the volume of trade sharply increased in 1993 by 85.9% (See Figure 4), but it steadily declined up to 1998 when Kenya experienced the politically instigated armed violence in various parts of the country (Africa Action, 2002; Safari and travel Kenya, 2002). The violence drastically damaged the tourist industry (Safari and Travel Kenya, 2002). It was not surprising that Kenya entered a period of reduced economic activity prior to general elections in December 1997 (Wikipedia, 2006). In the run-up to the 2002 general elections, the government again started to use the same tactics of containing the opposition through the negative use of ethnicity, handouts and the public purse, propaganda, violence and the public service (Kibwana, 2001). With the government fully focused on these, insecurity in various parts of the country reached levels of low intensity warfare, pitting rival militias of local political Kingpins of the ruling party. With the political instability in Ethiopia, Sudan and Somalia, easy accessibility of arms transformed the internal conflict from a political shouting match to a deadly affair (Ruteere, 2001). The uncertainty of whether the then president would come back to power or not and the fact that the economy was growing at below zero, economic activity and the volume of trade plummeted once again. Investments continued to board up for the possible eventuality (Ruteere, 2001). In the ensuing elections, however, the

ruling party KANU was thoroughly defeated by the united opposition under the banner of NARC party. The volume of trade has reached its highest since independence.

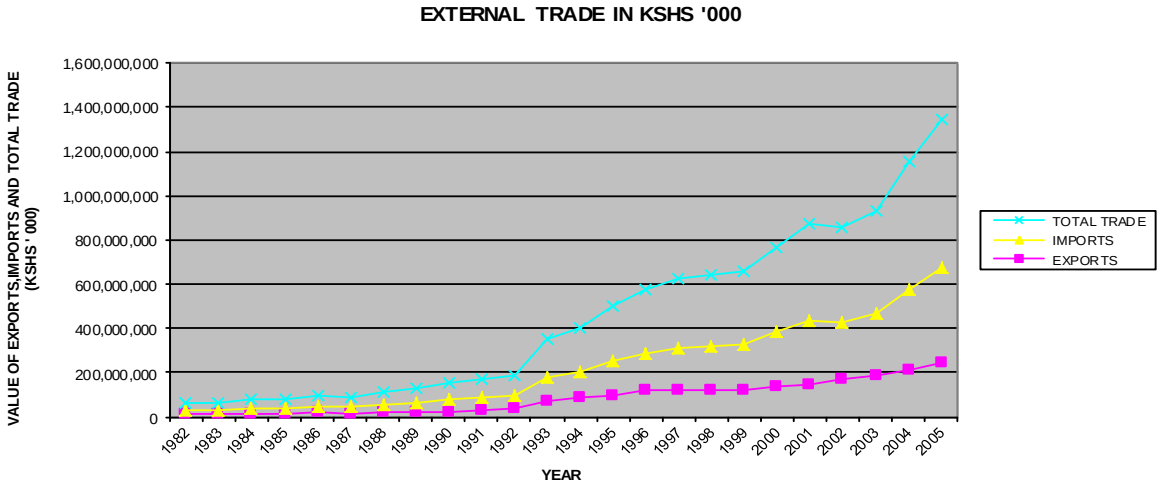


Figure 3: Comparison of Trend of Total Volume of External Trade to Exports and Imports, 1982 – 2005

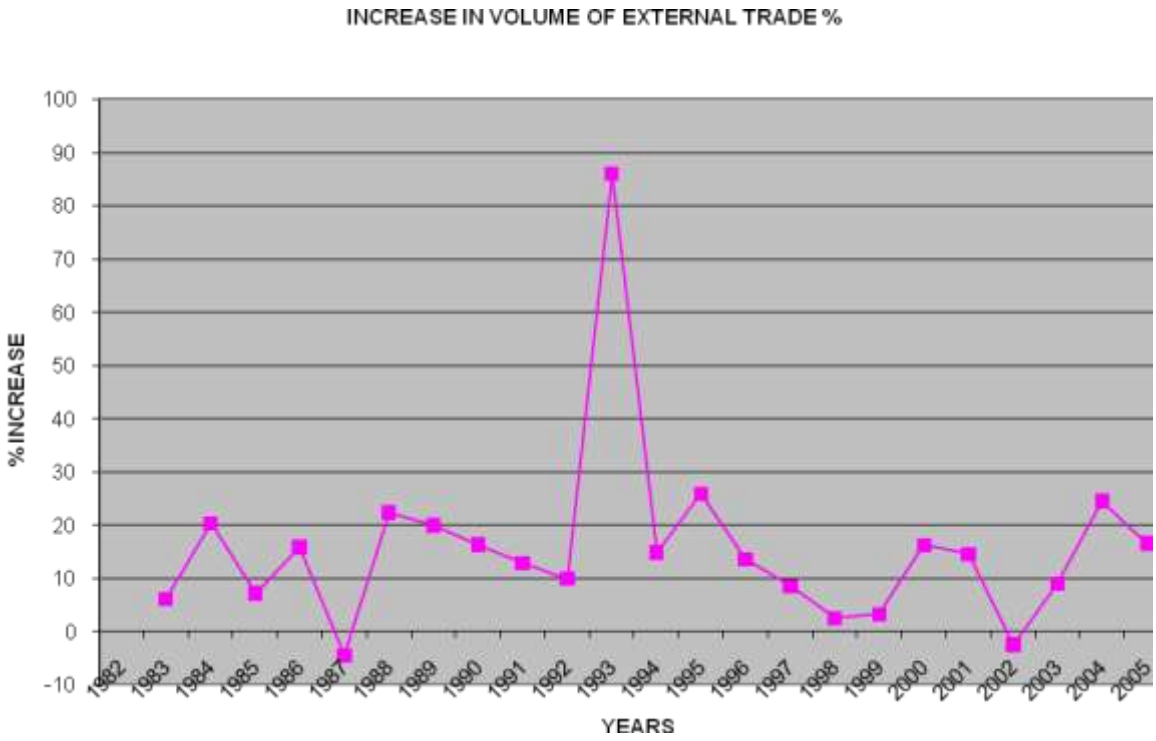


Figure 4: Rate of Increase (%) in Total Volume of External Trade, 1982 – 2005

(b) Variation in the Volume of External Trade for Different Categories of Reported Conflicts

Descriptive statistics were computed with the use of SPSS 11.0 computer programme to determine the variability of factors involved. This information was necessary to determine the homogeneity of business performance during each category of conflict.

Table 2 shows descriptive statistics for the total volume of trade between 1982 – 2005 while Table 3 shows the descriptive statistics for external volume of trade and how it was affected by the six categories of conflicts, namely: military mutiny conflict (MMC), intra party conflict (IPC), ethnic conflict (EC), political violence (PV), political succession conflict (PSC), and constitution making conflict (CMC).

The overall mean volume of trade between 1982 – 2005, in (Ksh' 000) is 226, 810, 161.7 with a standard deviation of 192, 695, 468.7. It is skewed slightly to the right and is more peaked than normal. However, during the military mutiny conflict (MMC), the mean was much lower than for the overall period of time (1982 – 2005). In (Ksh' 000), this mean was 32, 672, 413.33. The Standard Deviation for this distribution was 4,259,157.045. The Standard Deviation was large and far away from the mean. The distribution was skewed to the right thus distorting its shape. Thus, the MMC negatively affected the normal trend of the external volume of trade during the concerned period.

During the intra party conflict (IPC), the mean was 54,394,323.33 in (Ksh 000) which was also lower than the overall mean. The Standard Deviation for this distribution was 13, 704, 271.64. The Standard Deviation was fairly far away from the mean. With a negative kurtosis, the shape of the distribution is also distorted and is skewed to the right. Thus, the IPC also negatively affected the volume of trade during this period.

The observed mean during ethnic conflict (EC), was 46, 999, 880 in (Ksh' 000). This again was much lower than the overall mean of the external volume of trade. The Standard Deviation for this distribution was 23, 003, 653.99. Although the distribution was skewed to the right, the Standard Deviation was fairly closer to the mean. Thus, the EC had an impact on the volume of trade during the concerned period, although this may not have been as great as in the previous period.

The political violence (PV) was associated with a mean of 274, 000, 764 in (Ksh' 000). The Standard Deviation for this distribution was 48, 457, 462.78. The Standard Deviation was fairly closer to the mean. The distribution was characterised by negative kurtosis and skewness, revealing that the trend

in the volume of trade was not consistent. Thus, the PC affected negatively the performance of external trade during the concerned period.

The period covered by succession conflict (SC) saw a mean of 393, 995, 495 in (Ksh' 000). Although this mean was well above the overall mean, the Standard Deviation (49, 546, 323.68) was far away from the mean. Since the kurtosis and skewness were negative, the normal distribution of external trade over the period was affected. Thus, SC affected the volume of trade during this period.

During the constitutional making conflict (CMC), the mean sharply increased to 572,977,126.7 in (Ksh' 000). The Standard Deviation for this distribution was 105, 099, 637.6. The Standard Deviation was fairly far away from the mean. Although the distribution of the volume of the external trade was slightly skewed to the left, the fairly large standard deviation does not give a reliable prediction of the performance of external trade during this period. Thus, CMC affected the volume of trade during the concerned period.

Table 2: Descriptive Statistics for Total External Volume of Trade (Kshs' 000) Between 1982 – 2005).

Statistics	**Value**
Mean	226810161.7
Standard Error	39333797.83
Median	187707850
Standard Deviation	192695468.7
Kurtosis	-0.412739716
Skewness	0.745766005
Range	645559020
Minimum	29378980
Maximum	674938000
Sum	5443443880
Count	24
Confidence Level (97.5%)	94317532.73

Table 3: Descriptive Statistics for Total External Volume of Trade (Kshs' 000) Between 1982 – 2005).

STATISTICS	MMC ('82-84)	IPC ('85-'90)	EC ('91-'93)	PV ('94-'98)	SC ('99-'02)	CMC ('03-'05)
Mean	32672413.33	54394323.33	4699880	274000764	393995495	572977126.7
Standard Error	2459025.467	5594745.469	13298486.33	21670836.16	24773161.84	60679304.07
Median	31156000	50417650	34845360	286686160	404662160	578995980
Standard Deviation	4259157.045	13704271.64	23033653.99	48457462.78	49546323.68	105099637.6
Kurtosis	DIV/0!	-0.729459186	DIV/0!	-0.051493801	-0.920521785	DIV/0!
Skewness	1.399069391	0.777831698	1.713337674	-0.949532179	-0.862022092	-0.25686113
Range	8103280	35644160	40975600	1182246800	108738540	209940600
Minimum	29378980	40148640	32589340	200722380	328959560	464997400
Maximum	37482260	75792800	73564940	318969180	437698100	674938000
Sum	98017240	326365940	140999640	1370003820	1575981980	171891380
Count	3	6	3	5	4	3
Confidence Level (97.5%	15259105.85	17698314.03	82521719.82	75748369.26	103465973.7	376536126.3

3.3.2 *Foreign Exchange*

(a) Trends in Foreign Exchange in Relation to Various Conflicts

In the period 1964 to 1973, the Government controlled the exchange rate of the Kenya Shilling to foreign currencies and its values to the dollar averaged 7.1 (Republic of Kenya, 2003). The strong shilling was found to lead to unsustainable balance of payments deficits. In the early 1980's the Government therefore devalued the shilling in reaction to

macroeconomic imbalances triggered by oil shocks, severe drought and declining inflow of foreign savings (Wikipedia, 2006). The value of the shilling continued to decline at a slow pace up to 1993 (See Figure 5). In 1994, however, the Government floated the exchange rate and repealed the Exchange Control Act. The shilling depreciated sharply that year (Figure 6). The dollar was valued at an average of Kshs. 67.42 while the Sterling Pound at Ksh.98.53. Since then the nominal exchange rate has depreciated from the highly overvalued rates of the first decade after independence.

An in-depth analysis of the value of the shilling over the years, however, reveals that the depreciation was highest between 1989-1993, 1994, 1996-1998 and 1999-2001 (See Figure 6). Foreign exchange rates of USD and BSP showed similar patterns in their progress throughout the period between 1982 and 2005. The foreign exchange rates generally showed a general increase with link in 1994 and a sharp drop was observed in foreign exchange rates between 2004 and 2005.

These were the periods riddled with internal conflicts such as intra- party and inter-party conflicts, glamour for multi-party democracy, political violence and succession conflicts. The conflicts were largely responsible for the cut-off of donor support and consequently the liberalization of the exchange rate in 1994 in return for the aid resumption. The bone of contention was the need to improve governance through multi-party democracy. The conflicts have therefore over the years tended to influence the overall depreciation of the shilling towards its long-term equilibrium levels.

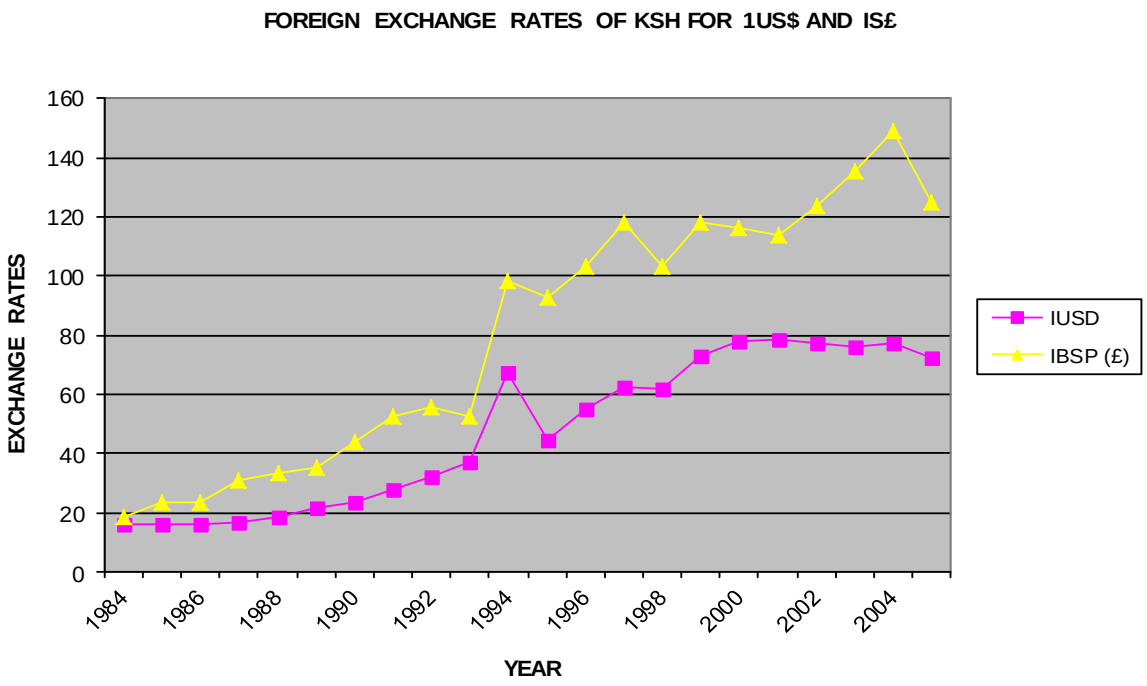


Figure 5: Comparison of the Trend in Foreign Exchange Rates in Kenya Shillings for 1USD and 1BSP, 1984-2005.

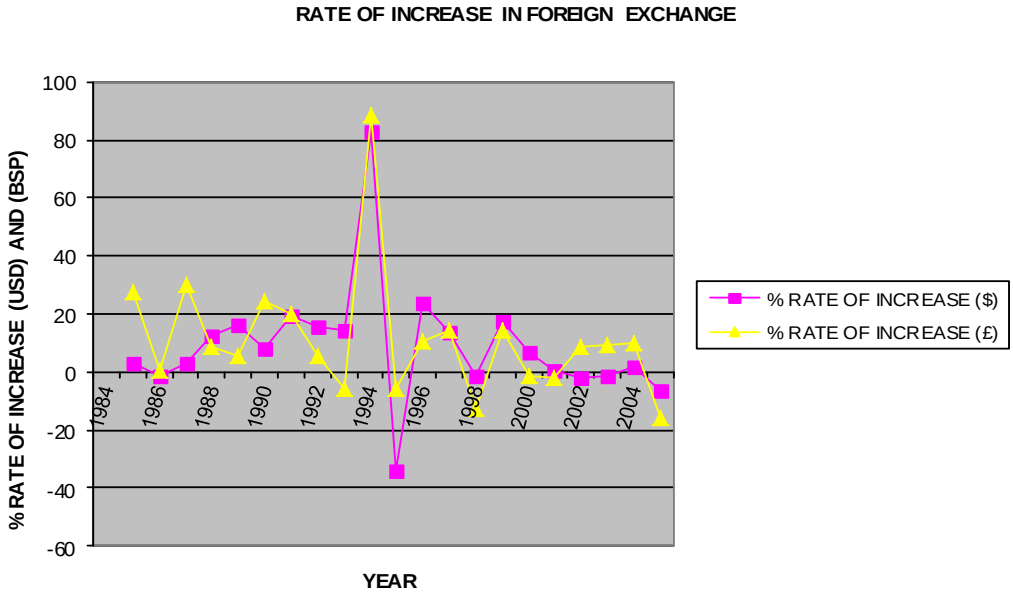


Figure 6: Trend in Rate of Increase (%) for 1USD and 1BSP in Kenya shillings.

(b) Variation in Foreign Exchange Rates during Various Categories of Reported Conflicts

The variation in foreign exchange rates with respect to the different categories of reported conflicts was as summarized in Figure 7. However, descriptive statistics were computed with the use of SPSS 11.0 computer programme to determine the variability between categories of conflict and rates of foreign exchange. Table 4 shows the descriptive statistics for foreign exchange rates for the period between 1984 – 2005. The table shows that the overall mean for exchange rates during the period in United States Dollars (USD) and British Sterling Pound (BSP) were 47.69004545 and 80.27263636 and Standard Deviations of 25.25692421 and 43.07113598. The Standard Deviations were fairly large indicating wider variations in the rates of exchange. The fact that there was negative kurtosis and skewness indicates that the distribution of observations was not normally distributed and could be attributed to conflict reports in the media.

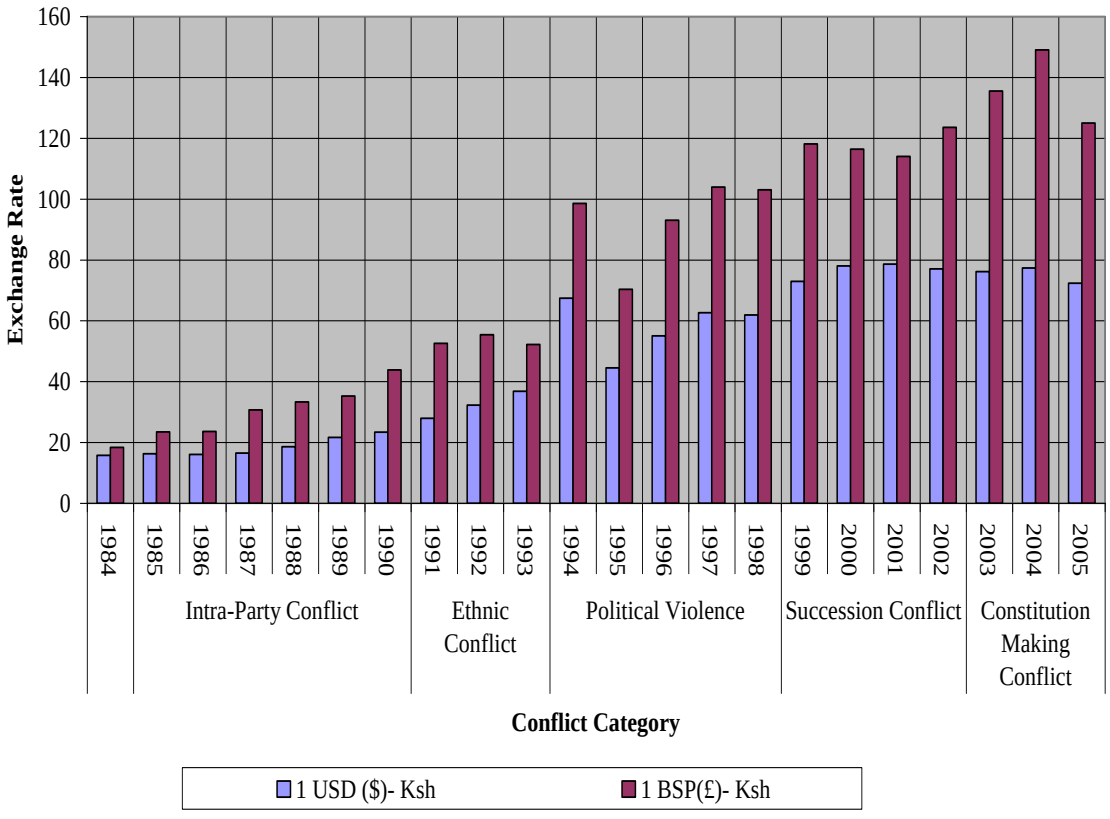


Figure 7: Pattern of Foreign Exchange in Relation to Conflicts

Table 4: Descriptive Statistics for Foreign Exchange Rates (USD and BSP) Between 1984-2005)

Statistics	USD	BSP
Mean	47.69004545	80.27263636
Standard Error	5.384794334	9.182797045
Median	49.7495	95.7895
Standard Deviation	25.25692421	43.07113598
Sample Variance	637.9122205	1855.122755
Kurtosis	-1.820431969	-1.625994929
Skewness	-0.056712722	-0.089986859
Range	62.819	130.601
Minimum	15.781	18.401
Maximum	78.6	149.002
Sum	1049.181	1765.998
Count	22	22
Confidence Level (97.5%)	12.99805894	22.16584884

3.3.3 *Tourism Industry*

(a) Trend in Foreign Visitors to Kenya in Relation to Various Conflicts

Tourism sector is critical to the Kenyan economy. It was the leading foreign exchange earlier for many years before it was overtaken by horticulture and tea. For example, in 2003 it accounted for 15.9% of export earnings and 9% of exchequer revenue (UN and ICC, 2005). The performance of the sector over the years can be judged from the statistics for international business/ holiday visitors to Kenya. From this information, patterns and trends developed reveal performance of the sector from 1982 – 2005.

Figure 8 shows that the number of business/ holiday visitors to Kenya has been increasing since 1982. However, there are fluctuations worth noting. Out of the total number of visitors to the country, more than 80% were on business/ holiday (See Figure 9). The proportion steadily increased to over 90% by 1989 and sharply decreased to 80% by 1991. There was a further decline between 1997 and 2002 to just below 80%. However, the proportion has been increasing since 2003 to over 90%. In terms of percentage increase in the number of visitors arriving, this observation becomes clearer (See Figure 10). In 1983 the increase in the number of business and tourism visitors was -2.36%. There was also a negative increase in 1992 (-4.65%), 1995 (-3.38%), 1997(-1.96%), 1988(-14.64%), 2001(-6.35%) and 2002(-0.21%). The pattern of increase (in percentage) in international visitors departing from the country generally lagged behind the arrivals (See Figure 9). A similar pattern is observed for the proportion of business/ holiday visitors departing as compared to the arrivals (See Figure 10). This means that some of the visitors did not leave the country immediately after arrival. In terms of tourism and business this would generally translate into increased foreign revenue for the country. The number of visitors increased steadily after 2002 reaching the one million mark for the first time ever in 2004.

The trends outlined above can be explained in terms of the various conflicts, which occurred during those periods. For example, in 1983, Kenya was grappling with the aftermath of the bloody coup attempt in August 1982, while in 1992, the first multi-party elections were held following acrimonious exchanges between opposition leaders, the church and civic organisations on one hand, and the ruling party KANU on the other which culminated in political violence that left many people dead and others displaced from their homes. Between 1995-1998, the country again experienced protracted violence and countrywide insecurity in the build up to the 1997 general elections and immediately after the elections. The country also experienced the first ever-terrorist attack on the American Embassy in the heart of Nairobi in August 1998 that left many people dead and property worth millions of shillings destroyed. The period 2001-2002 saw the IMF and the World Bank and other donors suspend funding to the country over poor governance, corruption and continued insecurity. All these events led to adverse publicity of Kenya in the international media thus eroding investor confidence in the country. Clearly frequent insecurity, poor governance and corruption drastically reduced the number of international visitors to Kenya for the purpose of tourism and business.

After the general elections of 2002, which were generally very peaceful, the number of visitors (business and tourism) increased steadily reaching the one million mark for the first time in 2004. This was despite the travel advice against Kenya by the US and Britain in 2003.

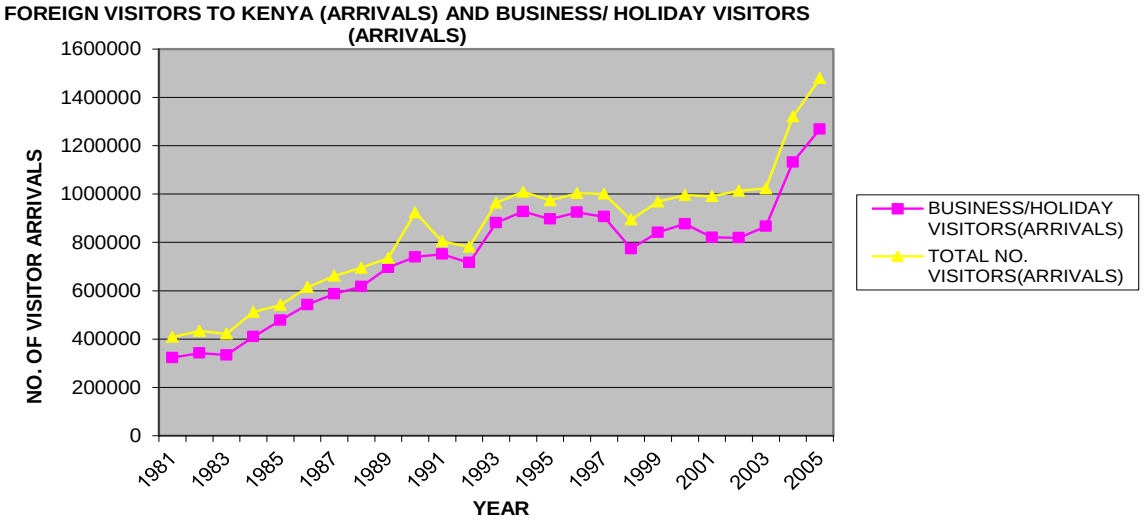


Figure 8: Comparison in Trend of Total Number of Foreign Visitors (arrivals) and Business/ Holiday Visitors (arrivals) in 1981-2005.

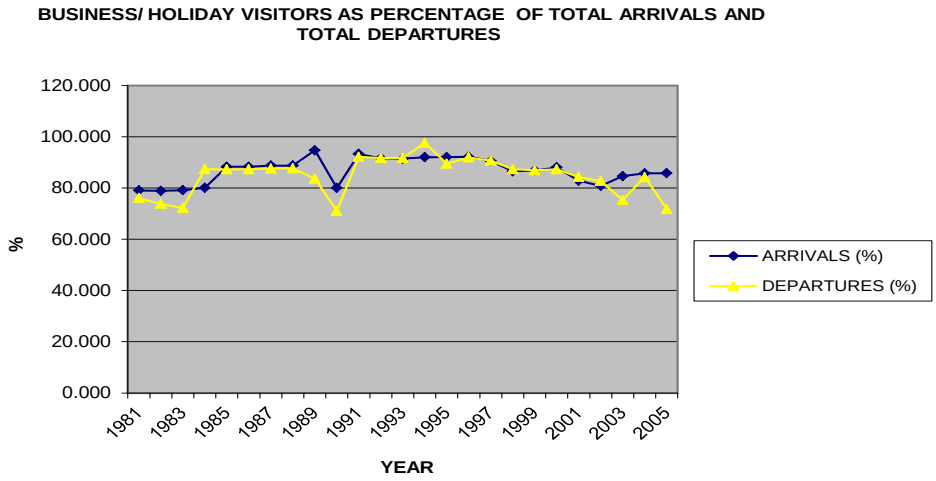


Figure 9: Comparison in trend of Percentage Business/ Holiday Visitors (arrivals and departures) to Total Arrivals and Total Departures, 1981-2005.

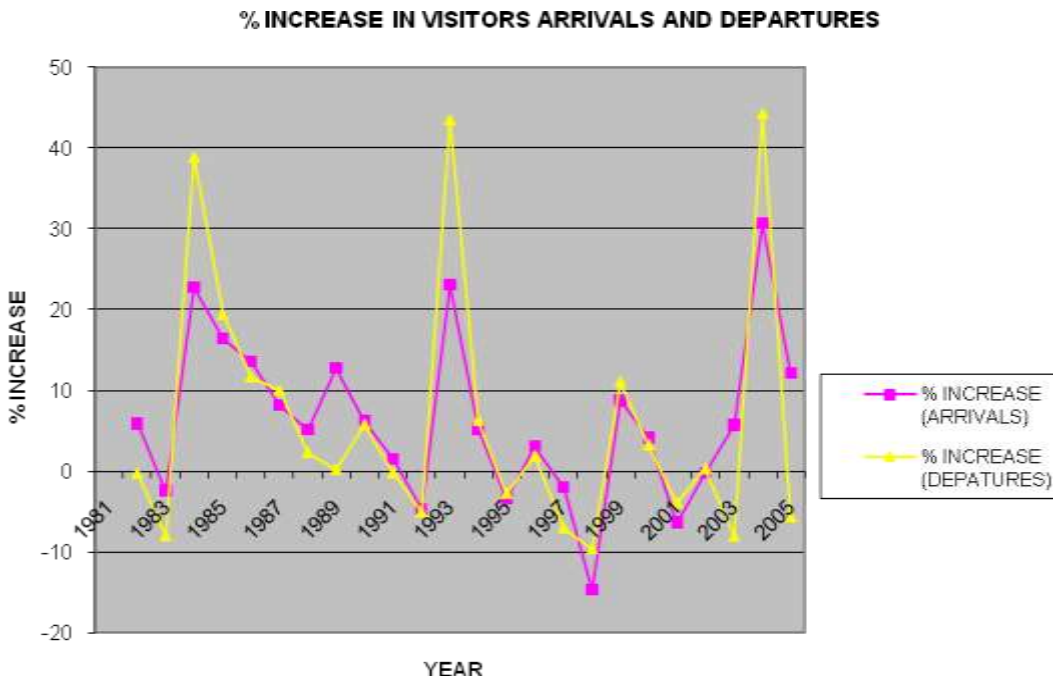


Figure 10: Comparison in Trends of Percentage Increase in Visitors Arrivals and Departures in Kenya, 1981-2005.

(b) Variation in Foreign Visitors on Business/ Holiday to Kenya for Various Reported Conflicts

Figure 11 indicates the trend in foreign visitors to Kenya between 1982 to 2008 within the various conflicts. However, descriptive statistics for foreign visitors to Kenya during the period 1981-2005 were obtained from the raw data using SPSS 11.0 computer programme. From Table 5 it is evident that the overall mean for foreign visitors' arrivals and departures between 1981-2005 were 738, 776.72 and 695, 440.28 and the standard deviations were 240, 568.16 and 228, 788.206 respectively. The large standard deviations and the negative kurtosis and skewness indicate a less consistent distribution of foreign visitors during the entire period (1981-2005), most likely as a result of conflicts reports in the media.

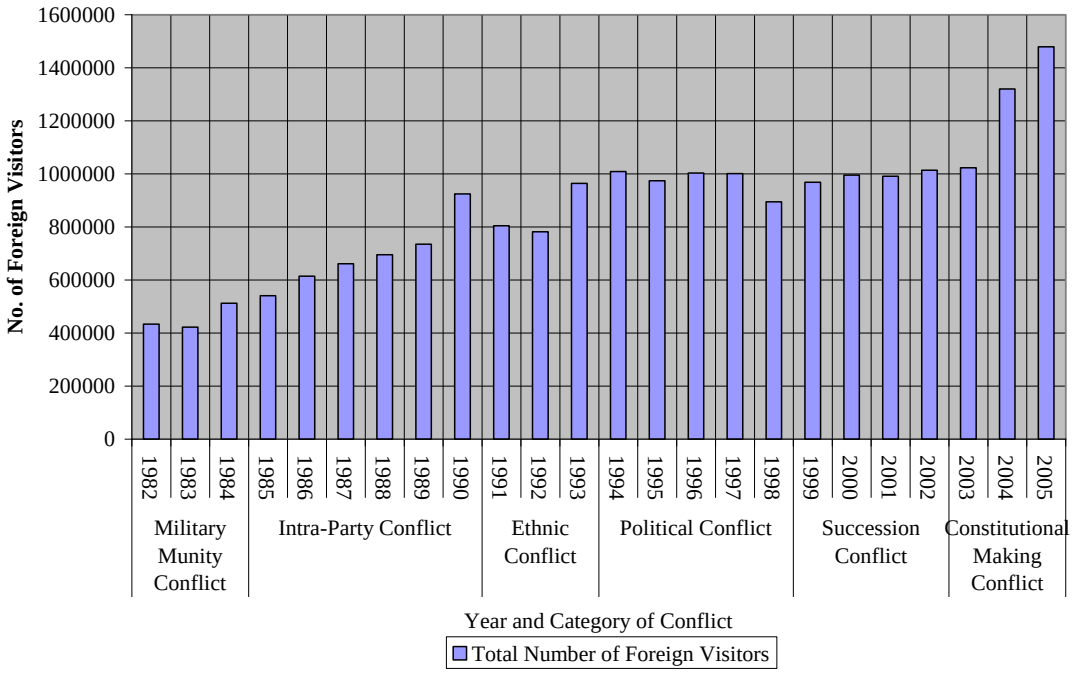


Figure 11: Trend in Foreign Visitors in Relation to Various Conflicts

Table 5: Descriptive Statistics for Total Number of Foreign Visitors on Business/ Holiday to Kenya, 1981-2005

Statistics	Arrivals	Departures
Mean	738776.72	695440.28
Standard Error	48113.63215	45757.64121
Median	773687	757868
Standard Deviation	240568.1608	228788.2061
Sample Variance	57873039979	52344043233
Kurtosis	-0.087383584	-0.70539146
Skewness	-0.083900051	0.258067518
Range	946090	827200
Minimum	322910	284800
Maximum	1269000	1112000
Sum	184694418	17386007
Count	25	25
Confidence Level (97.5%)	115037.2554	109404.2005

3.3.4 Investment Trends

In the late 1980's Kenya performed generally well in attracting Foreign Direct Investment (FDI) when compared with other countries in the region. Table 6 shows that between 1986 and 1990 FDI flows to Kenya averaged at nearly $5 per $1,000 of gross domestic product (GDP) or $38.4 million. In the first half of the 1990's, FDI dropped to $1.5 per $1,000 of GDP, averaging $12.8 million. During this time Kenya's neighbouring countries surpassed it in FDI flows substantially. It was the period that Kenya experienced political unrest and ethnic violence. In the late 1990's, FDI rose to $3.8 per $1,000, averaging about $39.8 million. This was still low compared to her neighbours. The country was experiencing serious political violence and political succession conflicts. Ethiopia attracted six times as much per $1,000 of GDP and Tanzania and Uganda eight times as much. What is astonishing about this performance is that Kenya is at the bottom a much stronger and more diversified economy than any of its neighbours (UN and ICC, 2005). However, this is not surprising when this performance is considered against the backdrop of over two decades of misgovernance characterized by constant political and ethnic violence as well as urban crime. However this trend of Kenya's recent economic history is coming to an end given the efforts being made by the new NARC government. In 2003, Kenya finally managed to outdo its late 1980's performance and attract nearly $6 per $1,000 of GDP or$82 million in total. To make the country more attractive to investors, the NARC government is currently reviewing its investment policy, a policy review by UNCTAD being one of the aspects in this effort (UN and ICC, 2005).

Table 6: FDI Flows to Kenya and its Neighbours (1986-2003)

Country	1986-1990		1991-1995		1996-2000		2001		2002		2003	
	In $per $1000 0f GDP	In $millions	In $per $1000 of GDP	In $millions	In $per $1000 of GDP	In $millions	In $per $1000 of GDP	In $millions	In $per $1000 of GDP	In $millions	In $per $1000 of GDP	In $millions
Burundi	1.0	1.2	0.7	0.7	3.8	2.8	0.0	0.0	0.0	0.0	0.0	0.0
Ethiopia	0.3	2.0	1.5	8.2	24.2	155.1	3.0	19.6	12.4	75.0	9.0	60.0
Kenya	4.7	38.4	1.5	12.8	3.8	39.8	0.5	5.3	2.2	27.6	5.9	81.7

Rwanda	7.1	15.9	1.9	3.6	2.4	4.3	2.2	3.8	4.3	7.4	2.8	4.7
Sudan	-0.4	-4.4	2.7	22.1	21.5	246.4	42.6	574.0	46.9	713.2	77.1	1349.2
Tanzania	0.1	0.3	9.0	46.4	31.6	260.4	50.0	467.2	25.5	240.4	25.8	248.0
Uganda	-0.3	-0.6	12.5	54.2	33.0	200.9	40.5	228.6	43.0	249.3	45.7	283.3
Zambia	35.5	112.5	16.0	53.7	47.9	161.4	19.7	71.7	21.7	82.0	23.6	100.0

Source: UNCTAD, FDI/ TNC database (in UN and ICC, 2005).

4.0 CONCLUSIONS AND RECOMMENDATIONS

The study found that over the years, Kenya's media concentrated on highlighting conflicts at the expense of development issues. The purpose of the study was therefore sought to identify the nature and trend of conflicts that were reported in the media from 1982 – 2005 and their influence on the performance of foreign trade and direct investment.

4.1 Perceptions of Nature and Trend of Conflicts Reported in the Media

The major conflicts perceived by media experts to have far reaching consequences in the country are:

a) Military mutiny of 1982;
b) Intra- party conflict of 1985-1990;
c) Ethnic and inter-party conflicts of 1991-1993;
d) Political violence of 1994-1998;
e) Political succession conflict of 199-2002; and
f) Constitution- making conflict of 2004-2005.

4.2 Trend and nature of the major conflicts reported in the media

The results show that politicians largely sponsored the violence, while the media fuelled the violence where it took partisan stand (*The Weekly Review*, September 13, 1993; Africa Action, 2001; Human Rights Watch, 2006). The most frequently reported conflicts in the Kenyan media are political and ethnic in nature and tend to be recurrent. They are also instigated by politicians and other power barons on one hand and the media on the other. The conflicts reported in the media are generally violent. As the results indicate, political life in

multiparty Kenya is largely defined along ethnic lines. The association between ethnic identity and political affiliation in Kenya has provided the underlying logic for politically motivated ethnic violence that is recurrent whenever elections are about to be held have claimed an estimated 2,000 lives and displaced over 50,000 people (Human Rights Watch, 2006).

The political and ethnic conflicts that are characterized by enormous violence have more often than not emanated from without the societies or groups involved in the conflicts. The observation that the media to a large extent fuels conflicts confirms the need to depoliticize the media in their operations and to promote objectivity in reporting about conflicts.

4.3 Influence of Conflict Reports on External Trade in Kenya

The results show that Kenya has experienced endless conflicts since 1982. These conflicts have involved various costs such as loss of life and injuries and the general disruption of economic and social activities (Amnesty International, 1998; Africa Action, 2001; Human Rights Watch, 2005). The results have shown clearly that conflict reports in the media have had a drastic impact on Kenya's economy. There is evidence of relationship, sometimes very strongly, between conflict reports and business performance. It is not surprising that Kenya's economy has performed very poorly between 1982 and 2005, the period that has witnessed perpetual internal conflicts. Conflicts also disrupt investments in development activities whose effects on development tend to be long-term as generations of young people miss education and job opportunities.

4.4 Overall conclusion and Recommendation

Kenya has remained captive to political and ethnic conflicts as well as corruption for decades since the first military mutiny of 1982. Because these major conflicts have been unprofessionally presented in the local media over the years, Kenya witnessed bad publicity in the foreign media resulting in a consistently poor business performance.

The Kenyan people have therefore become victims of an endless conflict situation and must now be emancipated. The media that has hitherto contributed to the mess must now fully participate in the emancipation process. This will require a paradigm shift in the manner the media in Kenya conducts its business.

These findings reveal the urgent need for Kenya's media to invoke proactive approaches to reporting conflicts, which should also become part of the training programme for journalists. The fact that ethnic and political violence of the scale observed in the Rwanda genocide in 1994 can be attributed to the media may indicate the need for an increased emphasis on peace and civic journalism. As education is a vital force in empowering people, so is the media an important component in the process of education, peace and conflict resolution. There is a need to address this situation by developing alternative peace media, which presents people in their right perspectives. By creating partnerships with the stakeholders from peace and conflict resolution's viewpoint we can make people to realize their true self.

REFERENCES

Akin, Jennifer. 2005, *Mass Media, Beyond Intractability*, Conflict Research Consortium, University of Colorado, Boulder, Colorado, USA.http://www.beyondintractability.org/essay/mass_communication/

Amnesty International, 1998, *Kenya Political Violence Spirals*. Amnesty International, Inc
Ang'awa, William, 2002, *The Kenya Media Industry - Television and Radio*, Kenya.Org.Uk, http://www.kenya.org.uk/html/news&media.html

Barth, Kodi. , 2004, "It's time Kenyan Media lay off the Politicians" *Sunday Standard*, May 2, 2004, pg 22, Nairobi: The Standard Group.

BBC News, 2005, Kenya Press frets as vote nears. *BBC News*, International Version. http://news.bbc.co.uk/1/hi/world/Africa/4439276.stm(Downloaded 12/11/2006)

Cohen, L and Manion, L, 1994, *Research Methods in Education*. London: Routledge.

Fahamu, 1999, Role of the Media in the Genocide in Rwanda.*Fahamu, Networks for Social Justice*. http://www.fahamu.org/rwanda.php

Finance ,1991, 'Africans Want Freedom,' *Finance*, September 16-30, 1991. Nairobi: Finance Institute Ltd.

Frankel, R.J and Wallen, E.N ,1993, *How to Design and Evaluate Research In Education* 2nd Edition. New York: McGraw Hill

Gaitho, Macharia. 2003,"Disgusting media lies on the war", *Daily Nation*, Tuesday, March 25, 2003, pg 8, Nairobi: Nation Media Group

Grinnell, M.R. ,1993, *Social Work Research and Evaluation* 4th Edition. Illinois: F.E. Peacock Publishers, Inc.

Human Rights Watch ,2002, Kenya: Political Killers admit to official Backing Weapons Flow Risks Renewed Violence. Washington: *Africa Action* http//www.africaaction.org/docs 02/ken 0206.htm (Downloaded on 12/17/2006)

Imanyara, Gitobu and Maina, Wachira ,1991, 'What Future Kenya?' *The Nairobi Law Monthly No.37*, October 1991, Nairobi: Kaibi Ltd

Kibwana, Kivutha. ,2001, "Unity Now, Change Now." *Kabissa-Fahamu Newsletter 25*, May 24, 2001 Africa Action. http://www.africaaction.org/docs 01/ken 0106.htm (Downloaded on 12/17/2006)

Kibaki, Mwai, 2004, "My road map to economic prosperity for our nation" *East African Standard*, Friday, October 1, 2004, pg 13,

Kimani, Leah. ,2003, "Steep decline in air travel blamed on terrorism fears**"** *East African Standard*, Monday, March 31, 2003, The Big Issue, pg 2, Nairobi: The Standard Group.

Kimani, Peter, 2003, "Media becoming first target in conflict" *Daily Nation*, Thursday, April 2003, pg 9, Nairobi: Nation Media Group.

Kimenyi, Mwangi. ,2002, "*Ethnicity, Institutions of Governance and Conflict Avoidance*" The Kenya Institute for Public Policy Research and Analysis (KIPPRA), KIPPRA Discussion Paper No. 23, Nov 2002, Nairobi; KIPRA.

Laurenti-Seki, Patrisus ,1991, "We must elect either Peace or Destruction," *The Nairobi Law Monthly*, December, 1991. Nairobi: Kaibi Ltd

Liebes, T. ,1997, *Reporting the Arab-Israeli Conflict: How Hegemony Works*. London: Routledge.

Macharia, James. , 2003, "Financial Standard**"** *East African Standard*, Tuesday, October 21, 2003, pg FS 1, Nairobi: The Standard Group.

Matheson, Ishbel, 2005, Corruption Besets Kenya business. *BBC News*. http://news.bbc.co.uk/2/hi/africa/4206229.stm (Downloaded on 12/17/2006)

Media Group, 2003, **"**Brighter business prospects as shilling continues to appreciate" *Sunday Nation*, May 18, 2003, pg 6-7, Nairobi: Nation Media Group.

Muga, Wycliffe. , 2005, "All you need to know about the economy" *Saturday Nation*, September 24, 2005, pg 9, Nairobi: Nation Media Group.

_____, 2003, "State policies to blame for tourism slump" *Saturday Nation*, April 26, 2003, pg 9, Nairobi: Nation Media Group.

Mwaniki, Mike. , 2003, "Kenya attains new record in tourist visits**"** *Daily Nation*, Friday, May 9, 2003, pg, 2, Nairobi: Nation Media Group.

Mburu, Chris. ,2003, 'Terror alert havoc for tourism" *Sunday Nation*, June 15, 2003, pg 16-17, Nairobi: Nation Media Group.

_____ ,2003, "Brighter business prospects as shilling continues to appreciate" *Sunday Nation*, May 18, 2003, pg 6-7, Nairobi: Nation Media Group.

_____ ,1991, "The Majimbo Debate."*The Nairobi Law Monthly* ,Issue No. 37, October, 1991. Nairobi: Kaibi Ltd

Moturi, Ernest ,1991, "Quest for Pluralism" *Society Weekly, Issue No.4*, December 2,1991. Nairobi: Nyamora Communications Ltd

Mulama, Joyce ,2006, Countdown to Kenya's Constitutional Referendum.*Mail and Guardian online* 17 December, 2006

Murungi, Kiraitu ,1992, "Kenya's Dirty War Against Multiparty Democracy." *The Nairobi Law Monthly Issue No.40*, January 1992, Nairobi: Kaibi Ltd.

Njururi, Blamwel ,1992, "The Final Solution?"*Society Weekly, Issue No.2*, February 24, 1992 Nairobi: Nyamora Communications.

Ochola, Aloo ,1991, "Freedom and Political Programs in Kenya."*The Nairobi Law Monthly*, Issue No. 37, October 1991, Nairobi: Kaibi Ltd

Odera, Argwings ,1992, "Ouko Forgotten?"*Society Weekly, Issue No.2*, February 24,1992. Nairobi: Nyamora Communications Ltd

Onyango, Dennis. , 2004, "Travel bans cost Kenya shillings 15 billion" *Sunday Standard*, January 25, 2004, pg 14, Nairobi: The standard Group.

Onyango-Obbo, Charles. ,2003, "Triumph of the predatory sex tabloid tells sad story about 'serious media'" *Saturday Nation*, May 3, 2003, pg 12-13, Nairobi: Nation Media Group.

Republic of Kenya, 2003 *National Development Plan: 2002-2008*, Ministry of Planning and National Development. Nairobi: Government Printer.

_____, 1987, *Economic Survey*, 1986, Ministry of Finance and Economic Planning Nairobi: Government Printer.

_____, 1991, Statistical *Abstract*, Central Bureau of Statistics, Ministry of Planning and National Development Nairobi: Government Printers.

_____, 1999, Statistical *Abstract*, Central Bureau of Statistics, Ministry of Planning and National Development Nairobi: Government Printers.

_____, 2005, *Statistical Abstract*, Central Bureau of Statistics, Ministry of Planning and National Development Nairobi: Government Printers.

_____, 2006, Statistical *Abstract*, Central Bureau of Statistics, Ministry of Planning and National Development Nairobi: Government Printers.

Riungu, Catherine. , 2004, "Why the economy performed dismally in the first quarter' *Sunday Nation*, May 2, 2004, pg 6-7, Nairobi: Nation Media Group.

_____, 2004, "Kenya loses sh 3 billion over US travel advisories" *Sunday Nation*, March 21, 2004, pg 6-7, Nairobi: Nation media Group

Redfern, Paul ,1998, "Kenya: Post election political violence" *Daily Nation*, Wednesday, December 16, 1998. Nairobi: Nation Media Group Ltd.

Ruteere, Mutuma ,2001, Kenya's Succession Politics and the threat of Renewed Violence. *KABISSA-FAHAMU Newsletter 25*, June 12, 2001. Africa Action. http://www.africaaction.org/docs01/ken0106..htm

Sarup, Kamala. , 2006, "Through Peace Process and Peace journalism" *Los Angeles Chronicles*, April 14, 2006. http://www.losangeleschronicle.com/articles/viewArticle.asp?articleID=8103 Safaris and

Travel Kenya.com, 2003, Explore Kenya: *Kenya's Economy*. Information downloaded on 6/08/2006. http://www.kenya.com/economy.html

Schaffert, Richard W. ,1992, "The Media's Influence on the Public's Perception of Terrorism and the Question of Media Responsibility" *Media Coverage and Political Terrorists*. New York: Praeger Publishers, pg 61-79

Shaw, Robert. , 2004, "Forget politics, only rain grows the economy" *Sunday Standard*, April 4, 2004, pg 21, Nairobi: The Standard Group

Society Weekly, 1991, "Kenya's Plague Foreign Accounts," *Society Weekly Issue No. 2*, November 11, 1991. Nairobi: Nyamora Communications Ltd.

Society Weekly ,1991, "The British Dancing to Moi's Tune," *Society Weekly Issue No. 26*, October 1991. Nairobi: Nyamora Publications.

Society Weekly ,1991, "Moi Vs Ford: Operation Anvil?" *Society Weekly, Issue No. 2*, 1991. Nairobi: Nyamora Communications Ltd.

The Point ,2000, Corruption in Kenya: A call to Action. *Bulletin of the Institute of Economic Affairs, Issue No. 37, August 2000*.

The Weekly Review ,1987, "Men Under Siege" *The Weekly Review*, November 13,1987 Nairobi: The Weekly Review Ltd.

_____ ,1988, "It's all over Bar the shouting," *The Weekly Review*, March 25, 1988 Nairobi: The Weekly Review Ltd.

_____ ,1990, "A Mysterious Death," *The Weekly Review*, February 23, 1990, Nairobi: The Weekly Review Ltd.

_____ ,1992, "The Clashes Report," *The Weekly Review*, September 25,1992 Nairobi: The Weekly Review Ltd.

_____ ,1994, "Odinga: 1911-1994," *The Weekly Review*, January 28, 1994 Nairobi: The Weekly Review Ltd.

_____ ,1994, "Marriage Ends: No more KANU/FORD-Kenya Co-operation," *The Weekly Review*, February 18, 1994 Nairobi: The WeeklyReview Ltd

_____ ,1994, "A Poor Pastoral Strategy-Editorial,"*The Weekly Review*, March 25, 1994 Nairobi: The Weekly Review Ltd.

_____ ,1995, "Shrill Voice from Catholic Bishops," *The Weekly Review*, April 7,1995 Nairobi: The Weekly Review Ltd.

_____ ,1996, "The axe falls," *The Weekly Review*, August 30, 1996, Nairobi: The Weekly Review Ltd.

Transparency International Kenya, 2013,Kriegler Commission Report: An Audit of its Implementation.

The Human Rights Reports, 1998, "Freedom of Speech and Expression" In: *A Country Human Rights Report on Uganda.* Kampala: Uganda FHRI.

The Nation, All Africa Global Media via COMTEX. ,2006, *Investment Drops in Kenya: First Global Select,* http://www.firstglobalselect.com/scripts/cgiip.wsc/globalone/htm/news_article.r?vcnews-id=238404, Nairobi, Feb 09, 2006**.**

The Nairobi Law Monthly, 1991, "Multi-Partyism: Finally there?" *The Nairobi Law Monthly, Issue No.39 December 1991*, Nairobi: Kaibi Ltd.

The Nairobi Law Monthly, 1991, "The Ouko Inquiry: An Issue of the Public's Right to Know*," The Nairobi Law Monthly, Issue No.39 December 1991*, Nairobi: Kaibi Ltd

The Nairobi Law Monthly, 1991, "FORD Fever Grips Kenya." *The Nairobi Law Monthly, Issue No.38, November 1991*, Nairobi: Kaibi Ltd.

The Weekly Review, 1988 "It's all over Bar the shouting," *The Weekly Review, March 25,* 1988 Nairobi: The Weekly Review Ltd.

_____, 1990, "A Mysterious Death," *The Weekly Review, February 23,* 1990, Nairobi: The Weekly Review Ltd.

_____, 1992, "The Clashes Report," *The Weekly Review, September* 25,1992 Nairobi: The Weekly Review Ltd.

_____, 1994, "Marriage Ends: No more KANU/FORD-Kenya Co-operation," *The Weekly Review, February 18,* 1994 Nairobi: The Weekly Review Ltd

UN and ICC, 2005, *An Investment Guide to Kenya: Opportunities and Conditions, June 2005*. New York and Geneva: United Nations.

U.S. Department of State. ,2006, Republic of Kenya, Bureau of African Affairs, http://www.state.gov/r/pa/ei/bgn/2962.htm,January 2006. http://66.249.93.104/search?q=cache:HoznIoFY2NcJ:www.impacs.org/files/MediaPrograms/readermediaconflictprevention.pdf+the+role+of+the+media+in+conflict+resolution+and+management&hl=en&gl=ke&ct=clnk&cd=9

Versi, Ancer ,1991, "Kenya: The Reforms" *NewAfrican* London: IC publications.

Waiganjo, Kamotho ,2006, A year later, a step backwards. The Nation *All Africa.com*http://allafrica.com/stories/printable/200612130103.html(Downloaded on 12/17/06)

Wachira, Nick. , 2003, "Into the politics of the economy**"** *East African Standard*, Tuesday, October 21, 2003, Financial Standard, pg 1, Nairobi: The Standard Group.

Weinstein, Michael A, 2005, Economic Brief: East Africa Community. *Power and Interest News Report* (PINR0 file; // A:\ PINR-Economic Brief East African Community.htm (Downloaded on 12/17/06)

Wikipedia, 2006, Corruption in Kenya. *Wikipedia, the Free Encyclopedia* Wikipedia Foundation, Inc. http://en.wikipedia.org/wiki/corruption_in_kenya. (Downloaded on 12/17/06)

Wikipedia, 2006, Economy of Kenya. *Wikipedia, the Free Encyclopedia* Wikipedia Wikipedia Foundation, Inc. http://en.wikipedia.org/wiki/economy_of_kenya. (Downloaded on 12/17/06)

Wikipedia, 2006, Politics and Government of Kenya: Corruption in Kenya. Wikipedia

World Bank, 2000, World *Business Environment Survey* Washington D.C: World Bank Inc.